
Bond yield rally to keep silver prices under pressure
Mild US weather outlook to keep Natural Gas prices lower
Crude oil to find strong support at \$63.87

BOND YIELD RALLY TO KEEP SILVER PRICES UNDER PRESSURE

- ▲ Silver prices are currently trading near \$25.50, marginally higher from previous closing. However, prices are likely to remain under pressure due to strength in dollar index and rise in global bond yields.
- ▲ Dollar index rallied to 3.5 months high on Monday which pushed precious metals prices lower. A Rally in global bond yield is also keeping pressure on non-yielding precious metals such as silver and gold. The US 10-year T-note yield on Monday rose to 1.612%, just below last Friday's 1-year high of 1.624%.
- ▲ However strong in industrial demand is likely to support silver prices and we may see some recovery later. Silver is likely to remain stronger than gold. Better-than-expected Chinese trade data is positive for economic growth and is supportive of Silver prices. China Feb exports year-to-date rose +60.6% y/y, stronger than expectations of +40.0% y/y. Also, China Feb imports rose +22.2% year-to-date y/y, stronger than expectations of +16.0% y/y.
- ▲ Precious metals also have carry over support from pandemic stimulus package which was passed on Saturday.

Outlook

- ▲ Silver prices are likely to trade negative while below key resistance level at 20 days EMA at \$26.40 while immediate support levels are seen around 200 days EMA at \$24.61

Mild U.S. weather outlook to keep Natural Gas prices lower

- ▲ Natural Gas prices for the month of April are trading near \$2.653, marginally lower from previous closing on mixed weather outlook for US which is likely to reduce heating demand and negative for natural gas prices.
- ▲ According to weather forecasting agency Maxar, it is likely to be warmer temperatures in the central and eastern US through March 12. Also WSI Energycast have forecasted above-normal temperatures across the southern, central, and eastern US from March 10-14 which is going to recude heating demand significantly.
- ▲ US domestic natural gas demand on Monday fell -1.0% y/y to 75 bcf. Also, U.S. electricity output in the week ended Feb 27 fell -1.6% y/y to 73,408 GWh (gigawatt hours) which is negative for Natural Gas consumption.
- ▲ However NG prices are getting support from export demand and low production levels. Gas flows to US LNG export terminals on Monday, were seen at 10.6 bcf, up +40% y/y. Also, US gas production on Monday fell -1.4% y/y to 92.059 bcf/d which is bullish for NG prices.
- ▲ Natural Gas prices to get further direction from Natural Gas inventory data which will be

released later on Thursday. Last Thursday's weekly EIA report showed that nat-gas inventories the week of Feb 26 fell -98 bcf to a 1-3/4 year low of 1,845 bcf. Current Inventories are down -11.8% y/y and are -8.8% below the 5-year average.

- ▶ Meanwhile, Baker Hughes reported last Friday that the number of active U.S. nat-gas drilling rigs in the week ended Mar 5 was unchanged at 92 rigs.

Outlook

- ▶ Natural Gas prices are likely to trade negative while below key resistance levels of 20 days EMA at \$2.792 while immediate support levels are seen around \$2.550 and \$2.419

Crude oil to find strong support at \$63.87

- ▶ Crude oil prices corrected from recent high of \$67.98 yesterday and currently holding the grounds near \$65.39 on profit booking after a big rally from recent lows of \$59.24 as on 3rd March 2021.
- ▶ Increased Chinese demand for crude is supportive for prices after Chinese trade data showed China Jan-Feb crude exports climbed to 11.13 million bpd, up +22% from December and the most since September.
- ▶ Crude oil prices have ongoing support from recent OPEC+ meeting on 4th March 2021. OPEC members have decided that they would be sticking with the output cuts that have buoyed the market so far this year. Also Saudi Arabia's pledge to extend a unilateral 1 million barrel-a-day cut through at least April.
- ▶ On Supply side, Crude oil production for OPEC members in February fell 920,000 bpd to a 4-month low of 24.870 million bpd. However, Iraq Feb crude exports excluding Kurdistan rose +3.1% m/m to 2.96 million bpd. Meanwhile, Libya will export 1.21 million bpd of crude and condensate this month, the most since October when Libya resumed oil production, according to reporting by Bloomberg.
- ▶ On economic data front, US Feb nonfarm payrolls rose +379,000, against expectations of +200,000, Also, the US Feb unemployment rate unexpectedly fell -0.1 to an 11-month low of 6.2%. Economic data indicates stronger labor market which is likely to be supportive of energy demand. German Jan factory orders rose +1.4% m/m, stronger than expectations of +0.5% m/m.
- ▶ Baker Hughes reported on Friday that active U.S. oil rigs rose by +1 rig in the week ended Mar 5 to a 10-month high of 310 rigs, well above August's 15-year low of 172 rigs.

Outlook

- ▶ WTI Crude oil prices are likely to trade firm, it may find strong support base around \$63.87 and \$60.35 per barrel while key resistance levels are seen around \$67.20-\$68.90 per barrel level.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: 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 | Website: 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 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