

---

Positive trend is likely to continue in Copper  
Natural Gas prices to face resistance near \$2.807

---

---

**POSITIVE TREND IS LIKELY TO CONTINUE IN COPPER**

---

- LME Copper prices are trading near \$9,500 per mt, sharply higher from the recent low of \$8,655.50 per mt registered on March 4th. However, it is marginally lower from the recent top of \$9,615.50 per mt registered on February 25th. Copper prices are finding support from positive economic data, however, the rising number of Covid-19 cases globally is likely to limit the gains.
- On the economic data front, Japan's manufacturing activity expanded for a third month in April while a contraction in the service sector continued amid a fresh wave of coronavirus infections. The au Jibun Bank Japan's purchasing manager's index for manufacturing sector activity rose 0.6 points to 53.3, while its measure of service sector activity was unchanged at 48.3. Additionally, Japan's key consumer prices fell at a slower pace in March for an eighth straight month. Consumer prices excluding fresh food edged down 0.1% from a year earlier, after a 0.4% decline in February, with smaller falls in energy costs helping narrow the drop, the ministry of internal affairs reported Friday. Economists had forecast a 0.2% decrease. US weekly initial unemployment claims unexpectedly fell -39,000 to a 13-month low of 547,000 against expectations of an increase to 610,000. Also, the Mar Chicago Fed national activity index rose +2.91 to an 8-month high of 1.71, against expectations of 1.25. In addition, March's leading indicators rose +1.3% m/m, stronger than expectations of +1.0% m/m. However US Mar existing home sales fell -3.7% m/m to a 7-month low of 6.01 million, against expectations of a decline to 6.11 million.
- Robust economic recovery in China is supporting Copper prices. In the first quarter China record growth of 18.3% from last year's deep coronavirus slump. China's rebound has been led by export demand. China's retail sales increased 34.2% year-on-year in March, against expectations of a 28.0% gain. China's factory output grew 14.1% year-on-year in March, slowing from a 35.1% surge in the January-February period and lagging a forecast 17.2% rise.
- Copper inventory at LME warehouses has increased by 45,075 mt or 39.6% in the last 30 days and now stands at 158,975 mt as of 22 April 2021. Also, SHFE warehouse stock has increased by 8.9% or 10,136 mt in the last 30 days and now stands at 124,503 mt as of 22 April 2021. Increasing warehouse stock is indicating poor physical demand.
- According to a Reuters report, a jump in copper scrap supply this year on decade-high prices is unlikely to meet robust demand, leaving shortages that could trigger stock draws and further price gains. The market needs about 10.8 million tonnes of Copper scrap this year compared with 9.3 million tonnes in 2019.
- Antofagasta's copper production in January-March fell 5.7% year-on-year to 183,000 tonnes due to a surge of COVID-19 infections in Chile.

## Outlook

- LME Copper prices are likely to trade firm while above key support level of 20 days EMA \$9,160 per mt and 50 days EMA at \$8,899 per mt. However, LME Copper prices may find stiff resistance around \$9,663 per mt and \$9,973 per mt.

---

## NATURAL GAS PRICES TO FACE RESISTANCE NEAR \$2.807

---

- Natural gas prices bounced from the recent low of \$2.453 registered on April 6th and now stand at \$2.757 on the backdrop of strong export demand and dipping temperature in the US which has increased heating demand. Recent cold US temperatures have boosted domestic heating demand for Natural gas. However, the upside for natural gas prices in the near term may be limited after the Weather Company on Thursday said that recent cold temperatures are expected to dissipate quickly next week.
- As per Bloomberg data, NG demand in the US on Thursday rose +10.5% y/y to 73.5 bcf. An increase in domestic demand is supportive of NG prices.
- US Natural gas prices are also receiving support from increasing export demand. As per Bloomberg data, Gas flows to LNG export terminals on Thursday rose +37% y/y to 11.1 bcf.
- An increase in U.S. electricity output is also positive for NG prices. US electricity output in the week ended April 17 rose +4.4% y/y to 66,881 GWh (gigawatt hours). Also, gas production on Thursday fell -3.8% y/y to 87.793 bcf/d which is supporting NG prices. US NG inventories for the week ended April 16 rose +38 bcf to 1,883 bcf, below expectations of a +47 bcf increase. Inventories are down -12.0% y/y and are +0.6% above their 5-year average.
- Baker Hughes reported last Friday that the number of active U.S. nat-gas drilling rigs in the week ended April 16 rose by +1 rig to a 1-year high of 94 rigs.

## Outlook

- Natural Gas prices are likely to face stiff resistance near \$2.807 and \$2.914, meanwhile, immediate support level is seen around 50 days EMA at \$2.520 and 100 days EMA at \$2.475

---

## 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)