
Silver prices rallied after a dovish tone from the Fed
Nickel prices are likely to trade firm
Natural Gas prices are under pressure

SILVER PRICES RALLIED AFTER A DOVISH TONE FROM THE FED

- ▲ Silver prices rallied sharply on Tuesday, following a dovish tone from Fed Chair, Powell, along with robust manufacturing PMI data across the globe. Fed Chair, Powell, has said that the Fed would continue to provide very strong support, and it is premature to be pulling back support for the economy.
- ▲ Positive global manufacturing activity is also likely to provide support to silver prices. The Chinese November Caixin Manufacturing PMI unexpectedly rose +1.3, to a 10-year high of 54.9, stronger than expectations of -0.1, to 53.5. Also, the Eurozone November Markit Manufacturing PMI was revised upward by +0.2, to 53.8, from the previously reported 53.6. In addition, the Japanese November Jibun Bank Manufacturing PMI was revised upward by +0.7, to a 15-month high of 49.0, from the previously reported 48.3. However, the U.S. November ISM Manufacturing PMI fell -1.8 to 57.5, weaker than expectations of 58.0.

Outlook

- ▲ Silver prices are likely to find support near the 200-days EMA at \$22.60; meanwhile, key resistance is seen near \$25.17 and \$26.60 levels. Silver is likely to trade firm after bouncing from support levels.

NICKEL PRICES ARE LIKELY TO TRADE FIRM

- ▲ Nickel prices are trading near the \$16,170 level, with a positive trend from the past five trading sessions. An increased optimism over a coronavirus vaccine, and positive manufacturing data, are likely to keep supporting the prices of base metals.
- ▲ Fresh discussion about US economic stimulus from the Congress is also supporting metals. A top Senate Republican, Mitch McConnell, has said on Tuesday that the US Congress should include a fresh wave of coronavirus stimulus in a \$1.4 trillion spending bill.
- ▲ Meanwhile, at LME warehouses, nickel inventory now stands at 241,482 mt, as of December 02, which has increased by 173,202 in the last one year, and which is nearly 72% of the total current inventory.

Outlook

- ▲ Nickel prices are likely to find support near the 20-days EMA of \$16,005, while critical resistance is seen near \$16,430-16,600 levels. We expect the positive trend to continue further, on the back of improved economic conditions in China, and stimulus hopes from the US.

NATURAL GAS PRICES ARE UNDER PRESSURE

- ▲ Natural gas prices are trading slightly lower, as a change in weather forecasts has reduced heating demand.
- ▲ The Commodity Weather Group (CWG) said that the first week is less cooler than next week, which is likely to keep natural gas demand in check. Additionally, forecasting agency, Maxar, predicts that this winter will be the 13th warmest winter for energy demand. Also, the Climate Prediction Center has said that this year's La Nina weather pattern would lead to warmer-than-normal winter temperatures from California to Florida, which will reach up to the East Coast.
- ▲ U.S. natural gas usage, as a percentage of the total natural gas consumption in the US, on Tuesday, was down -1.7% y/y, at 87.9 bcf. Also, U.S. electricity output for the week ending November 21, was down -3.3% y/y, at 69,3382 GWh (gigawatt-hours), and that electricity output for the 52-week period ending November 21, was down -3.1% y/y, at 3.924 million GWh. Low consumption is negative for Natural Gas prices.
- ▲ Export demand and low production are likely to provide support to gas prices. Natural Gas export demand was up on Tuesday by +56% y/y, at 11.3 bcf, as per the Bloomberg data. Also, U.S. LNG exporters loaded a record 81 cargoes in November, breaking the previous record of 75 set last January. Also, U.S. natural gas production continues to be weak, according to Bloomberg data; U.S. production on Tuesday was down -5.9% y/y, at 90.087 bcf/d.
- ▲ The market may get a fresh direction from the weekly inventory report later on tomorrow. Meanwhile, natural gas inventories for the week of November 20, fell -18, to 3.940 bcf, mildly below the 4-year high of 3,958 bcf. Natural Gas Inventories are up +9.1% y/y, and are +1.3% above the 5-year average.

Outlook

- ▲ Natural Gas January expiry contract is likely to find support at the 50-days EMA at \$2.76, and the 100-days EMA at \$2.54. We expect natural gas prices to face stiff resistance near the \$3.049-\$3.211 range, and the downtrend may continue, if the prices do not sustain above key resistance levels.

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