
Nickel prices likely to remain firm

Volatility continued in Silver over stimulus talks

Natural Gas prices are under pressure after lukewarm weather forecast

NICKEL PRICES LIKELY TO REMAIN FIRM

- ▲ Nickel prices are trading near \$14,600, which is nearly 3.9% higher from last week's lows of \$14,047.5.
- ▲ Wednesday's European economic data was negative for energy demand and crude prices. German August industrial production unexpectedly fell -0.2% m/m, weaker than expectations of +1.5% m/m.
- ▲ As per a Bloomberg report, Tesla Inc. is in talks with BHP Group, about a nickel supply deal as the electric-car maker targets higher production, and seeks to avoid a supply crunch. Nickel prices found support from this news.
- ▲ In a positive step to create a strong value chain, Indonesia's state miner, Mining Industry Indonesia (MIND ID), completed its purchase of a 20% stake in nickel miner, PT Vale Indonesia.
- ▲ Prior to this, Reuters reported that Indonesia's government is in early discussions with electric vehicles maker, Tesla Inc, about a potential investment. Indonesia is keen to develop a full supply chain for nickel at home, especially for extracting battery chemicals, making batteries, and eventually building EVs.
- ▲ LME Nickel warehouse stock till Wednesday was at 236,058mt, which has dropped by -450 mt in the last one month, but was still up by +110,370 mt in the last one year.

Outlook

- ▲ Nickel prices are likely to continue their positive move, while above the key support level of the 50-days EMA of \$14,459. Meanwhile, a critical resistance could be seen around \$14,849-\$14,990 levels.

VOLATILITY CONTINUED IN SILVER OVER STIMULUS TALKS

- ▲ Silver prices were under pressure on Wednesday, due to signs of weak industrial metals demand after German August industrial production data release. Silver prices are trading near \$24.015, after a sharp drop to a \$22.96 low on Tuesday. Bullion prices fell on hawkish ECB comments.
- ▲ Volatility continued in precious metals over stimulus talks in the US. President Trump tweeted late Tuesday night that he would back a limited pandemic relief package, and that the House and Senate should immediately approve \$160 billion of fiscal support for airlines and small businesses. Gold and Silver prices were steady on Thursday, as renewed hopes for additional U.S. stimulus kept bullion firm.
- ▲ Minutes from FOMC meeting for 15-16 September showed that Fed is raising concerns that a lack of new fiscal support is likely to hinder the recovery in economy. Even policymakers assumed the enactment of some additional fiscal policy support from government is required, and without any such support, economic recovery would likely be slower. Bullion found support from these comments.
- ▲ Federal Reserve officials offered few additional clues to investors on the implementation of the central bank's new monetary policy guidance, saying it was not an "unconditional commitment" to keeping interest rates low, regardless of economic conditions.
- ▲ Hawkish comments on Wednesday from ECB Governing Council member, and Bundesbank President, Weidmann, weighed upon bullion prices, when he said that the economy has recovered "somewhat more quickly than expected," and there's no immediate need for additional fiscal stimulus.

Outlook

- ▲ Silver prices are expected to trade firm, while above crucial support levels at the 100-days EMA at \$23.58. Meanwhile, critical resistance could be seen at \$25.21-25.75 levels.

NATURAL GAS PRICES ARE UNDER PRESSURE AFTER LUKEWARM WEATHER FORECAST

- ▲ Natural Gas prices are trading near the \$2.602 level, on slower demand forecast, after a lukewarm weather forecast. The Commodity Weather Group, on Tuesday, has said that warmer than normal temperatures are forecasted for much of the eastern half of the U.S. from October 11-15, which will curb heating demand for natural gas.
- ▲ Natural Gas prices dropped, after the EIA raised US production forecast. The EIA raised its U.S. 2020 dry gas production estimate to 90.64 bcf/day, from a prior forecast of 89.88 bcf/day, and also raised its U.S. 2021 dry gas production estimate to 86.81 bcf/day, from a prior forecast of 86.59 bcf/day.
- ▲ The EIA will release its weekly inventory report later in the day, Last Thursday's weekly EIA report showed that gas inventories for the week of September 25, rose +76 bcf, to a 2-3/4 year high of 3,756 bcf, which was right on the consensus and just below the 5-year average of +78 bcf. Inventories are up +13.2% y/y, and are +12.1% above the 5-year average.
- ▲ According to a Bloomberg report, U.S Natural Gas demand is weak, which is bearish for prices. U.S. natural gas consumption on Monday was 63.7 bcf, down -2.8% y/y. Meanwhile US NG production continues to be weak, and on Wednesday, production was down -11.7% y/y, at 82.919 bcf/d.
- ▲ Nymex November Natural Gas prices are likely to find support, as Hurricane Delta is heading for a strike on the Gulf Coast on Friday, with storm surge flooding, strong winds, and rainfall, flooding from Louisiana and east Texas to Mississippi. It will force producers to halt production in the Gulf of Mexico.

Outlook

- ▲ Nymex Natural Gas prices are likely to find fresh direction from inventory data later today. Prices are volatile, and this may continue till Hurricane Delta moves away from the Gulf of Mexico. Natural Gas November contract is likely to find an immediate support near the 20-days EMA at \$2.408, and the 50-days EMA at \$2.281, while critical resistance could be seen around \$2.806- \$2.926 levels.

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