
Change in weather forecast is keeping Natural gas prices under pressure
Silver prices are likely to trade firm
Nickel likely to trade firm

CHANGE IN WEATHER FORECAST IS KEEPING NG PRICES UNDER PRESSURE

- ▲ Forecasts for warmer-than-normal U.S. temperatures are keeping Natural gas prices lower. The National Oceanic Atmospheric Administration (NOAA) is forecasting above-normal temperatures for the Midwest, Northeast, and West of USA from Dec 8-12. Meanwhile forecasting agency Maxar on Wednesday said that much warmer temperatures are expected for the Northeast and northern Midwest from Dec 12-16.
- ▲ Meanwhile, Natural Gas inventory report from EIA indicated that inventories fell -1 bcf to 3.939 bcf, a smaller decline than expectations of -16 bcf. Inventories are up +9.7% y/y and are +7.9% above the 5-year average.
- ▲ As per Bloomberg report, Natural gas consumption in the US on Wednesday was down -8.2% y/y at 90.5 bcf. While, Edison Electric reported that U.S. electricity output for the week ending November 28 was down -4.0% y/y at 68,010 GWh (gigawatt-hours) and that electricity output for the 52-week period ending November 28 was down -3.1% y/y at 3.921 million GWh.
- ▲ US natural gas production continues to be weak, which is supportive of Natural gas prices. According to Bloomberg data, U.S. lower-48 state dry gas production today is down -5.0% y/y at 90.732 bcf/d.

Outlook

- ▲ Natural Gas January expiry contract is likely to find support near \$2.35 and \$2.27 meanwhile We expect natural gas to find resistance near 10 days EMA at \$2.78.

SILVER PRICES ARE LIKELY TO TRADE FIRM

- ▲ Silver prices are trading firm near \$24.21 per ounce before monthly US nonfarm payroll data. Optimism over US stimulus and weakness in dollar index is likely to keep supporting precious metals in near term.
- ▲ Dollar index which registered high of 94.33 in November is currently trading at 90.70 which is nearly 3.8% lower in four weeks. Weakness in dollar index is likely to support silver prices. Dollar index is still trading near 2.5 years low
- ▲ On economic data front, US weekly initial unemployment claims fell -75,000 to an 8-1/2 month low of 712,000, showing a stronger labor market than expectations for a decline to 775,000. Also, the China Nov Caixin services PMI unexpectedly rose +1.0 to a 5-month high of 57.8, stronger than expectations of -0.4 to 56.4. In addition, Eurozone Oct retail sales rose +1.5% m/m, stronger than expectations of +0.7% m/m.

Outlook

- ▲ Silver prices are likely to find support near 200 days EMA at \$22.63 meanwhile key resistance is seen near \$25.17 and \$26.60. Silver likely to trade firm after bouncing from support levels.

NICKEL LIKELY TO TRADE FIRM

- ▲ Nickel prices are trading near \$15922 after minor profit booking from recent high. An increased optimism over coronavirus vaccine and positive manufacturing data are likely to keep supporting base metals prices.
- ▲ Positive economic data from china are likely to continue supporting metals prices. The Caixin/Markit China General Services Purchasing Managers' Index rose to 57.8, the second highest reading since April 2010, from October's 56.8. It represented a 1 percentage point growth on a monthly basis. Also, the Caixin China Manufacturing PMI for November, which was released on Tuesday, saw a month-on-month growth of 2.4 percent to 54.9, the highest reading since November 2010. Also The Organization for Economic Cooperation and Development said in its latest Economic Outlook report released on Monday that China is the only major economy that will see positive GDP growth this year.
- ▲ Fresh discussion about US economic stimulus from congress is also supporting metals. A top Senate Republican Mitch McConnell said on Tuesday that US Congress should include a fresh wave of coronavirus stimulus in a \$1.4 trillion spending bill.
- ▲ Meanwhile LME warehouse Nickel inventory now stands at 241812mt as of December 02, which have increased by 172830 in last one year which is nearly 71% of total current inventory.

Outlook

- ▲ Nickel prices are likely to find support near 20 days EMA of \$15983 and 50 days EMA at \$15608, while critical resistance is seen near \$16430-\$16600. We expect positive trend to continue further on the improved economic condition in China and stimulus hope from US.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in