Bonanza

01 SEPT 2026

COMMODITY OF THE MONTH

Global Perspective | Strategic Outlook

GLOBAL VIEW
Worldwide Trends and Market Drivers

MARKET INSIGHTS
In-depth Analysis and Key Indicators

STRATEGIC OUTLOOK
Opportunities, Risks & Strategies

NATURAL GAS

THE COMMODITY WE COVER IN THIS REPORT

TECHNICAL RECOMMENDATION

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❖ Commodity of the Month – NATURAL GAS

- Supportive global fundamentals, tightening European storage, strong LNG demand pull, and warmer-than-normal US summer weather outlook support a constructive bias for natural gas prices over the next 3 months.

- US storage is above average but injections have been moderate, while production growth is being absorbed by rising exports and domestic power demand. MCX Natural Gas (currently trading near ₹276 - 280 levels in Sept contracts) offers attractive risk-reward for longs with the specified levels.

➢ ***Recommended Strategy: BUY Natural Gas future***

- ***BUY Zone: ₹ 265 - 260***

- ***Stop Loss: ₹240***

- ***Target: ₹315***

- **Technical :** MCX natural gas prices are holding the multiple-month support zone of 250–240, with trading activity showing moderate volumes around these levels. On the weekly chart, prices have formed a bullish dome-shaped pattern near the recent lows, suggesting that downside momentum may be losing strength and a short-term recovery could be underway. If prices sustain above the 250–240 support zone, the recovery could extend towards 310, followed by 325 and 340 in the coming weeks. However, sustained buying momentum would be required for a decisive move towards these higher levels. The immediate downside support is placed at 235–230. A sustained break below this zone would weaken the bullish setup and could signal renewed selling pressure.

NATURAL GAS TECHNICALS

❖ **Technical Overview**

- NYMEX natural gas has shown a short-term recovery from the recent lows, with prices moving back toward the $2.90/MMBtu area. The weekly structure, however, remains neutral to mildly bearish until prices sustain above the major resistance zone. Recent gains have been supported by persistent U.S. heat, stronger power-sector demand and below-average storage injections.

- From a technical perspective, **$2.70–$2.75** is an important near-term support zone, while **$2.90–$3.00** is the immediate resistance area. A decisive weekly close above $3.00 could improve the trend and open the way toward **$3.15–$3.30**. Conversely, failure to sustain above $2.90 could lead to profit-taking and a retest of $2.70, followed by $2.60. Momentum indicators remain relatively weak after the earlier decline. The broader moving-average structure is still bearish, with the longer-term averages positioned well above current prices, although short-term momentum has started to improve.

❖ NATURAL GAS MCX

- The monthly chart continues to indicate a broad consolidation/downtrend, with natural gas trading substantially below its longer-term moving averages. The larger trend will become more constructive only if prices can establish a sustained move above the **$3.20–$3.30** region. Until then, rallies toward major resistance could continue to attract selling pressure. On the downside, **$2.50–$2.60** remains an important long-term support zone. A sustained break below this area would weaken the monthly structure and could expose lower levels. Conversely, a monthly close above **$3.30** would provide a stronger technical signal that the longer-term trend is turning bullish.

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❖ Global Fundamentals Overview

- U.S. natural gas fundamentals remain well-supplied heading into the fall injection season close-out. EIA data show working gas inventories at 3,184 Bcf as of the week ending 21 August 2026 (net +15 Bcf), still 167 Bcf (5.5%) above the five-year average but 30 Bcf below year-ago levels. Dry production is tracking record territory (EIA STEO projects full-year 2026 average 111.2 Bcf/d, up from 2025's record; May 2026 alone was 110.3 Bcf/d). LNG export capacity utilization and feedgas have been temporarily constrained by maintenance (notably Freeport), with 3Q26 LNG exports forecast at 16.5 Bcf/d and full-year 17.4 Bcf/d. End-October inventories are projected at a record 3,985 Bcf (5% above five-year average), keeping Henry Hub subdued (STEO 2026 average $3.44/MMBtu; 3Q26 $2.87).

- In contrast, European TTF and storage dynamics provide the primary bullish offset for globally linked markets such as MCX Natural Gas. EU storage stood near 64–65% full in late August 2026 (AGSI+ data), far below seasonal norms (82%) and among the lowest levels for the period in over a decade. Injection rates have lagged due to tight LNG competition with Asia, residual geopolitical disruptions affecting Middle East flows (Hormuz-related earlier in summer), and elevated power-sector burn. TTF has traded elevated (recent levels in the mid-to-high €60s/MWh range). This structural European deficit supports higher winter risk premiums and LNG pull, which can transmit to Asian and Indian pricing benchmarks. Weather (EIA/NOAA-linked forecasts in STEO) has featured warmer-than-normal conditions supporting cooling demand in parts of the U.S., with HDD outlooks for the coming shoulder/winter season still evolving. Recent LNG flows reflect temporary maintenance offsets and new capacity (e.g., Mexican Pacific terminals drawing U.S. pipeline gas). OPEC commentary remains secondary for gas but underscores broader energy market volatility from oil-side geopolitics.

❖ EIA Weekly Storage Analysis

- As of the week ending 21 August 2026 (released 27 August), U.S. Lower 48 working gas in underground storage stood at 3,184 Bcf.

- Net change: +15 Bcf (smallest build of the current injection season in recent reports; below the five-year average of 33 Bcf for the week and analyst consensus 19–21 Bcf).
- vs. year-ago (21 Aug 2025): –30 Bcf (–0.9%).
- vs. five-year (2021–2025) average: +167 Bcf (+5.5%; surplus narrowed from prior weeks).
- Regional: East +19 Bcf, Midwest +18 Bcf; South Central –19 Bcf (salt caverns –20 Bcf); Pacific –3 Bcf.

- Earlier July–August builds were also modest at times (e.g., +28 Bcf week ending 24 July; stocks then 3,084 Bcf, still above five-year average). Inventories remain within the five-year historical range but the surplus has tightened relative to mid-summer peaks amid heat-driven power demand. EIA expects continued injections, projecting a record 3,985 Bcf by end-October 2026 (5% above five-year average and highest heading into winter since 2016).

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❖ Forecast by U.S. Energy Information Administration (STEO August 2026)

➢ Henry Hub spot price: 2026 average $3.44/MMBtu (lowered from July STEO); 3Q26 $2.87/MMBtu (down 50¢ from prior forecast due to reduced LNG feed gas and strong production); remaining months of 2026 average $3.03; 2027 $3.31. Dry natural gas production: 2026 average 111.19 Bcf/d (record); 2027 116.04 Bcf/d. Consumption: 2026 92.03 Bcf/d; 2027 94.79 Bcf/d. LNG exports: 2026 17.4 Bcf/d; 3Q26 16.5 Bcf/d (slightly lower than prior due to Freeport maintenance); 2027 18.6 Bcf/d. Storage: End-October 2026 3,985 Bcf (record, +19 Bcf vs. July STEO). High inventories are expected to keep prices relatively contained into early winter.

❖ Natural Gas Production

➢ U.S. dry natural gas production continues at record or near-record levels. May 2026: 3,418 Bcf total or 110.3 Bcf/d (highest May on record back to 1973; +3.5% or +3.7 Bcf/d vs. May 2025). Year-to-date and monthly prints remain elevated, supported by associated gas from Permian oil production and Haynesville response to Gulf Coast demand. EIA STEO full-year 2026 average 111.19 Bcf/d (up from 2025 record 107.6–107.7 Bcf/d); further growth projected into 2027. Recent daily estimates have hovered in the 110–113 Bcf/d range with occasional maintenance dips.

❖ LNG Export Capacity

➢ Operating U.S. large-scale + small-scale capacity exceeds 20 Bcf/d (DOE data as of mid-2026; multiple trains at Sabine Pass, Corpus Christi, Cameron, Freeport, Calcasieu Pass, etc., online). Additional capacity under construction or ramping (Golden Pass, Plaquemines expansions, Corpus Christi Stage 3, others) supports EIA's 2026 export forecast of 17.4 Bcf/d and higher in 2027. Near-term constraint: Freeport LNG maintenance (began 10 July, expected complete late August) affected 2.0 Bcf/d nominal capacity, reducing feed gas demand and aiding U.S. storage builds. Incremental demand: New Energia Costa Azul (Mexico Pacific) drew first cargo 8 July (0.4 Bcf/d nominal), supplied by U.S. Permian pipeline gas; overall U.S. pipeline exports to Mexico rising. Total U.S. pipeline exports forecast 9.6 Bcf/d in 2026.

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❖ European TTF & Storage Dynamics

- EU gas storage (AGSI+/GIE) as of 30 August 2026: 64.7% full (731.7 TWh of 1,130 TWh technical capacity). Significantly below seasonal norms (82% for late August) and prior-year levels; among the lowest for the period in over a decade. Key countries: Germany 52.6%, Netherlands 46.4%, France 70%, Italy 82.7%, Poland 92.7%. Injection continues but at a pace that leaves end-October levels potentially well below comfortable targets (historical targets near 80–90%). TTF prices have been elevated (recent front-month in the mid-to-high €60s/MWh range, with volatility linked to storage deficits and global LNG competition). The structural shortfall supports higher winter risk premiums and competition for flexible LNG cargoes versus Asia.

❖ Recent LNG Flows & OPEC Commentary

- Flows: U.S. LNG exports remain strong on a year-to-date basis despite temporary Freeport maintenance; non-GECF (especially U.S.) share of global supply has risen sharply. Global LNG exports in July were lower year-on-year due to Hormuz-related restrictions on Qatari/UAE volumes (significant disruption earlier in summer after vessel strikes). Some recovery in Gulf loadings noted later, but overall Middle East flows remained constrained. Europe's July LNG imports were relatively subdued amid high prices; Asia (including China) also showed demand sensitivity to elevated spot prices. New North American capacity ramp-ups (Plaquemines, Golden Pass, etc.) have partially offset losses.

- OPEC/related: OPEC Monthly Oil Market Report (August 2026) focuses primarily on oil but notes broader energy market impacts from Middle East geopolitics (Hormuz). Commentary and secondary analysis highlight how oil-side disruptions spilled into LNG vessel traffic and global gas balances earlier in 2026, elevating European and Asian gas prices. No direct OPEC gas production targets, but the group's oil decisions and regional stability remain relevant for overall energy logistics and sentiment.

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❖ Weather (Forecasted by EIA) & Weather HDD Outlook

- EIA STEO (August 2026, incorporating NOAA data):

- Summer (June–September) 2026: 1,200 CDDs nationally — +2% vs. prior summer and +1% vs. 10-year average. August expected warmer than August 2025 (+13% CDDs) and slightly above 10-year average (+2% CDDs). 3Q26 CDDs +4% vs. 3Q25, offsetting cooler 2Q26. Heating Degree Days (HDD): 2026 full-year projected lower than 2025 in the base case (STEO tables show U.S. average HDDs declining modestly year-on-year in the forecast horizon; e.g., 2026 total around 3,832 vs. higher 2025). Regional variation exists (stronger potential in northern/eastern zones).

- Outlook implication: Elevated CDDs supported summer power-sector gas burn and limited storage builds. Winter HDD outcome remains the key swing factor — a colder-than-normal start would tighten balances and support prices; a mild winter would reinforce the high end-October storage narrative and keep downward pressure on Henry Hub/MCX

❖ 3-Month Outlook (to October 2026) and Trade Parameters

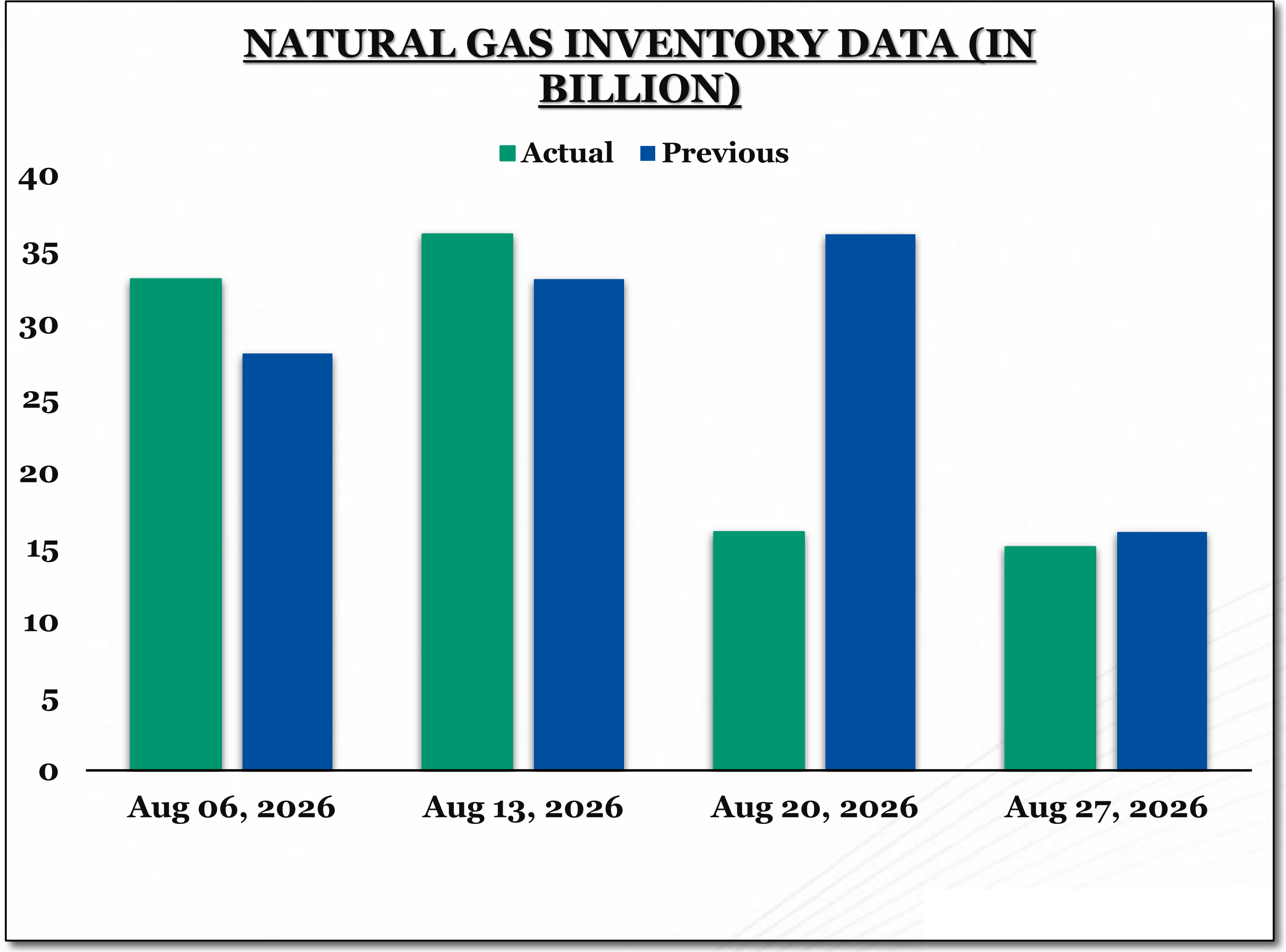
- Bullish case for the recommended buy near ₹265 rests on: (1) European storage deficit forcing higher LNG demand/pull into winter; (2) any weather-driven U.S. or global demand spike; (3) recovery in U.S. LNG feedgas post-maintenance. Target ₹315 reflects potential transmission of European tightness and seasonal risk premium into MCX (which tracks global markers with Indian demand overlay). Risk-reward favors the long with SL ₹240 (below recent support/volatility floors observed in July–August action around the mid-250s to low-270s).

- Clear bearish risks (must be respected): Continued record U.S. production outpacing demand, driving end-October inventories to/above the projected record 3,985 Bcf and keeping Henry Hub soft into autumn. Mild weather (lower HDDs/CDDs) allowing larger-than-expected storage builds and reducing power-sector gas burn. Faster-than-expected LNG capacity recovery or additional supply additions without matching global demand growth. Broader risk-off or stronger USD weighing on commodities; any resolution of residual geopolitical LNG flow constraints. MCX-specific factors (rupee, local demand seasonality, contract rolls) amplifying downside if global markers weaken.

- Positioning note: Size conservatively. Monitor weekly EIA storage (next releases), AGSI+ daily EU fills, LNG feed gas/nominations, and updated STEO/weather products. The European deficit provides a credible floor and upside catalyst, but the U.S. surplus is the dominant near-term overhang—hence the defined risk parameters.

NATURAL GAS INVENTORY DATA

NATURAL GAS INVENTORY DATA (IN BILLION)		
WEEKS	**Actual**	**Previous**
Aug 06, 2026	33 B	28 B
Aug 13, 2026	36 B	33 B
Aug 20, 2026	16 B	36 B
Aug 27, 2026	15 B	16 B



VOLUME & OPEN INTEREST

MCX NATURAL GAS		
MONTHS	**OPEN INTEREST**	**VOLUME**
MAY	20.38 k	1.94 m
JUNE	22.08 k	2.1 m
JULY	53.68 K	2.34 m
AUG	45.6 k	2.05

COMEX NATURAL GAS		
MONTHS	**OPEN INTEREST**	**VOLUME**
MAY	370.78 k	2.67 m
JUNE	223.25 k	3.26 m
JULY	370.13 k	2.86 m
AUG	329.8 k	2.87 m

DISCLAIMAR

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