
Natural Gas to continue negative trend after a minor pullback
Silver to continue negative trend while below key resistance level of \$25.86

NATURAL GAS TO CONTINUE NEGATIVE TREND AFTER A MINOR PULLBACK

- Natural gas price has bounced from the recent low of \$ 2.422 and is likely to continue its negative trend on the outlook for above-normal US temperatures, which is likely to reduce heating demand. According to Commodity Weather Group, most of the US is likely to see above-average temperatures over the next two weeks.
- Natural gas prices are trading weak on the loss of heating demand and low electricity production in the US. Natural Gas domestic demand in the US on Wednesday fell by 9.5% y/y to 68.5 bcf. Also, electricity output in the week ended March 27 fell by 0.9% y/y to 67,594 GWh (gigawatt hours).
- However, Natural Gas prices are receiving support from export demand and lower US production. As per Bloomberg data, Gas flows to U.S LNG export terminals on Wednesday rose by 22% y/y to 11.8 bcf last Saturday. Also, US gas production on Wednesday fell by 1.7% y/y to 92.273 bcf/d.
- Natural Gas prices are likely to get fresh direction from the weekly EIA inventory report. The market expects the EIA Nat-gas inventories to have climbed by 21 bcf.
- Baker Hughes reported last Friday that the number of active U.S. nat-gas drilling rigs in the week ended March 26 was unchanged for a fourth week at 92 rigs.

Outlook

- Natural Gas is facing stiff resistance near 50 days EMA at \$2.682 and likely to trade lower on the drop of heating demand in the US. Meanwhile, immediate support levels are seen around \$2.428 and \$2.378

SILVER TO CONTINUE NEGATIVE TREND WHILE BELOW KEY RESISTANCE LEVEL OF \$25.86

- Silver prices drifted lower after a rally from yesterday's low of \$23.74, rally in stock and bond yield is likely to keep precious metals prices lower. However stronger Chinese economic data is likely to provide support to industrial metals and silver prices. Industrial metal demand also found support from President Biden's \$2.25 billion infrastructure plan will boost economic growth in the region.
- On the economic data front, The U.S. March MNI Chicago PMI rose +6.8 to 66.3, against expectations of 61.0 and the fastest pace of expansion in 2-1/2 years, which is bearish for gold but supportive for industrial metals demand and silver prices. Also, Feb pending home sales fell -10.6% m/against expectations of -3.0% m/m.
- Meanwhile, silver prices found support from stronger Chinese economic data. China's Mar manufacturing PMI rose +1.3 to 51.9, stronger than expectations of 51.2. Also, China's Mar non-manufacturing PMI rose +4.9 to 56.3, against expectations of 52.0.
- Bullion found support from Dovish ECB comments when
- ECB President Lagarde said the market could test the ECB's resolve "as much as it wants," but policymakers won't shy away from using all of its tools should the market try to push bond yields higher. Also, ECB Governing Council member Rehn said, "inflation threatens to remain too slow in the Eurozone."

- However, recovery in US bond yield is likely to keep a cap on prices. 10-year T-note yield on Wednesday rose +2.3 bp to 1.725%, and currently trading near 1.73%, just below Tuesday's 14-month high of 1.774%. Higher T-note yields are bearish for gold prices since higher yields may prompt investors to liquidate their non-interest paying long gold positions and move their funds into government debt.
- Silver and other industrial metals demand is likely to remain negative due to rapidly expanding Covid cases in Eurozone and India. The overall number of global Covid-19 cases surpassed 128.7 million, while the deaths have surged to more than 2.81 million, according to Johns Hopkins University.

Outlook

- Silver prices are likely to trade negatively while below the key resistance level of 20 Days EMA at \$25.38 and 50 days EMA at \$25.86. It may find immediate support near the recent low of \$23.74 and \$23.16

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