
Encouraging global PMI data has boosted the sentiment for Silver
Nickel near support zone
Natural Gas prices are likely to find support from export demand

ENCOURAGING GLOBAL PMI DATA HAS BOOSTED THE SENTIMENT FOR SILVER

- ▲ Silver prices are trading higher, after the release of global PMI data. Manufacturing activity across the world has improved in October, which has boosted the demand for industrial metals such as silver. However, the strength in the Dollar Index is keeping the rally limited.
- ▲ On the economic data front, the U.S. October ISM Manufacturing Index rose +3.9, to 59.3, stronger than expectations of +0.6, to 56.0, and the fastest pace of expansion in 2 years. Also, the Chinese October Caixin (flash) Manufacturing PMI unexpectedly rose +0.6, to a 9-3/4 year high of 53.6, stronger than expectations of -0.2, to 52.8. In addition, the final Eurozone October Markit Manufacturing PMI was revised upward by +0.4 points, to a 2-1/4 year high of 54.8, stronger than expectations of remaining unchanged at 54.4.
- ▲ The rally in silver was capped due to the rising number of Covid cases across the globe, which will curb the economic growth, and which is negative for the prices of industrial metals. Average daily cases in the U.S. in the last week of October were 35,000 higher than the last week of September. The UK, on Saturday, joined other European countries, including Germany, France, Spain, Italy, and others, in imposing lockdowns. The Covid virus has now infected 46.972 million persons globally, with deaths exceeding 1.207 million.
- ▲ Comments on Monday from the ECB Governing Council Member, Rehn, were bullish for precious metals, when he said that preparations for an additional stimulus are ongoing, and that it is clear that the ECB must act in December to the resurging pandemic, which is hurting economic growth and employment.
- ▲ According to the CFTC Commitments of Traders report for the week ended October 27, net long for silver futures declined -95 contracts to 44,631 for the week. Speculative long positions dropped by -294 contracts, while shorts dropped by -199 contracts.

Outlook

- ▲ Silver prices are likely to find support near the 200-days EMA at 22.113, while critical resistance is seen near \$24.71-25.18 levels. Silver prices are likely to find a fresh direction from the result of the US presidential election.

NICKEL NEAR SUPPORT ZONE

- ▲ Nickel prices are currently trading near \$15,250, after a bounce from the recent low of \$15,045 on Monday. The prices of industrial metals are up, following positive PMI data across the globe.
- ▲ Prices of metals were up, following a boost to manufacturing activity in October. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) rose to 53.6, from September's 53, and against the market forecast of 53.
- ▲ Nickel also found support from U.S. manufacturing activity, which has accelerated more than expected in October. New goods orders have jumped to their highest levels in nearly 17 years.
- ▲ Supply threat from Philippines is also likely to keep nickel prices firm. Nickel Asia Corp. suspended operations until November 10, at Hinatuan mine, after 19 employees tested positive for COVID-19.

- Meanwhile, nickel inventory at LME monitored warehouse increased by 372mt, on October 28th, and reached 238,524 mt. Nickel inventory has increased by 167,874 mt in the last one year, which is nearly 70% of the current warehouse stock as on October 28th.

Outlook

- Nickel prices are likely to continue their positive move, while remaining above the key support level of the 50-days EMA of \$14,993. Meanwhile, a critical resistance could be seen around \$15,555-15,964 levels. Positive PMI data across the globe is likely to support prices.

NATURAL GAS PRICES ARE LIKELY TO FIND SUPPORT FROM EXPORT DEMAND

- Natural gas December expiry contract on Nymex closed lower, following a change in weather forecast for the period November 7-11. Maxar has reported that the weather will be warmer than normal during this period, which will reduce heating demand. U.S. Natural Gas usage as a total of natural gas consumption in the US, on Monday, was down -2.6% y/y, at 79.4 bcf.
- However, export demand is likely to provide support to the prices. Natural gas exports rose by 10.4 bcf, up +6.1% from Friday. Also, scheduled gas flows to U.S. LNG terminals on Monday are up +6% w/w, to 9.9 bcf. Demand from electricity producers is also supporting natural gas prices. U.S. electricity output for the week ending Oct 24 was up +2.8% y/y at 70,046 GWh (gigawatt-hours).
- Natural gas prices also found support from production data. According to a Bloomberg report, gas production on Monday was down -5.3% y/y, at 89.793 bcf/d.
- Baker Hughes reported on Friday that the number of active US Natural Gas drilling rigs in the week ended October 30 fell by -1 rig, to 72 rigs, modestly above the record low of 68 rigs, which were posted in the week ended July 24.
- According to the CFTC Commitments of Traders report for the week ended October 27, net long for Natural Gas futures declined by -21,705 contracts to 49,244 for the week. Speculative long positions dropped by -25,985 contracts, while shorts dropped by -4,280 contracts.

Outlook

- Natural Gas prices for the December expiry contract are likely to find minor resistance around \$3.32-\$3.57 levels. Meanwhile, a key support level could be seen around the 20-days EMA at \$2.974, and the 50-days EMA at \$2.667.

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