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Stronger US Natural Gas export demand is bullish for prices  
Nickel drops from the 16,130 highs as stimulus hopes fade in the US  
Silver retreats as dollar gains and U.S. stimulus hopes wane

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## STRONGER US NATURAL GAS EXPORT DEMAND IS BULLISH FOR PRICES

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- ▲ Natural Gas prices for the November expiry contract rallied to their highest level in the last 20 months, on the back of increasing demand. The National Oceanic and Atmospheric Administration (NOAA) said on Wednesday that in the short-term, colder-than-normal weather is forecast across the US, from October 28-November 3. As per this report, in the long-term, a La Nina weather pattern could trigger a colder-than-normal winter in the northern tier of the US. Cooler weather conditions increase heating demand for natural gas.
- ▲ Further, gas flows to U.S LNG export terminals on Wednesday were 8.6 bcf, up +9.4 w/w, and the highest in six months. Strong exports from the US are also bullish for NG prices.
- ▲ Natural Gas consumption in the US, on Tuesday, was up +3.1% y/y, at 67.9 bcf. U.S. electricity output for the 52-week period ending October 17, was up +2.8% y/y, at 69,802 GWh (gigawatt-hours). This is also bullish for the prices.
- ▲ As per a Bloomberg report, gas production on Wednesday was down -8.2% y/y, at 88.228 bcf/d.
- ▲ The EIA will release its weekly inventory report later today. Last Thursday's weekly EIA report showed that gas inventories for the week of October 9 rose +46 bcf, to a 3-3/4 year high of 3,877 bcf, which was below the consensus of +52 bcf. Inventories are up +10.2% y/y, and are +10.0% above the 5-year average.

### Outlook

- ▲ Natural Gas prices for the November expiry contract are likely to find minor resistance around \$3.250. Meanwhile, key support levels could be seen around the 10-days EMA at \$2.835, and the 50-days EMA at \$2.459.

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## NICKEL DROPS FROM THE \$16,130 HIGHS AS STIMULUS HOPES FADE IN THE US

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- ▲ LME Nickel prices are trading near \$15,775; this is sharply lower from the recent high of \$16,130, which was registered yesterday. Nickel prices are under pressure after US stimulus hopes faded, and the IMF predicted lower growth for the Asian economy.
- ▲ Metal prices dropped marginally, after talks between the Democrats and the White House faced a setback on Wednesday, when President Donald Trump accused them of being unwilling to craft a compromise on the coronavirus aid.
- ▲ Metal prices were also under pressure, after the IMF predicted that Asia's economic contraction this year will be worse than previously thought, as several emerging markets in the region have slowed down sharply, while battling the coronavirus outbreak. Asia is forecast to shrink by 2.2% this year, against a forecast of a 1.6% contraction in June. India is expected to shrink by 10.3% in the fiscal year ending March 31, 2021, which is worse than the 4.5% contraction, which was forecast in June.
- ▲ However, nickel may find some support from Chinese demand. China is one of the few Asian economies expected to grow this year as per the IMF report. China is likely to grow by 1.9% from its June projection of 1%, due to "a faster-than-expected rebound in the second quarter."

- ▲ Nickel inventory at LME monitored warehouses increased by 534 mt, as on October 21st. In the last one year, LME Nickel inventory has increased by 149,262 mt, which is 62% of the total LME-registered stocks at 237,366 mt on October 21st.

## Outlook

- ▲ Nickel prices are likely to continue their positive move, while remaining above the key support level of the 20-days EMA of \$15,285. Meanwhile, a critical resistance could be seen around \$16,096-16,441 levels.

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## SILVER RETREATS AS DOLLAR GAINS AND U.S. STIMULUS HOPES WANE

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- ▲ Silver prices dropped from yesterday's high of \$25.425, after the dollar recovered, and doubts emerged on a new U.S. fiscal coronavirus aid package. On Wednesday, President Donald Trump accused Democrats of being unwilling to craft a compromise on aid.
- ▲ Precious metals are likely to find support from Dovish Fed comments. U.S. Federal Reserve Governor, Lael Brainard, has said that the economic recovery is uneven and uncertain, and will require continued support to ensure it becomes broad-based and sustainable.
- ▲ ECB comments on Wednesday were also bullish for bullion demand. ECB President, Lagarde, has said that the unexpected early second wave of Covid infections is a "clear risk" to the economic outlook. Also, ECB Vice President, Guindos, has said that the economic recovery is uncertain and incomplete, and if the stimulus is removed too early, it may harm the recovery.

## Outlook

- ▲ Silver prices are likely to find support near the 100-days EMA at \$23.78, and the 200-days EMA at \$21.89. Meanwhile, critical resistance is seen near \$25.98-26.83 levels.

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