26 August 2026

Weekly Commodity Option strategy :

Natural Gas INSIGHTS

TECHNICAL ANALYSIS:-

- MCX Natural Gas is showing a constructive technical setup, with the formation of higher lows and an intact ascending trend line indicating improving buying interest. The price is currently around ₹273.7 and is testing the immediate resistance zone of ₹274–275. A sustained breakout above ₹275, preferably supported by higher volumes, can strengthen the bullish momentum and open the upside towards ₹280, followed by ₹285. RSI is around 50.23 and has moved above its average near 44.78, indicating improving momentum while still leaving room for further upside. The key trend line support is placed around ₹265–267, with ₹270 acting as immediate support and ₹257–260 as the broader base.

- Considering the bullish technical structure but the presence of resistance near ₹274–275. The setup remains favorable as long as Natural Gas holds above ₹270 and, more importantly, the rising trend line around ₹265–267. A decisive break below the trend line would weaken the bullish structure and invalidate the setup, while a sustained breakout above ₹275 would provide stronger confirmation for the bullish trend.

OPTION STRATEGY

Natural Gas (23-SEPT-26)

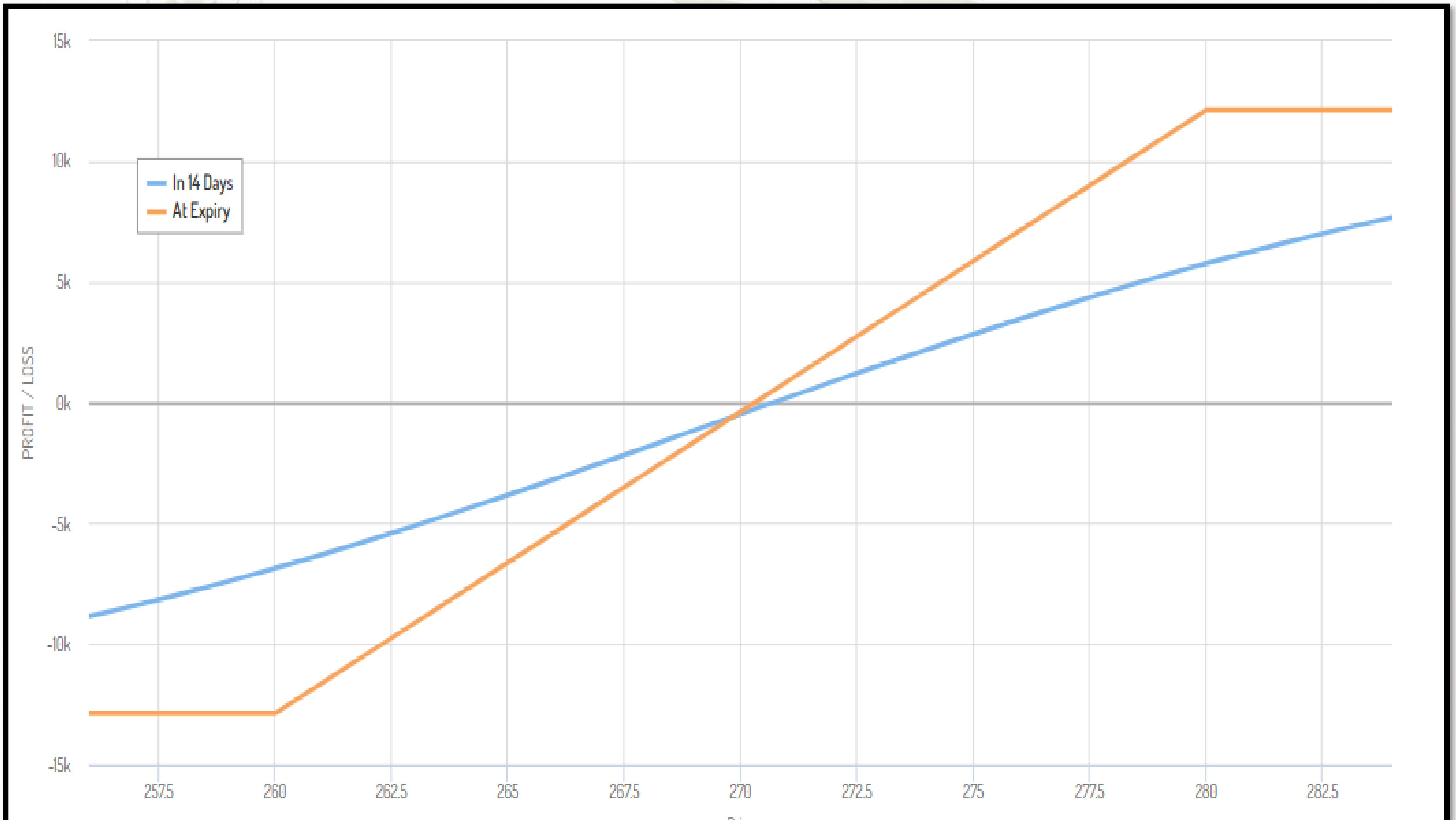
STRATEGY: BULL CALL Spread

TRADE SETUP

- Natural Gas LONG 1 x 260 CE @ 21.55 – 21.30
- Natural Gas SELL 1 x 280 CE @ 11.25 – 11

DEBIT:- 10.30 Maximum Loss:- 12,875 Maximum Profit:- 12,125

PAYOFF CHART :-



Strategy View: BULLISH

Derivative Insight

The derivatives data for Natural Gas reflects a predominantly sideways to Bullish market sentiment.

❖ **Market Sentiment Indicators**

➢ **Put–Call Ratio (PCR):** 0.97

A **Put–Call Ratio of 0.97** indicates a **neutral to mildly bullish sentiment** in Natural Gas. Since the ratio is just below 1, Call Open Interest is marginally higher than Put Open Interest, suggesting slightly stronger positioning on the Call side. While this is not a strongly bullish reading, it provides a **mildly positive bias** and, when supported by the underlying price trend, can favour an upside outlook.

➢ **Implied Volatility (IV): 4 %**

An **IV of 4%** indicates that the options market is currently pricing in **very low expected volatility** for Natural Gas. This suggests that traders are not anticipating a major price movement but also low IV can be favorable because the strategy has a defined maximum risk while allowing participation in an upside move. However, the very low IV also means a strong price breakout may be required for the strategy to generate substantial returns.

➢ **Historical Volatility (HV): 39.83 %**

The **Historical Volatility of 39.83%** indicates that Natural Gas has experienced a **moderate level of actual price movement** historically. Importantly, the current HV is considerably higher than the IV of 4%, showing that realized market volatility has been much stronger than what is currently being priced into the options. This divergence suggests potential for increased price activity ahead, and a rise in volatility accompanied by an upside breakout

Historical Volatility Range (Daily)

➢ **2-Month High (HV): 73.62 %**
➢ **2-Month Low (HV): 34.18 %**

The **2-month Historical Volatility range of 34.18% to 73.65%** shows that Natural Gas has experienced periods of both moderate and very high volatility. The current HV of **39.83% is close to the lower end of this range**, indicating that volatility has recently cooled significantly from its 2-month peak.

Open Interest Dynamics

- **Change in Open Interest:** 35.47

A **35.47% increase in Open Interest** indicates a significant rise in market participation and the creation of fresh positions in Crude Oil. While an increase in OI by itself does not establish whether positions are bullish or bearish, it indicates that traders are actively building exposure. If this increase in OI is accompanied by **rising Crude Oil prices**, it would indicate **long buildup**.

Key Option Levels

- **Highest Put OI: 250 (Major Support Zone)**
- **Highest Call OI: 300 (Major Resistance Zone)**

The highest Put Open Interest at 300 indicates a major support zone for Natural Gas, suggesting that option writers expect prices to hold above this level and that buying interest may emerge near this area. Meanwhile, the highest Call Open Interest at 250 represents a major resistance zone, indicating potential selling pressure as traders have built significant positions at this strike. The current option structure suggests that Natural Gas may remain within the 300 - 250 range unless a decisive breakout occurs. A move above 300 could trigger bullish momentum, while a break below 250 may indicate increasing bearish pressure.

DISCLAIMER

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