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Natural Gas is likely to trade negative

Disappointment over US stimulus has pushed silver prices down

Nickel prices are likely to trade firm

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**NATURAL GAS IS LIKELY TO TRADE NEGATIVE**

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- ▲ Natural Gas January expiry contract prices recovered marginally, after the sharp sell-off witnessed over the last two weeks, due to a change in the weather forecast in the US. On Wednesday, the Commodity Weather Group predicted that more normal and cooler conditions will return to the Northeast from December 14-18. However, the Commodity Weather Group has also predicted that the entire United States is poised to see above-normal temperatures, at least through December 23, which is still negative for Natural Gas prices. Also, weather data agency, Maxar, has predicted this winter to be the 13<sup>th</sup> warmest winter for energy demand, going way back to the year 1950.
- ▲ US climate change is going to affect the winter season, due to the La Nina weather pattern, which would lead to warmer-than-normal winter temperatures, from California to Florida, which will reach up to the East Coast.
- ▲ However, Natural Gas may find support, on the back of increasing export demand. Gas flows to U.S LNG export terminals on Wednesday were up +43% y/y, at 11.3 bcf.
- ▲ According to Bloomberg data, natural gas consumption in US on Tuesday was up +6.9% y/y, at 90.6 bcf. However, reduced demand from electricity providers is bearish for prices. Edison Electric reported on Wednesday that output for the week ending December 5, was down -0.3% y/y, at 75,942 GWh (gigawatt-hours), and that electricity output for the 52-week period, ending December 5, was down -3.0% y/y, at 3.921 million GWh.
- ▲ Meanwhile, Natural Gas prices are likely to find support from lower production numbers. According to a Bloomberg report, gas production on Wednesday was down -5.8% y/y, at 90.469 bcf/d.
- ▲ The EIA will release its official weekly inventory report later today. Meanwhile, for the week of November 27, inventories fell -1, to 3.939 bcf. As of the last report, Natural Gas Inventories are up +9.7% y/y, and are +7.9% above the 5-year average.

**Outlook**

- ▲ Natural Gas January expiry contract is likely to find support near \$2.36-\$2.14 levels. Natural Gas may continue its negative trend, while remaining below a critical resistance level of \$2.67.

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**DISAPPOINTMENT OVER US STIMULUS HAS PUSHED SILVER PRICES DOWN**

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- ▲ Silver prices are trading negative, after disappointment over the US stimulus. The U.S. House of Representatives approved a one-week extension of federal government funding, by extending the time for coronavirus relief package.
- ▲ Silver prices are likely to find support, as some U.S. health officials have said that vaccinations could begin as soon as this weekend.
- ▲ On the global economic data front, The U.S. Oct JOLTS job openings unexpectedly rose +158,000, to 6.652 million, showing a stronger labour market, than the expectations for a decline to 6.300 million. Japan's October core machine orders rose +17.1% m/m, stronger than expectations of +2.5% m/m, and the biggest increase in 24 years. All such data is supportive for the prices of

these metals.

- ▲ Precious metals are likely to get a fresh direction from an ECB meeting later today. The market expects that the ECB will likely keep its policy on hold, but other enhancements to stimulus are possible.

## Outlook

- ▲ Silver prices are likely to find support near the 100-days EMA at \$23.835, and the 200-days EMA at \$22.721. Meanwhile, a key resistance is seen near \$25.17 and \$26.60 levels.

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## NICKEL PRICES ARE LIKELY TO TRADE FIRM

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- ▲ Nickel prices are likely to trade firm, currently holding near \$16,775 per mt, after a sharp bounce from last week's lows of \$15,825 per mt. Signs of strength in China's economy is likely to keep base metal prices firm. As per a data release, China's November aggregate financing, the broadest measure of credit growth, rose +2.130 trillion Yuan, stronger than expectations of +2.075 trillion Yuan.
- ▲ China's Consumer Price Index fell 0.5% in November from a year ago, the National Bureau of Statistics said on Wednesday. Food prices fell 2%, as pork prices declined 12.5% in November, from a year ago.
- ▲ The worsening pandemic situation is forcing countries to impose new restrictions, which will curb economic growth, and this is bearish for metals prices. The Covid virus has infected 69 million persons globally, with deaths exceeding 1.57 million.
- ▲ The recent rebound of demand in the US stainless steel industry has led to shortages for several kinds of steel, and this is also supporting Nickel prices globally.
- ▲ Meanwhile, LME warehouse Nickel inventory now stands at 243,498 mt as of December 9, which has increased by 174,222 mt in the last one year, which is nearly 71.5% of the total current inventory.

## Outlook

- ▲ Nickel prices are likely to find support near \$16,530-\$16,375 per mt, while a critical resistance is seen near \$17,103-\$17,371 per mt. We expect the positive trend to continue further, on the back of improved economic conditions in China, and stimulus hopes from the US.

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