
Natural Gas is likely to stay firm while above the support level of \$2.823
Silver likely to remain in the bullish trend

NATURAL GAS IS LIKELY TO STAY FIRM WHILE ABOVE THE SUPPORT LEVEL OF \$2.823

- ▲ Natural Gas prices are sustaining near \$2.946 after a robust rally in the last few weeks from a low of \$2.453 registered on April 6. Natural gas is trading in a tight \$2.880-\$3.000 range from past several days, as near normal US temperature is expected during mid of this month.
- ▲ Weather data agency Maxar on Wednesday said that normal and near-normal temperatures are expected across most of the US from May 15-19, which was earlier predicted to be cooler weather during this period.
- ▲ US Domestic demand on Wednesday fell -7.9% y/y to 58.5 bcf, which is negative for Natural Gas prices.
- ▲ However, gas prices are finding support from robust export demand for the last several months. As per Bloomberg data, Gas flows to U.S LNG export terminals on Wednesday rose +55% y/y to 11.7 bcf.
- ▲ Additionally, US electricity production is continuing to grow and is supportive of NG prices as it is used for electricity production. As per Edison Electric Institute, US electricity output in the week ended May 1 rose +7.4% y/y to 69,091 GWh (gigawatt hours).
- ▲ As per the Bloomberg report, US NG production was stable at 87.987 bcf/d on Tuesday.
- ▲ Natural Gas prices are likely to get fresh direction from the weekly inventory report which is scheduled to release later today. The market forecast is for a +64 bcf increase in inventory for last week. As per the last EIA report, US natural gas inventories are down -14.1% y/y and are -2.1% below their 5-year average.
- ▲ Meanwhile, the number of active US Natural Gas drilling rigs in the week ended April 30 rose by +2 rigs to a 1-year high of 96 rigs, Baker Hughes reported rigs data on Friday.

Outlook

- ▲ Natural Gas prices which are trading near \$2.946 is likely to trade firm while above the key support level of 20 days EMA at \$2.823 and 200 days EMA at \$2.599 while it may face stiff resistance near \$3.111 and \$3.235

SILVER LIKELY TO REMAIN IN THE BULLISH TREND

- ▲ Dovish Fed comments on Wednesday are supportive for precious metals; silver prices have additional support from increasing global economic optimism due to vaccination drive and relaxation in Covid-19 lockdown in leading economies such as US and Eurozone. As per reports on Wednesday, the number of vaccinations administered against the coronavirus has reached more than 1.1 billion globally. Still rising coronavirus cases globally are a major cause of concern. The overall global Covid-19 caseload has topped 154.7 million, while the deaths have surged to more than 3.23 million, according to the Johns Hopkins University.

- ▲ Dovish comments are likely to keep supporting precious metals. Chicago Fed President Evans said monetary policy would be accommodative for "some time," and the risk of an outbreak of accelerating inflation is remote. Also, New York Fed President Williams said he doesn't see higher asset valuations in the stock market or the housing market as being a significant risk for financial stability right now that would argue for dialing back bond purchases. In addition, Minneapolis Fed President Kashkari said the Fed shouldn't cut off the jobs recovery prematurely with roughly eight million Americans out of work who were working before the pandemic. Finally, Cleveland Fed President Mester said she "wouldn't consider the increase in inflation this year to be the type of sustainable increase needed to meet the forward guidance on our policy rate."
- ▲ Increasing inflation expectations are also supporting precious metals, the US 10-year breakeven inflation rate jumped to an 8-year high of 2.474% on Wednesday.
- ▲ However, weaker US economic data were negative for silver prices. U.S. Apr ADP employment increased by +742,000, against expectations of +850,000, and the Apr ISM services index unexpectedly fell -1.0 to 62.7 against expectations of +0.4 to 64.1.
- ▲ Silver prices found support from positive PMI data in the Eurozone, where Apr Markit composite PMI was revised slightly higher to 53.8 from the previously reported 53.7, the fastest pace of expansion in 9 months.

Outlook

- ▲ Silver prices are likely to trade firm on supportive economic data globally and dovish comments from central banks. Silver may trade firm while above key support levels of 50 day EMA of \$25.997 and 200 days EMA of \$24.930, it may find some resistance around \$27.303

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