
Silver to find support near \$22.95 level
Natural Gas is facing resistance near \$1.93 level
Uptrend in Zinc continues

SILVER TO FIND SUPPORT NEAR \$22.95 LEVEL

- Silver and gold witnessed another attempt on the upside on Wednesday, after the US Federal Reserve (Fed) outcome, post their two days meeting. On Thursday, both precious metals are experiencing some profit booking.
- The FOMC kept its rate targeted in the 0%-0.25% range, where it was last during the previous recession. The rate is likely to stay at current levels, until Fed officials are confident that the economy has weathered recent events, and is on track to achieve its maximum employment, and price stability goals.
- The Fed adopted a dovish policy stance, which lifted the sentiments in the global markets. The market is likely to get a further direction from US Q2 GDP numbers, which will be released later today.
- According to a Credit Suisse research report, Silver may surge above the \$35 level, after taking a breather. Silver prices have established a base and have already moved to the first resistance levels at \$26.09/22. While strategists at Credit Suisse look for a pause here, they see scope for further gains ahead, ideally to \$35.23/365 levels.

Outlook

- We expect silver prices to remain firm in the near term; support is seen near the 10-days EMA, near 22.95 levels, while key resistance is seen at 23.67 levels.

NATURAL GAS IS FACING RESISTANCE NEAR \$1.93 LEVEL

- Natural Gas futures traded higher on Wednesday, but the rally did not last long, as the counter was facing a stiff resistance near \$1.93 levels. A cooler shift in the overnight weather data is keeping prices under pressure.
- Natural Gas prices will get a further direction from the Energy Information Administration (EIA) Weekly Storage Report, which is scheduled to be released later today. According to Bloomberg estimates, the market expects an 18 Bcf increase in inventory for the week ending July 24.

Outlook

- Natural Gas is likely to find stiff resistance around \$1.93 levels. We expect the bullish trend to continue, as prices sustain, and remain above the key support level of 10-Days EMA of 1.796.

UPTREND IN ZINC CONTINUES

- Zinc continues to trade higher, extending gains along with other base metals, as the Federal Reserve, on Wednesday night, kept its interest rates unchanged, and pledged to use a full range of tools to support the economy, as long as it takes to recover from the Covid-19 impact.
- SHFE inventory for Zinc has declined in China; inventory (on warrant) since 1st April has declined by 58.00% from 87,713 mt to 37,235 mt, helping prices stay buoyant. On the other hand, inventory on the LME has increased by 186.25% from 48,775 mt to 139,625 mt. It is the drawdown in the Chinese inventory, which is keeping the Zinc rally going, along with the positive sentiment in the base metals space.
- Zinc parity (price comparison between the LME & the SHFE in terms of Yuan adjusted for Vat and currency) is currently trading at 506 Yuan, which is trading range bound, but is above zero level, indicating decent Chinese demand.

Outlook

- Zinc is trading above the 20-day SMA, along with momentum indicators in positive territory; the uptrend looks to be intact for Zinc. It looks set to rise further towards \$2,360 & \$2,400 levels, while support is seen at \$2,240-\$2,200 levels.

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