
Silver prices are likely to trade negative
Colder weather forecast is keeping Natural Gas prices firm
Nickel prices are likely to bounce from the support level of \$15,368

SILVER PRICES ARE LIKELY TO TRADE NEGATIVE

- ▲ Prices of silver and other industrial metals are likely to remain negative, due to the rising global Covid-19 infections, which have caused concerns about weaker global economic growth.
- ▲ A lack of progress in the U.S. pandemic stimulus talks is negative for silver prices. White House Economic Advisor, Kudlow, has said on Monday that there are certain aspects of the Democrats' stimulus plan that President Trump will not accept.
- ▲ The World Health Organization (WHO) has said that some countries in the northern hemisphere face a "dangerous moment", after new U.S. Covid infections soared to a record of 85,317 on Sunday. On Sunday, Spain announced a state of emergency. The Covid virus has now infected 43.447 million persons globally, with deaths exceeding 1.16 million.
- ▲ Meanwhile, on the economic data front, the U.S. September Chicago Fed National Activity Index fell -0.84, to a 5-month low of 0.27, weaker than expectations of 0.73. Also, September new home sales unexpectedly fell -3.5%, to 959,000, weaker than expectations of +1.4%, to 1.025 million. Conversely, the October Dallas Fed Manufacturing Activity index unexpectedly rose +6.2, to a 2-year high of 19.8, stronger than expectations of -0.1 to 13.5.

Outlook

- ▲ Silver prices are likely to find support near the 100-days EMA at \$23.81, and the 200-days EMA at \$22.05. Meanwhile, critical resistance is seen near \$25.98-26.53 levels.

COLDER WEATHER FORECAST IS KEEPING NATURAL GAS PRICES FIRM

- ▲ December Natural Gas prices are trading firm near \$3.250, in the backdrop of stronger heating demand, due to colder US temperature forecast between October 31 - November 4. The Commodity Weather Group on Monday has forecast colder weather for the U.S East during this period.
- ▲ Meanwhile, total NG consumption states on Monday were up +12% y/y, at 77.4.1 bcf, the highest for the period since at least the year 2014.
- ▲ Export demand for U.S. Natural Gas supplies has also strengthened. Flow to export terminals on Monday was 9.2 bcf, up +26% w/w.
- ▲ Natural Gas prices are also likely to find support from the Tropical storm Zeta, which will move through the Gulf of Mexico on Wednesday. This storm is expected to intensify into a Category 1 hurricane, and make landfall on Wednesday between Louisiana and the Florida Panhandle.
- ▲ Increasing electricity demand is also supporting Natural Gas prices. US electricity output for the 52-week period ending October 17, was up +2.8% y/y, at 69,802 GWh (gigawatt-hours).
- ▲ As per a Bloomberg report, US natural gas production on Monday was down -7.9% y/y at 88.207 bcf/d.

Outlook

- ▲ Natural Gas prices for the December expiry contract are likely to find minor resistance around \$3.32-\$3.57 levels. Meanwhile, key support levels could be seen around the 10-days EMA at \$2.99, and the 50-days EMA at \$2.551.

NICKEL PRICES ARE LIKELY TO BOUNCE FROM THE SUPPORT LEVEL OF \$15,368

- ▲ Nickel prices have recovered from yesterday's low, but are still down 3% from the recent highs, which were registered at \$16,130 on 21st October 2020. Uncertainty around a new U.S stimulus package ahead of the November 3 presidential election is keeping the prices of metals lower. Industrial metals are also under pressure, following negative sentiments from rising new covid infections across the globe. The United States, Russia, France, and many other countries have set records for daily infections.
- ▲ Meanwhile, prices of metals are likely to find support from optimism over China's economy growth. According to a Reuters poll, China's overall output could rebound sharply in 2021. The poll forecast fourth-quarter GDP to rise 5.8%, year-on-year, quickening from 4.9%, in the period July-September. Growth is projected to pick up to 8.4% in 2021, as the global economy is set to recover from the health crisis, according to the poll.
- ▲ US-China trade relations are likely to be affected from the results of the US election. China has ramped up its purchases of American goods in September, as its economy strengthened. However, this still remains far from the full-year target set out under its Phase One trade deal with the U.S. The monthly value of U.S. goods that China bought under the trade agreement, reached a monthly record high of \$9.9 billion in September, as oil, soybean, and car imports surged. As per a Bloomberg report, this still leaves China's purchases at only 38.5% of a total target of more than \$170 billion for the year.
- ▲ Nickel Inventory at LME monitored warehouse are at the 236,630 level as on 26th October. LME Nickel inventory has increased by 160,872 mt, which is 67% of the total LME-registered warehouse inventory as on 26th October.

Outlook

- ▲ Nickel prices are likely to continue their positive move, while remaining above the key support level of the 20-days EMA of \$15,368. Meanwhile, a critical resistance could be seen around \$15,858-16,044 levels.

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