
Silver prices are likely to trade firm
Mixed fundamental to keep NG prices in the range

SILVER PRICES ARE LIKELY TO TRADE FIRM

- Silver prices are currently trading near \$25.63, sharply higher from the recent low of \$23.74 registered on March 31. Weakness in the US dollar index is supporting a bullish move in silver prices. The dollar index is currently trading near 91.54 which is sharply lower from a recent high of 93.47 registered on March 31. Silver and gold prices also found support from weakness in bond yield. United States 10-Year Bond Yield is currently trading near 1.617 which is sharply lower from the recent high of 1.776 registered on March 30.
- On the economic data front, U.S. Mar import price index ex-petroleum rose +0.9% m/m, against expectations of +0.4% m/m which is the largest increase in 10 years. Eurozone Feb industrial production fell -1.0% m/m, against expectations of -1.3% m/m. Conversely, also Japan Feb core machine orders unexpectedly fell -8.5% m/m, against expectations of +2.5% m/m and the biggest decline in 10 months.
- Hawkish central bank comments are likely to limit positive moves in gold and silver. Fed Chair Powell said the U.S. economy "is entering a period of quicker economic expansion," but risks from a potential spike in Covid cases remain. Also, Dallas Fed President Kaplan said he sees a Fed rate lift-off sooner than median estimates and that it makes sense for 10-year T-note yields to drift up this year. In addition, ECB Governing Council member Villeroy de Galhauaid said the ECB "could possibly exit the pandemic emergency purchase program by March 2022" while adapting its monetary policy tools to keep supporting the economy after the pandemic crisis.
- The Fed's Beige Book, released Wednesday afternoon stated that "U.S. economic activity accelerated to a moderate pace from late February to early April," and most Fed districts were more optimistic mainly on Covid vaccines.
- Rising covid cases are supportive for precious metals prices which are increasing safe-haven demand. According to Johns Hopkins University (JHU), the total case count mounted to 138.27 million while the death tally from the virus reached 2.97 million on Thursday afternoon.

Outlook

- Silver prices are likely to trade firm while above the key support level of \$25.297 and \$24.775 while it may find stiff resistance near \$26.020-\$26.795

MIXED FUNDAMENTAL TO KEEP NG PRICES IN THE RANGE

- Natural Gas prices which are currently trading near \$2.599 with moderate losses from the previous session are likely to trade in a range on the backdrop of mixed fundamentals. Export demand is likely to support the prices however mixed weather forecast is likely to limit the gains. The Commodity Weather Group is expecting below-normal temperatures, Texas to North Dakota and east to New York until April 23. However, the west coast would see above normal temperature which is likely to limit the gains.

- Gas flows to U.S LNG export terminals on Wednesday rose +34% y/y to 11.4 bcf. On March 20
- Gas prices also found support from increasing electricity output in the US and low gas production. As per Bloomberg data, U.S. electricity output in the week ended April 10 rose +4.9% y/y to 67,3213 GWh (gigawatt hours) and gas production on Wednesday fell -1.4% y/y to 90.527 bcf/d.
- However, weaker domestic demand is likely to limit the gains. Natural Gas domestic demand in the US on Wednesday fell -12% y/y to 66.1 bcf.
- Meanwhile, US Natural Gas inventories are down -11.9% y/y and are -1.3% below their 5-year average as per the last EIA report. EIA is scheduled to release its weekly report later today. The consensus is for Thursday's weekly EIA nat-gas inventories to climb +67 bcf.
- Baker Hughes reported last Friday that the number of active U.S. nat-gas drilling rigs in the week ended April 9 rose by +2 rigs to a 1-year high of 93 rigs.

Outlook

- Natural Gas prices are likely to trade in the range between support and resistance level on the backdrop of mixed fundamental signals. The immediate support level is seen near \$2.448 while critical resistance is seen around \$2.774

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Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

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