
Positive economic data from the US, China and Stimulus expectations to keep Silver prices supported
Natural gas prices to remain under pressure on demand concern
Copper to find support from positive economic data

POSITIVE ECONOMIC DATA FROM THE US, CHINA AND STIMULUS EXPECTATIONS TO KEEP SILVER PRICES SUPPORTED

- ▲ Silver prices are trading near \$23.79, higher by 9.07% from the low of \$21.81 registered on 24th September. Silver prices are finding support due to the stimulus hopes in the US and dovish comments from ECB. Meanwhile Gold-Silver ratio is currently trading near 79.95 and has dropped from a recent high of 85.18 registered on 24th September. Still, it is 16.08% higher from September month's low of 68.87.
- ▲ The expectation for US stimulus is providing support to bullion prices. Treasury Secretary Mnuchin said on Wednesday that he would talk to House Speaker Pelosi and he expects to reach an agreement on a COVID relief package. Democrats are awaiting a Republican counter-offer to their \$2.2 trillion pandemic relief proposal.
- ▲ Wednesday's global economic data was supportive for Silver and industrial metals demand. U.S. Q2 GDP was unexpectedly revised upward by +0.3 to -31.4% (q/q annualized), stronger than expectations of unrevised -31.7% (q/q annualized). Also, Sep ADP employment rose +749,000, stronger than expectations of +649,000. Besides, the Sep Chicago PMI rose +11.2 to 62.4, stronger than expectations of +0.8 to 52.0, and the fastest pace of expansion in 1-3/4 years. Finally, Aug pending home sales jumped +20.5% y/y, stronger than expectations of +17.6% y/y, and the largest year-over-year increase in 10-1/4 years.
- ▲ Dovish central bank comments are positive for bullion segment. ECB Governing Council member Rehn said, "ECB monetary policy will continue to be accommodative for a long time as inflation has been too slow for a long time in the Eurozone and threatens to continue that way."

Outlook

- ▲ Silver prices are trading firm while above crucial support levels at 100 day EMA at \$23.54, meanwhile critical resistance could be seen at \$24.10-\$25.35. Stimulus hope from the US, positive economic data from US, China, and dovish ECB comments to keep silver prices firm.

NATURAL GAS PRICES TO REMAIN UNDER PRESSURE ON DEMAND CONCERN

- ▲ Natural Gas prices are expected to trade lower following demand concerns. Forecasts for warmer temperatures in US should curb heating demand for natural gas. The Commodity Weather Group on Tuesday said that temperatures from the US South to East have shifted to slightly warmer from Oct 4th -8th, and the mid-continent is trending warmer from Oct 9th-13th. Maxar (space Technology Company) also said that temperature in the eastern US would rise above normal from October 8th to 12th.
- ▲ According to a Bloomberg report, US natural gas consumption is subdued this week, on Wednesday; it was 62.2 bcf, down -7.4% y/y. Meanwhile, industrial natural gas demand also remains tepid. US electricity output shows reduced Nat-gas demand. US electricity output for the 52-week period ending September 26 was down -2.7% y/y at 3,944,485 GWh (gigawatt-hours).
- ▲ Meanwhile, US exports continue to support prices, LNG export terminals on Wednesday were 6.8 bcf, up +29% w/w.
- ▲ Natural Gas prices also found support from lower US production. On Wednesday production was down -9.0% y/y at 86.11 bcf/d. (Bloomberg report)

Outlook

- ▲ Nymex Natural gas November expiry contract is likely to find key support levels around 5 days EMA at \$2.409 and 20 days EMA at \$2.297. Meanwhile, could see significant resistance at \$2.926

COPPER TO FIND SUPPORT FROM POSITIVE ECONOMIC DATA

- ▲ LME Copper prices are trading above \$6,700 and up 3.8% from last week's low of \$6,449.5. Better-than-expected Chinese economic data was positive for global growth prospects and supportive for metals demand.
- ▲ China's Sep manufacturing PMI rose +0.5 to 51.5, stronger than expectations of +0.3 to 51.3 and the fastest pace of expansion in 6 months. Also, China's Sep non-manufacturing PMI unexpectedly rose +0.7 to 55.9, stronger than expectations of -0.5 to 54.7, and the fastest pace of expansion in 6-3/4 years.
- ▲ Meanwhile, Asia's factories showed more fitful progress in September, with Japan making a slow and steady recovery, manufacturing gauges show. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, jumps to 56.8 in September from 52.0 in August and A sub-index tracking output hit its highest since December 2007, and new orders expanded at the sharpest pace since February 2012. Japan's purchasing manager's index rose to 47.7, it's highest since February, while Vietnam improved to the best in more than a year, according to IHS Markit figures released Thursday. Thailand and the Philippines also edged higher from the previous month.
- ▲ Copper prices also found support from growing probability of a strike at Chile's Escondida mine. Supervisors at Chile's Escondida mine rejected the company's final wage offer, moving them a step closer to a strike that could slow output at the world's biggest copper operation.
- ▲ Although Copper prices are likely to find some setback from increasing inventory at LME warehouses. Copper inventories tracked by the LME have jumped by about 90,000 tons over the past three days, the biggest increase in more than three years.

Outlook

- ▲ LME Copper prices to find support around 50 days EMA at \$6,525 while key resistance level remains near \$6753-\$6792 levels. We expect the recovery in copper prices to continue from current levels on the backdrop strong china demand and stimulus hope from the US. However, rising inventory at LME warehouse needs to be observed.

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