

---

Weakness to continue in Silver

Natural gas is likely to find support near 50 days EMA at \$3.031

---

---

## WEAKNESS TO CONTINUE IN SILVER

---

- ▲ Silver is currently trading near \$25.90 which is moderately up from yesterday's low of \$25.58 however prices are still sharply lower from the recent high of \$28.90 registered on May 18th. However, strength in the dollar index is likely to keep precious metals under pressure. The dollar index rallied from the recent low of 89.515 registered on May 25th. The dollar index is currently holding near 92.060 and moderately up from yesterday lows.
- ▲ However Silver prices are likely to get support from positive economic data which is supportive of industrial metals demand. The May Chicago Fed national activity index rose +0.38 to 0.29, against expectations of +0.70.
- ▲ Precious metals also found support from dovish St. Louis Fed President Bullard comments. He said that the FOMC "is only now starting to talk about tapering, and it will take some time to get that organized and to get that running." Additionally, ECB Governing Council member Holzmann said projections for inflation to taper off beyond 2021 suggest there is "no occasion to raise interest rates" for now. In addition, ECB Governing Council member Centeno said, "all the available analysis indicates that the events associated with inflation are temporary," and there is no evidence of "permanent moves" in the inflation rate.
- ▲ According to the CFTC Commitments of Traders report for the week ended June 15, net long for silver futures jumped 2258 contracts to 52064 for the week. Speculative long position gained 5213 contracts, while shorts increased by 2955 contracts.

### Outlook

- ▲ Silver prices are likely to find immediate support near \$25.35 and \$25.11 while immediate resistance is seen around \$26.21-\$26.76

---

## NATURAL GAS IS LIKELY TO FIND SUPPORT NEAR 50 DAYS EMA AT \$3.031

---

- ▲ Natural Gas prices are holding near \$3.207 with marginal gains after prices dropped to \$3.138 yesterday. However, prices are still sharply lower from the recent high of \$3.369 registered on June 15. The change in the weather forecast for June 26-July 5 is keeping some pressure on prices.
- ▲ Weather forecasting agency, Commodity Weather Group that above-average temperatures are expected in the West, while the rest of the U.S. will see a mix of normal to below-normal temperatures from June 26-July 5. A drop in temperature is likely to reduce Air cooling demand in the US. The producer uses natural gas to generate electricity to meet rising air cooling demand.

- ▲ Natural Gas prices are likely to find support from strong domestic demand in, export demand and increasing electricity production in the US. As per Bloomberg data, gas demand on Monday was 65.5 bcf, up +1.7% y/y and Gas flows to US LNG export terminals on Monday were 10.3 bcf, up +15% w/w. Additionally, electricity output in the week ended June 12 rose +8.6% y/y to 87,138 GWh (gigawatt hours).
- ▲ However, increasing gas production in the US and the increasing number of the active gas rig is likely to keep a cap on prices. As per Bloomberg data gas production on Monday was up +3.9% y/y at 91.7819 bcf/d. Baker Hughes reported that the number of active US gas drilling rigs in the week ended June 18 rose by +1 rig to 97 rigs, well above the record low of 68 rigs posted in July 2020.
- ▲ On the inventory front, as per the weekly EIA report, US gas inventories in the week ended June 11 rose +16 bcf to 2,427 bcf, however, inventories are still down -16.1% y/y and -4.9% below their 5-year average.
- ▲ According to the CFTC Commitments of Traders report for the week ended June 15, net short for natural gas futures increased by 5188 contracts to 107696 for the week. The speculative long position gained 23218 contracts, while shorts increased by 28406 contracts.

## Outlook

- ▲ Natural Gas July month expiry contract is likely to trade firm while above the key support level of 20 days EMA at \$3.159 and 50 days EMA of \$3.031 meanwhile it may face stiff resistance near \$3.255-\$3.300

---

## DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto: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](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

---

### Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in) Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
  - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

### Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)