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Improved weather condition to keep NG prices lower  
Strength in dollar index likely to keep Silver prices under pressure

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## IMPROVED WEATHER CONDITION TO KEEP NG PRICES LOWER

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- Natural Gas prices are currently trading near \$2.502, which is marginally lower from Friday's closing. Improved weather forecast is likely to keep NG prices under prices as it will reduce heating demand. Weather agency Maxar predicted above-normal temperatures in the Eastern US from March 24-28 and that the Northwest, Rockies, and South will see near-normal temperatures from March 29-April 2.
- However, some improvement in domestic and export demand is providing support to the prices. As per Bloomberg data, Natural gas local demand in the US on Friday rose +5.7% y/y to 79 bcf. Also, gas flows to U.S LNG export terminals on Friday matched Thursday's record of 11.8 bcf, up +46% y/y (data from 2014).
- Additionally increasing US electricity output and domestic gas production is also supportive for prices. U.S. electricity output in the week ended March 13 rose +0.3% y/y to 69,318 GWh (gigawatt hours), US gas production on Friday fell -2.8% y/y to 91.585 bcf/d.
- Meanwhile, the latest Inventory report from EIA suggests that current gas Inventories are down -12.4% y/y, the largest shortfall in 1-3/4 years, and are -5.0% below the 5-year average.
- As per the report from Baker Hughes, the number of active US Natural gas drilling rigs in the week ended March 19 was unchanged for a third week at 92 rigs.
- According to the CFTC Commitments of Traders report for the week ended March 16, net longs for Natural Gas futures sank 37,980 contracts to -38,022 for the week. Speculative long position plunged 9,858 contracts, while shorts were added by 28,122 contracts.

### Outlook

- Natural Gas prices are likely to trade with negative bias while below the key resistance level of 50 days EMA at \$2.716 while it may find strong support around \$2.498.

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## STRENGTH IN DOLLAR INDEX LIKELY TO KEEP SILVER PRICES UNDER PRESSURE

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- The dollar index is currently holding above 92.00 and is likely to keep precious metals prices under pressure. Silver is currently trading near 25.55 which is nearly 3% lower from Friday closing.
- Strength in global bond yield is also adding pressure on precious metals. The 10-year T-note yield on Friday rose +1.5 bp to 1.723%.
- Concern about the third wave of Covid infections in Europe is expected to cut economic growth which is negative for industrial metals and silver. German Health Minister Spahn on Friday said that Germany is in the grip of a "third wave" of rising Covid cases and "there are some fairly challenging weeks ahead of us."
- On economic data front, German Feb PPI rose +0.7% m/m and +1.9% y/y, against expectations of +0.8% m/m and +2.0% y/y. Japan Feb national CPI ex-fresh food & energy rose +0.2% y/y, right on

expectations.

- ▲ According to the CFTC Commitments of Traders report for the week ended March 16, net long for Silver futures sank 2,540 contracts to 33,609 for the week. Speculative long position plunged 787 contracts, while shorts were added by 1753 contracts.

## Outlook

- ▲ Silver prices are likely to face stiff resistance near \$26.30 and \$27.22 while it may find support around \$24.90.

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