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Nickel prices are expected to rise due to limited supply and rising demand

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## NICKEL PRICES ARE EXPECTED TO RISE DUE TO LIMITED SUPPLY AND RISING DEMAND

- On a backdrop of restricted supply and strong demand, LME Nickel prices surged to \$21432 and are presently momentarily below this level. – Nickel soared to a seven-year high amid fears that supply of the important industrial metal may be insufficient to meet resilient demand from economies reopening as the pandemic fades.
- Supply constraints are driving this rise, while the opening up of major countries in the post-Cold War era is expected to boost demand. Electronic vehicle demand is expected to grow quickly, providing support for nickel prices.
- Due to a strike at its Canadian mine, Vale SA (leading nickel producers) lowered its production guidance for this year, while MMC Norilsk Nickel PJSC (the world's largest refined nickel producer) announced decreased output in the third quarter. The Philippines, the world's second-largest supplier of the metal used in cookware and electric car batteries, has predicted that output this year will be 10% lower than typical, due to more frequent rains and fewer ships arriving. Vale expects to produce 165,000 to 170,000 tonnes of nickel this year, down from an earlier forecast of 200,000 tonnes, the firm said Tuesday. Nickel production at Nor Nickel fell 23% to 129,858 tons in the first three quarters from the same period a year earlier, according to a statement.
- If the pandemic in the United States improves, lockdowns and travel restrictions may be lifted, which would be good for EV demand and nickel prices. On Tuesday, the seven-day average of new Covid-19 infections in the United States decreased to 81,388 in the United States, a two-and-a-half-month low. This month, many countries, including India, have eased travel restrictions.
- China's GDP is expected to rise by 8.0 percent this year and 5.6 percent in 2022, according to the International Monetary Fund (IMF), but the recovery remains "unbalanced" as periodic coronavirus outbreaks and fiscal tightening weigh on spending. After the International Monetary Fund lowered this year's economic growth projection for Asia on Tuesday, warning that a new wave of COVID-19 infections, supply chain disruptions, and inflation pressures pose downside risks to the outlook, nickel's upside is likely to be limited from here.
- On the inventory front, LME warehouse stock for nickel has declined by 26,490 mt to 143,502 mt as of October 20, 2021, while SHFE warehouse stock has dropped by 1,270 mt to 5,016 mt.

### Outlook

- 3M Nickel prices on LME are likely to continue its bullish move while above key support level of 20 days EMA at \$19484 and 50 day EMA at \$19178 meanwhile it is likely to face stiff resistance near \$21702



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