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A fresh curb on heating demand is likely to keep NG prices under pressure  
Inflation risk is likely to support precious metals

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**A FRESH CURB ON HEATING DEMAND IS LIKELY TO KEEP NG PRICES UNDER PRESSURE**

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- Natural gas April month expiry contract is trading near multi-month low on the back of above normal US temperature which has reduced heating demand. The Weather Company expects that most of the US should see normal temperatures from March 17-21, with warmer-than-previously expected temperatures.
- US Domestic for Natural Gas on Friday fell -18.0% w/w and -8.9% y/y to 68.3 bcf which is negative for prices.
- However, increasing export is likely to provide support to prices, Gas flows to U.S LNG export terminals were seen at 10.9 bcf, up +30% y/y on Friday. Also, US electricity output in the week ended March 6 rose +1.5% y/y to 73,1938 GWh (gigawatt hours). Additionally lower production to support prices. According to Bloomberg data, US gas production on Friday fell -2.4% y/y to 91.6237 bcf/d.
- Meanwhile, Thursday's weekly EIA report showed that natural gas inventories the week of March 5 fell -52 bcf to a 1-3/4 year low of 1,793 bcf. Inventories are down -12.2% y/y and are -7.3% below the 5-year average,
- Baker Hughes reported that active US Natural Gas drilling rigs in the week ended March 12 were unchanged for a second week at 92 rigs, however, it is well above the record low of 68 rigs posted in July 2020.
- According to the CFTC Commitments of Traders report for the week ended March 9, the net long for Natural Gas futures dropped by 17,847 contracts. Speculative long position reduced by 3263 contracts, while shorts added by 14,584 contracts.

**Outlook**

- Natural Gas prices are likely to trade negative on the back of weakening heating demand in the US. It may find support around \$2.488 and \$2.393 while key resistance levels are seen around \$2.695 and \$2.846

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**INFLATION RISK IS LIKELY TO SUPPORT PRECIOUS METALS**

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- US stimulus bill has increased the possibility of inflation risk and is keeping precious metals prices at elevated levels, precious metals are used as a hedge against inflation. Silver is currently trading near \$25.96, which is marginally higher from the previous day's low of \$25.42, however rising bond yield is likely to keep precious metals under check.
- US economic optimism has increased after President Biden signed a \$1.9 trillion recovery package which is positive for industrial metal demand, albeit inflation expectation has increased. The 10-year breakeven inflation expectations rate Friday rose to a 7-year high of 2.304% before falling back slightly.

- ▲ On the economic data front, The University of Michigan's March U.S. consumer sentiment index rose +6.2 to a 1-year high of 83.0, against expectations of 78.5. Also, Eurozone Jan industrial production rose +0.8% m/m, against expectations of +0.5% m/m U.S. Feb core PPI rose +2.5% y/y, the largest increase in 1-3/4 years against expectations of +2.6%.
- ▲ According to the CFTC Commitments of Traders report for the week ended March 9, net long for silver futures dropped by 3467 contracts to 36,149 for the week. Speculative long position reduced by 3480 contracts, while shorts dropped by 13 contracts.

## Outlook

- ▲ Silver prices are likely to find support around \$24.24 and \$23.50 while key resistance level is seen around \$27.38 and \$28.21

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