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Warmer weather outlook likely to keep NG prices lower  
Silver to get benefit from increasing industrial metals demand  
Increasing Economic optimism is likely to push copper prices higher

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## WARMER WEATHER OUTLOOK LIKELY TO KEEP NG PRICES LOWER

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- ▲ Natural Gas prices are trading weak from last week on a warmer US weather outlook that will reduce heating demand. Data agency Maxar on Wednesday said that above-normal temperatures are seen across much of the eastern and central US through March 10.
- ▲ Nat-gas prices last Wednesday earlier surged to a 3-1/2 month high as arctic temperatures in the interior U.S. boosted heating demand for natural gas. Also, freezing temperatures caused widespread blackouts in the South and froze some nat-gas wells, which reduced U.S. nat-gas production to a 4-year low.
- ▲ Natural gas prices are trading weak on loss of local demand in US. Natural Gas domestic demand in US on Wednesday fell -30% w/w to 79.6 bcf.
- ▲ However, prices may find support from electricity demand, export demand and low production. Gas flows on Wednesday to LNG export terminals were seen at 10.4 bcf, up +303% w/w. Increasing US electricity output is positive for NG demand. US electricity output in the week ended Feb 20 rose +12.1% y/y to 85,601 GWh (gigawatt hours).
- ▲ US NG production remains lower, which is supportive of gas prices. US Gas production on Wednesday dropped -3.7% y/y to 90.479 bcf/d, However, it has recovered sharply from last Wednesday's 4-year low of 69.045 bcf/d as operation have resumed after last week disruptions.
- ▲ NG prices are likely to get fresh direction from today's weekly inventory report; the consensus is for fall by 328 bcf. As of now, Inventories are down -2.6% y/y and are +2.6% above the 5-year average.

### Outlook

- ▲ Natural gas prices are finding stiff resistance near \$2.918 and \$3.12 while key support levels are seen around 50 days EMA at \$2.83 and 100 days EMA at \$2.68

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## SILVER TO GET BENEFIT FROM INCREASING INDUSTRIAL METALS DEMAND

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- ▲ Strength in dollar index and rising bond yield pushed bullion prices lower however silver prices found support from better than expected global economic data. Silver is trading relatively stronger than gold as economic optimism has increased in past three months and bull run in other industrial metals such as copper and Nickel is supporting silver prices too.
- ▲ Global economic data was supportive for industrial metals and pushed silver prices higher. US Jan new home sales rose +4.3% to 923,000, stronger than expectations of 856,000. Also, German Q4 GDP was revised upward to +0.3% q/q and -2.7% y/y from the previously-reported +0.1% q/q and -2.9% y/y.
- ▲ However, precious metals are under pressure due to rising global bond yields. The 10-year T-note soared to a 1-year high Wednesday of 1.434%. Also, the 10-year UK gilt yield rose to an 11-month high Wednesday of 0.804%, and the 10-year German bund yield climbed to an 8-1/2 month high of -0.274%. The Japan 10-year JGB bond yield rose to a 2-1/4 year high Wednesday of 0.127%.

- ▲ Bullion prices are likely to find additional support from easing central bank's monetary policy for longer term. Fed Chair Powell said there's a lot of slack in the labor market, and there's "a long way to go to maximum employment." Additionally, Fed Governor Brainard said, "the economy remains far from the Fed's goals in terms of both employment and inflation, and it will take some time to achieve substantial further progress."

## Outlook

- ▲ Silver prices are likely to find support near 50 days EMA at \$26.64 and 100 days EMA at \$26.053 while key resistance levels are seen around \$28.48 and \$29.11

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## INCREASING ECONOMIC OPTIMISM IS LIKELY TO PUSH COPPER PRICES HIGHER

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- ▲ LME Copper trading at \$9,507 and holding firm near 10 yrs high on the backdrop of tight supply, solid demand from both US and China. Increasing economic optimism from solid global manufacturing data is supporting demand for industrial metals such as copper and nickel.
- ▲ China's quick recovery from the coronavirus pandemic have provided strong fundamental support for copper and other industrial metals in last 3 months.
- ▲ US economic recovery is also supporting metals prices. The Conference Board reported that Consumer Confidence Index rose to a three-month high of 91.3 in February from a revised 88.9 in January. The consensus estimate was 88.8. The primary reason for growing consumer confidence in the first two months of 2021 was the Congressional approval of the \$900 billion second round of fiscal stimulus in December 2020.
- ▲ Copper inventories of the metal in LME warehouses hovered around their lowest since 2005. Copper inventory at LME now stand at 79,700 mt as on 24th Feb 2021 which have dropped nearly 81,875 mt in last one year. Also SHFE Copper inventory now stand at 56,925mt as on 24th Feb 2021 which have dropped nearly 110,059 mt in last one year.
- ▲ Meanwhile as per the International Copper Study Group (ICSG) report, world refined copper market showed a deficit of 77,000 mt in November. Between January and November last year, the copper market registered a deficit of 589,000 mt compared to a deficit of 427,000 mt in the same period of the previous year. World stocks of refined copper stood at 1,265 million mt at the end of November compared with 1,329 million tonnes at the end of October. The world copper mine production fell by around 0.2% in the first eleven months of 2020. Preliminary data indicates that world refined copper production increased by 1.8% during the first eleven months of 2020. The world apparent refined copper usage increased by 2.5% over the first eleven months of 2020.

## Outlook

- ▲ LME 3M Copper prices are likely to trade firm while above key support level of \$9,070 and \$8,892 per mt .It may face stiff resistance around \$9,481 and \$9,659 per mt.

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