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Natural Gas is likely to remain in the positive trend  
Silver is likely to trade in the range of \$27.4-\$28.30

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**Natural Gas is likely to remain in the positive trend**

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- ▲ Natural Gas July month expiry contract is currently trading at \$3.117 which is marginally higher from the previous day's closing, above normal temperature forecast in the US is likely to keep gas prices higher. The Commodity Weather Group expects above-normal temperatures are expected across much of the northern US through June 10, however, it expects below-normal temperatures in the Southeast from June 17-21.
- ▲ Natural Gas prices are firm due to increasing air cooling demand in the US as electricity generation companies consume more gas to ramp up production. As per Bloomberg data, US domestic demand on Monday was up by 5.8% y/y to 63 bcf. Additionally, US electricity output in the week ended May 29 rose +5.9% y/y to 77,043 GWh
- ▲ However, a drop in export demand is likely to keep a lid on gas prices. As per Bloomberg data, Gas flows to U.S LNG export terminals on Monday were 9.6 bcf, down -14% w/w. Additionally US Natural gas production also increased on Monday by 5.4% y/y at 91.603 bcf/d which is negative for gas prices.
- ▲ On the inventory front, Last week EIA reported that natural gas inventories in the week ended May 28 rose +98 bcf to 2,313 bcf, against market expectations of a +95 bcf increase. Current inventories are down -14.8% y/y and -2.6% below their 5-year average.
- ▲ As per Baker Hughes report, the number of active natural gas drilling rigs in the US in the week ended June 4 fell by -1 rig to 97 rigs, however, it is still well above the record low of 68 rigs posted in July 2020.
- ▲ According to the CFTC Commitments of Traders report for the week ended June 1, net short for natural gas futures increased by 11403 contracts to 87431 for the week. Speculative long position increased by 8075 contracts, while shorts added by 19478 contracts.

**Outlook**

- ▲ Natural Gas July month expiry contract is likely to trade firm while above the key support level of 20 days EMA of 3.021 and 50 days EMA of 2.926 while it may find stiff resistance around 3.224-3.299

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**SILVER IS LIKELY TO TRADE IN THE RANGE OF \$27.4-\$28.30**

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- ▲ Silver is trading in the range of \$27.4-\$28.30 from the last few trading session, upside is capped due to some recovery in the dollar index. Hawkish comment from US Treasury Secretary Yellen is also keeping precious metals under pressure.

- On the economic data front, the Eurozone Jun Sentix investor confidence index increased by 9.1 points and reached to a 3-1/4 year high of 28.1. It was above the expectation of 25.4. The Japan Apr leading index CI rose +0.6 to a 7-year high of 103.0, against expectations of 102.9. However, German Apr factory orders dropped by 0.2% m/m and it was below the expectation of 0.5% m/m.
- Precious metals prices found some setback from a hawkish comment of US Treasury Secretary Yellen. She said, "If we ended up with a slightly higher interest rate environment, it would actually be a plus for society's point of view and the Fed's point of view."
- According to the CFTC Commitments of Traders report for the week ended June 1, the net long for Silver futures dropped by 2965 contracts to 47517 for the week. Speculative long position dropped by 1613 contracts, while shorts added by 1352 contracts.

## Outlook

- Silver prices are likely to trade in the range of \$27.40-\$28.40. It may find immediate support level around 50 days EMA at \$27.31 and 100 days EMA at \$26.71 while major resistance level is seen around \$28.40-28.70

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