
Silver prices are likely to trade firm
Negative trend in natural gas may continue further
Positive trend may continue in Nickel

SILVER PRICES ARE LIKELY TO TRADE FIRM

- ▲ Silver rallied sharply on Monday following weakness in dollar index. Silver also found support from increasing optimism over US stimulus. The U.S. Congress will vote this week to provide more time to reach a deal on COVID-19 relief and avert a government shutdown. There are signs of progress in talks on a bipartisan bill according to senior congress member.
- ▲ On global economic data front, China's Nov exports jumped +21.1% y/y, stronger than expectations of +12.0% y/y and the biggest increase in 2-3/4 years. Also, German Oct industrial production rose +3.2% m/m, stronger than expectations of +1.6% m/m. Positive economic data have also supported bullish move in silver prices.
- ▲ Precious metals also found support from government stimulus to support economies from covid-19 losses. Bloomberg reported on Monday that Japanese Prime Minister Suga would unveil a stimulus package worth 73.6 trillion yen (\$706 billion) in an attempt to revive Japan's economy that has been hammered from the pandemic.
- ▲ According to the CFTC Commitments of Traders report for the week ended December 1, net long for silver futures increased +2212 contracts to 47892 for the week. Speculative long position gained +2252 contracts, while shorts rose +40 contracts.

Outlook

- ▲ Silver prices are likely to find support near 200 days EMA at \$22.69 meanwhile key resistance is seen near \$25.17 and \$26.60. Silver likely to trade firm after bouncing from support levels.

NEGATIVE TREND IN NATURAL GAS MAY CONTINUE FURTHER

- ▲ Natural Gas January future contract is trading near \$2.47 slightly higher from yesterday's low of \$2.38, although short trend is still looking negative on the backdrop of change in weather forecast and lower electricity consumption in near term.
- ▲ The medium-term outlook for warmer-than-normal U.S. winter temperatures is bearish for nat-gas prices. Weather Company Maxar predicts this winter will be the 13th warmest winter. This year's La Nina weather pattern would lead to warmer-than-normal winter temperatures from California to Florida that will reach up the East Coast.
- ▲ US Natural Gas usage as total consumption on Friday was down -9.8% y/y at 83.5 bcf. Also, US 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. Lower electricity production indicates lower consumption of natural gas in US.
- ▲ Although as per Bloomberg report natural supplies to Gas flows to U.S LNG export terminals on Monday were up +41% y/y at 11.01 bcf. Also, U.S. LNG exporters loaded a record 81 cargoes in November, breaking the previous record of 75 set last January. Natural gas prices are also

likely to find support from US production number. According to Bloomberg data gas production on Monday was down -6.2% y/y at 90.294 bcf/d.

- ▲ Baker Hughes on Friday reported that the number of active U.S. nat-gas drilling rigs in the week ended December 4 fell by -2 rigs to 75 rigs.

Outlook

- ▲ Natural Gas January expiry contract is likely to find support near \$2.36-\$2.26. Natural gas may continue its negative trend while critical resistance level of \$2.78

POSITIVE TREND MAY CONTINUE IN NICKEL

- ▲ Nickel prices are likely to trade firm, current holding near \$16382 per mt after sharp bounce from last week lows of \$15825per mt. Signs of strength in China's economy are likely to keep base metal prices firm. China's Nov exports jumped +21.1% y/y, stronger than expectations of +12.0% y/y and the biggest increase in 2-3/4 years.
- ▲ On economic data front, German Oct industrial production rose +3.2% m/m, stronger than expectations of +1.6% m/m. Also, the Eurozone Dec Sentix investor confidence index rose +7.3 to a 10-month high of -2.7, stronger than expectations of +2.2 to -7.8. In addition, the Japan Oct leading index CI rose +0.5 to a 16-month high of 93.8, stronger than expectations of 93.3. Positive economic data are likely to keep base metals prices firm in near term.
- ▲ Although worsening pandemic is forcing many countries to impose additional restrictions to prevent the spread of deadly corona virus. It may curb economic growth and is bearish for metal demand and prices. The total number of coronavirus cases has breached the 67.5-million mark globally.
- ▲ Nickel prices are likely to receive support from U.S. President-elect Joe Biden's \$2-trillion infrastructure plans and additional stimulus from Japan. Japan will compile a fresh economic stimulus package worth 73.6 trillion yen (\$707.35 billion). Also the U.S. Congress will vote this week on a one-week stopgap funding bill to provide more time for lawmakers to reach a deal on COVID-19 relief.
- ▲ Meanwhile LME warehouse Nickel inventory now stands at 243408mt as of December 07, which have increased by 174522mt in last one year which is nearly 71.7% of total current inventory.

Outlook

- ▲ Nickel prices are likely to find support near 20 days EMA of \$16085 and 50 days EMA at \$15689, 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.

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