
Export demand is supporting Natural Gas prices
Silver prices are likely to trade firm
Nickel prices likely to find support near \$15,602

Export demand is supporting Natural Gas prices

- ▲ Natural Gas prices are currently trading near \$2.70, with modest gains from the last two weeks' lows of \$2.36, however mixed weather patterns are likely to keep NG prices lower. Weather data agency, Maxar, has said that below-normal temperatures are expected in the Mid-Atlantic and Southeast from December 26-30. However, milder temperatures are expected for the northern U.S., from December 31 to January 4. Maxar predicts this winter will be the 13th warmest winter for energy demand, going way back to 1950.
- ▲ However, NG prices are likely to find support from robust export demand. EIA estimates that the United States exported 9.4 Bcf per day of LNG in November, which was the most for any month on record. Also, Natural gas flows to U.S LNG export terminals on Monday were up +29% y/y at 10.6 bcf.
- ▲ Meanwhile, Bloomberg data shows that total Natural gas consumption in the US, on Monday was down -8.4% y/y, at 85.9 bcf.
- ▲ Weak domestic demand is likely to keep the prices under pressure. Edison Electric reported last Wednesday that U.S. electricity output for the week ending December 12 was down -2.3% y/y, and that electricity output for the 52-week period ending December 12 was down -3.0% y/y, at 3.919 million GWh.
- ▲ Baker Hughes, on last Friday, has reported that the number of active U.S. natural-gas drilling rigs for the week ended December 18, rose by +2 rigs, to a 7-3/4 month high of 81 rigs, modestly above the record low of 68 rigs, which were posted in the week ended July 24.

Outlook

- ▲ Natural Gas January expiry contract is likely to find support near \$2.54-\$2.49 levels. Natural gas may continue its negative trend, while remaining below the critical resistance level of \$2.79-\$2.95.

Silver prices are likely to trade firm

- ▲ Silver prices gained, as the US coronavirus aid package has increased economic optimism, and this is positive for industrial metals demand. Mild weakness in the Dollar Index is also supporting the positive move in silver. The U.S. House of Representatives voted to pass a \$900 billion coronavirus aid bill.
- ▲ Dovish Comments from San Francisco Fed President, Daly, on Sunday, were supportive for precious metals prices. She said that the Fed has powerful tools, and will use them to support the economy, as "challenging months" lie ahead from the Covid pandemic.
- ▲ A new coronavirus strain in the UK has prompted lockdowns in major cities. The worsening pandemic is curbing global economic growth, and this is likely to keep gold prices firm. The overall number of global coronavirus cases has topped 77.3 million, while the deaths have surged to more than 1.70 million, according to the Johns Hopkins University.

Outlook

- ▲ Silver prices are likely to find support near the 100-days EMA at \$24.07, and the 200-days EMA at \$22.96. Meanwhile, a key resistance is seen near \$26.24 and \$27.40 levels.

Nickel prices likely to find support near \$15,602

- ▲ Nickel prices fell along with other base metals, on the back of concerns of a global economic slowdown, after a more contagious new strain of the coronavirus was detected in the United Kingdom. However, metals prices are likely to receive support from robust demand in China, and the passing of an \$892 billion U.S. coronavirus aid package.
- ▲ On Monday, the discount of LME cash nickel over the three-month contract expanded to its largest since June 22, at \$60.50 a tonne, indicating ample nearby supplies.
- ▲ LME Inventory for Nickel has increased significantly in the last one year. Current inventory stands at 245,166 mt, and has increased by 104,754 mt in the last one year, which is 42% of the current stock.

Outlook

- ▲ Nickel prices are likely to find support near the 20-days EMA at \$15,602 per mt, while critical resistance is seen near \$17,735-\$18,129 per mt.

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