
Weather forecast and storm news is supporting NG prices
Positive trend is likely to continue in Nickel
Silver to find support near the 200-days EMA at \$22.321

WEATHER FORECAST AND STORM NEWS IS SUPPORTING NG PRICES

- Natural gas prices settled higher on Tuesday, after updated weather forecasts and possible supply disruption due to storm Eta.
- Meanwhile, Natural Gas flows to U.S LNG export terminals on Tuesday were at 10.4 bcf, up +42% y/y. Gas flows to U.S LNG export terminals on Monday rose to a record 10.6 bcf (data from 2014), up +51% y/y. Increasing exports demand is also supporting Natural gas prices.
- Possible supply disruption to the U.S. Gulf NG production is likely to keep prices firm. Tropical storm, Eta may move north into the Gulf of Mexico later this week and reduce U.S. Natural Gas production.
- The EIA Short-Term Energy Outlook report raised U.S. 2020 natural gas production estimate to 90.99 bcf/day from an Oct estimate of 90.64 bcf/day, and raised its U.S. 2021 dry natural gas production estimate to 87.91 bcf/day, from an October forecast of 86.81 bcf/day.
- U.S. natural gas production continues to be weak, as per Bloomberg data. U.S. natural gas production on Tuesday was down -9.1% y/y at 86.434 bcf/d.

Outlook

- Natural Gas December expiry contract is likely to find support at the 50-days EMA at \$2.69, and the 100-days EMA at \$2.45. We expect a recovery in prices from these support levels. It may face minor resistance near \$3.23 and \$3.57 levels.

POSITIVE TREND IS LIKELY TO CONTINUE IN NICKEL

- Nickel prices are currently trading near 158,882, after a bounce from the recent low of 14,932, which was registered last week. Weakness in the US Dollar has provided support to metals, after news of a potential Covid-19 vaccine.
- On the economic data front, China's new bank loans fell more than expected in October. Lenders issued 689.8 billion Yuan (US\$104.3 billion) in new Yuan loans last month, data from the People's Bank of China (PBOC) showed on Wednesday, down from 1.9 trillion Yuan in September. The drop is likely to be seasonal, and policymakers are expected to maintain solid support for the economy as the global pandemic drags on.
- Meanwhile, vehicle sales in China rose 12.5 per cent in October from the same month a year earlier. Sales hit 2.57 million vehicles last month, data from the China Association of Automobile Manufacturers (CAAM) showed. The positive trend in the car market is supportive for Nickel prices.
- Meanwhile, nickel inventory at LME monitored warehouses increased by 108 mt on November 11, and reached 239,400mt. Nickel inventory has increased by 174,336 mt in the last one year, which is nearly 72% of the current warehouse stock as on November 11.

Outlook

- Nickel prices are likely to continue their positive move, while remaining above the key support level of the 20-days EMA of 15,488, and the 50-days EMA of \$15,132. Meanwhile, a critical

resistance could be seen around \$16,135-16,329 levels.

SILVER TO FIND SUPPORT NEAR THE 200-DAYS EMA AT \$22.321

- ▲ Silver prices are currently trading near \$24.288, slightly down from the previous day, following strength in the Dollar Index. Safe-haven demand and dovish central bank expectations are likely to keep prices of gold and silver firm.
- ▲ Global economic data was negative for industrial metals demand and silver prices. U.S. September JOLTS job openings rose +84,000 to 6.436 million, showing a weaker labour market than expectations for a rise to 6.500 million. Also, the German November ZEW survey expectations of economic growth index fell -17.1, to a 7-month low of 39.0, weaker than expectations of -11.8, to 44.3.
- ▲ Silver was also under pressure, due to the rising number of Covid cases across the globe, which will curb the economic growth and would be negative for prices of industrial metals. Global coronavirus infections exceeded 51.8 million, according to a Reuters tally.

Outlook

- ▲ Silver prices are likely to find support near the 200-days EMA at \$22.321. Meanwhile, critical resistance could be seen near 25.342 levels. The short-term trend is likely to be negative, following strength in the Dollar Index.

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