
Increasing heating demand in the US is supporting NG prices
Silver prices are trading higher
Copper prices are likely to trade firm

INCREASING HEATING DEMAND IN THE US IS SUPPORTING NATURAL GAS PRICES

- ▲ Natural Gas prices are currently trading near \$2.66, and a cooler weather forecast is supporting the prices. The Commodity Weather Group has said that most of the US will see cooler-than-normal temperatures this week. This is likely to boost heating demand.
- ▲ Meanwhile, data agency, Maxar, on last Friday, has said that milder weather is expected to return between December 21-25.
- ▲ As per the Bloomberg data, total natural gas consumption on Monday was up +1.9% y/y, at 92.4 bcf. Increasing consumer demand is likely to support natural gas prices. Also, gas flows to U.S LNG export terminals on Monday was up +45% y/y, at 11.5 bcf.
- ▲ However, reduced demand from electricity providers is bearish for natural gas prices. U.S. electricity output for the week ending December 5 was down -0.3% y/y, at 75,942 GWh (gigawatt-hours).
- ▲ As per the Bloomberg data, gas production in the US, on Monday, was down -3.3% y/y, at 91.523 bcf/d.
- ▲ Baker Hughes last Friday reported that the number of active U.S. natural gas drilling rigs for the week ended December 11 rose by +4 rigs, to a 7-month high of 79 rigs.
- ▲ According to the CFTC Commitments of Traders report for the week ended December 8, net long for natural futures decreased -29,392 contracts, to 10,351 for the week. Speculative long positions increased 14,287 contracts, while shorts increased +43,679 contracts.

Outlook

- ▲ Natural Gas January expiry contract is likely to find support near \$2.43-\$2.26 levels. Natural Gas may continue its negative trend, while remaining below the critical resistance level of \$2.72-\$2.80.

SILVER PRICES ARE TRADING HIGHER

- ▲ Silver prices are trading higher, and are currently trading near \$24.32; the rollout of Covid vaccinations throughout the US is supporting industrial metals. Precious metals also found support due to a slump in the Dollar Index to a new 2-1/2 year low, along with increasing optimism over a pandemic stimulus package.
- ▲ Meanwhile, global economic data has provided support to silver prices. Eurozone October industrial production rose +2.1% m/m, slightly stronger than expectations of +2.0% m/m. Also, Japan's October industrial production was revised higher to +4.0% m/m, from the previously reported +3.8% m/m. In addition, the Japanese Q4 Tankan large manufacturing business conditions index rose +17, from Q3 to -10, stronger than expectations of -15.
- ▲ Dovish comments from the ECB Executive Board member, Panetta, are likely to support precious metals. He said that 2021 will likely be a "pandemic year" with high uncertainty and widespread vulnerabilities, and the ECB is ready to boost its emergency bond-buying program, if needed.

Outlook

- ▲ Silver prices are likely to find support near the 100-days EMA at \$23.83, and the 200-days EMA at \$22.78. Meanwhile, key resistance is seen near \$25.17 and \$26.60 levels.

COPPER PRICES ARE LIKELY TO TRADE FIRM

- ▲ Copper prices are trading firm near \$7,775 per mt, following progress on the COVID-19 vaccine front, and the prospects of additional U.S. economic stimulus measures.
- ▲ Economic recovery in China is likely to provide support to prices of metals. Fitch Ratings raised its forecast for China's GDP to an 8% growth next year, up from the 7.7% rate, which was predicted in September, according to a report released on Thursday.
- ▲ Chile's state-owned Codelco had reached an early contract agreement with a union at its Radomiro Tomic mine. The 36-month agreement does not impact salaries, but does include final bonuses for the equivalent of about \$4,800 per worker.
- ▲ Meanwhile, China's copper imports fell in November from the previous month. Arrivals of unwrought copper and copper products totalled 561,311 tonnes last month, which was down from 618,108 tonnes in October, but up 16.2%, from 483,000 tonnes, in November 2019.
- ▲ Copper inventory at LME warehouses stands at 144,775 mt, as on 14th December. LME warehouse stocks have increased nearly 69,900 mt in the last 3 months, which is nearly 48% of the current stock.

Outlook

- ▲ LME 3 month contract is likely to find support around the 10-days EMA at \$7,686mt, and the 20-days EMA at \$7,527 per mt. Meanwhile, an immediate resistance level could be seen around \$7,956-\$8,182 per mt.

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