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Natural Gas prices to find support near \$2.209 level  
Silver to trade higher  
Nickel continues its uptrend

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## NATURAL GAS PRICES TO FIND SUPPORT NEAR \$2.209 LEVEL

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- ▲ Natural Gas prices for September expiry contracts on Nymex are trading near 2.330 (near an eight month high), with a gain of 53%, from the March'20 lows of 1.519, Natural Gas prices had been rallying from the last two weeks, on expectations of a rise in energy demand, and slow output.
- ▲ Electricity prices are rising in the US, due to increased cooling demand, after a heat wave in the US West.
- ▲ US LNG exports were on track to rise in August for the first time in six months. Pipeline gas flowing to the plants, climbed to 4.3 billion cubic feet per day (bcfd) so far this month, from a 21-month low of 3.3 bcfd in July. This is still well below February's record of 8.7 bcfd.
- ▲ According to Refinitiv projections, U.S. demand, including exports, will decline from an average of 90.4 bcfd this week, to 88.1 bcfd next week.
- ▲ The total number of active gas rigs in the United States increased by one, landing at 70 total rigs. This compares to 165 rigs a year ago. Total oil and gas rigs in the United States are now down by 691, compared to this time last year. (Baker Hughes Report)
- ▲ Meanwhile, according to the CFTC weekly report, gas speculators, last week, boosted their net long positions by 13,515 lots on the New York Mercantile Exchanges, for the week ending 11th August. Speculators are building long, on expectations of a rise in demand, as the economy could rebound, when US state governments lift more coronavirus-linked lockdowns.

## Outlook

- ▲ Natural Gas prices may trade higher on expectations of an increase in demand, due to the heat wave in the US, and easing lockdowns in the US in coming months. Natural Gas prices are likely to find an immediate resistance near \$2.395 and \$2.406 levels, while key support level is seen around the 10 Days-EMA at \$2.209, and the 20-Days EMA at \$2.095.

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## SILVER TO TRADE HIGHER

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- ▲ Silver prices rallied more than 5.5% on Monday, following weakness in the US Dollar Index against major currencies. A rally in US equities, and signs of a recovery in global economic activity, also supported the industrial metal, silver.
- ▲ On the economic data front, Japan's manufacturers were at their least pessimistic in four months in August, a survey of business sentiment showed. Germany's economy is set for a rapid growth over the summer months, but a coronavirus vaccine may be necessary, before a complete rebound is possible, the country's central bank said on Monday.
- ▲ The rally in precious metals was supported by stimulus in China. China's central bank on Monday rolled over maturing medium-term loans, while keeping borrowing costs unchanged for the fourth straight month.

- ▲ On the trade war front with China, US President Donald Trump on Monday promised tax credits for firms, who relocate manufacturing facilities to the United States, from China. President Trump's administration also stated that it will further tighten restrictions on Chinese telecommunications firm Huawei.
- ▲ So far, over 21.81 million people have been reported to be infected by the coronavirus globally, and 770,518 have died till 17<sup>th</sup> August.
- ▲ According to the CFTC Commitments of Traders report for the week ended August 11, Silver futures' net long positions declined by 6 321 contracts, to 23 568.
- ▲ Precious metals are likely to get more direction from the minutes of the U.S. Federal Reserve's last policy meeting, due for release on Wednesday.

## Outlook

- ▲ Silver trend is looking positive, following yesterday's rally. It may find strong support around the 10-day EMA at \$26.885, and the 20- day EMA at \$25.825; meanwhile, a key resistance level could be seen around \$28.139, and \$28.822 levels.

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## NICKEL CONTINUES ITS UPTREND

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- ▲ Nickel continues to trade higher, as the metal hit the highest level since November, 2019 on the London Metal Exchange. The metal looks set for three straight sessions of gains on the LME.
- ▲ Philippine's nickel ore output for the January-June period declined by 28%, year-on-year, to 102,310 tons of nickel content, according to data from the Mines and Geosciences Bureau.
- ▲ On the inventory side, inventory at SHFE increased by 18%, from 27,538 mt, on 1st April, 2020, to 32,525 mt, on 17th August, 2020, while at LME, the inventory increased by 4.54%, from 174,108 mt, to 182,004 mt, during the same time period. Parity, which is the difference between the SHFE and the LME (in terms of Yuan), after calculating for VAT and the currency, is currently trading at 1209 Yuan. Positive parity indicates that China prices are trading in a premium to that of LME prices, suggesting strong demand in China.

## Outlook

- ▲ Nickel continues to rise, as it has risen to the highest level since November, 2019, supported by lower supplies from Philippines. We can expect nickel to rise towards \$14,800 & \$15,000 levels, while support is seen around \$14,230 & \$14,000 levels.

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