

---

Silver is likely to find support from weaker dollar expectation

Natural Gas prices are likely to trade firm while above \$2.58

Nickel prices are likely find support around \$17273

---

---

## SILVER IS LIKELY TO FIND SUPPORT FROM WEAKER DOLLAR EXPECTATION

---

- ▲ Dollar moved highest levels in two months against other currencies and pushed precious metals prices down. Silver prices are currently trading near \$26.52, sharply lower from recent high of \$30.35 after CME increased margin on Silver. Also US Treasury Secretary Janet Yellen has called a meeting of top officials that could clamp tougher markets regulation for hedge funds, small investors and stockbrokers.
- ▲ However silver is likely to find support from weaker dollar expectation and economic recovery post Covid era.
- ▲ Precious metals are likely to find support from progress on passing a \$1.9 trillion stimulus package. The Senate began debating a budget resolution for the 2021 fiscal year on Tuesday which is the first step towards passing the package propose by President Joe Biden in January.
- ▲ Dovish policy statement is likely to provide support to precious metals. The Bank of England is expected to keep both interest rates and quantitative easing steady. BOE is scheduled to announce these measures later today. Meanwhile, Minneapolis Fed President Kashkari said the economic recovery will be slow until the Covid pandemic is over. Also, St. Louis Fed President Bullard said downside economic risks remain due to virus mutations and that it's "too early" to discuss adjusting the Fed's bond buying. Australia's central banker pledged to keep interest rates near zero until there were enough jobs in the economy to push wages growth.
- ▲ On economic data front, The U.S. Jan ADP employment report rose +174,200 against expectations of +70,000. Also, the Jan ISM services index unexpectedly rose +1.0 to a 23-month high of 58.7, stronger than expectations of a decline to 56.7. The Eurozone Jan Markit composite PMI was revised upward to 47.8 from the previously reported 47.5. Eurozone Jan core CPI rose +1.4% y/y, stronger than expectations of +0.9% y/y and the biggest increase in 5-1/4 years. The Japan Jan Jibun Bank services PMI was revised upward to 46.1 from the previously reported 45.7.

### Outlook

- ▲ Silver prices are likely to trade firm while above key support levels of 50 day EMA of \$25.87 meanwhile it may face resistance near \$27.96-\$30.50

---

## NATURAL GAS PRICES ARE LIKELY TO TRADE FRIM WHILE ABOVE \$2.58

---

- ▲ A Change in weather forecast pushed NG prices marginally lower after Maxar on Wednesday said that the coldest temperatures are not expected to invade as much of the Midwest and South next week as previously expected. Also, On Tuesday, the Global Forecast System said the central US will now be warmer than previously expected from Feb 12-16.
- ▲ However US domestic demand, export, production and inventory data is likely to provide support to prices, additionally as per Bloomberg data, US gas production on Wednesday was down -3.1%

y/y to 90.893 bcf/d. and US NG flow to export terminal on Wednesday rose +18% y/y to 10.9 bcf. NG US domestic demand also rose on Wednesday by +13% y/y to 97.2 bcf.

- Market consensus is for Thursday's weekly EIA inventories to fall -194 bcf, against the 5-year average for this time of year of -146 bcf. Last Thursday's weekly EIA report showed that nat-gas inventories the week of January 22 fell -128 bcf to a 7-1/2 month low of 2,881 bcf, against market expectations of -137 bcf. However NG Inventories are up +4.9% y/y and are +9.3% above the 5-year average.

## Outlook

- Natural Gas March expiry contract are likely to trade firm while above key support levels of 100 day EMA at \$2.58 while immediate resistance is seen around \$2.87-\$3.01

---

## NICKEL PRICES ARE LIKELY FIND SUPPORT AROUND \$17273

---

- Nickel prices are trading near \$17,700, it may find strong support around \$17,273 on the backdrop of rising stainless steel future in China due to overhauls at steel mills. However we expect Nickel prices to trade negative on demand concern in China ahead of Holiday and rising number of Covid cases. China will celebrate its Lunar New Year holiday during Feb. 11-17.
- Nickel inventory on LME warehouse have increased nearly by 52224 mt in last one year now stand at 249078 mt as on 3rd Feb 2021 however inventory at SHFE warehouse have dropped nearly 27142 mt in last one year and now stand at 9563mt as on 3<sup>rd</sup> Feb 2021 which is indicative of strong physical demand in leading consumer China.
- According to research from Goldman Sachs China's growth is likely to moderate in the next few months. The policymakers are quite comfortable with the recovery so far and they might start pulling back on policy stimulus to some degree also China's recovery is uncertain after a resurgence of local outbreaks of Covid. It is likely to weigh on base metals demand in China.

## Outlook

- Nickel prices are likely to find support around 50 days EMA at \$17,273 and 100 days EMA at \$16,429 while key resistance is seen around \$17,952-\$18,082.

---

## 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)