
Positive trend likely to continue in Silver
Natural Gas prices likely to find support at \$2.68-\$2.44 levels
Copper prices likely to trade firm

POSITIVE TREND LIKELY TO CONTINUE IN SILVER

- ▲ Safe-haven demand and dovish central bank expectations are likely to keep the prices of gold and silver firm. Silver prices are currently trading near \$25.828 per ounce, which is the highest level in the last six weeks. Prices of metals are up, due to weakness in the US Dollar, following the political outcome in the US election, which may result in a higher stimulus. The US Federal Reserve may also announce additional stimulus measures to support the economy.
- ▲ According to the CFTC Commitments of Traders report for the week ended November 3, net long for silver futures increased +710 contracts to 45,341 for the week. Speculative long positions decreased -4,136 contracts, while shorts decreased -4,846 contracts.
- ▲ On the economic data front, U.S. October nonfarm payrolls rose +638,000, stronger than expectations of +580,000. Also, the October unemployment rate fell -1.0, to a 7-month low of 6.9%, showing a stronger labour market, than the expectations of -0.3, to 7.6%. German September industrial production rose +1.6% m/m, weaker than expectations of +2.5% m/m. Also, U.S. September wholesale trade sales rose +0.1% m/m, weaker than expectations of +1.1% m/m.
- ▲ The rally in silver is capped, due to the rising number of Covid cases across the globe, which could curb the economic growth, and are negative for the prices of industrial metals. Global coronavirus infections exceeded 50 million on Sunday, according to a Reuters tally, and the United States has become the first country to report more than 100,000 daily cases.

Outlook

- ▲ Silver prices are likely to find support near the 50-days EMA at \$24.78, and the 100-days EMA at \$23.950. Meanwhile, critical resistance is seen near \$26.38-\$27.68 levels.

NATURAL GAS PRICES LIKELY TO FIND SUPPORT AT \$2.68-\$2.44 LEVELS

- ▲ A warmer weather forecast is keeping natural gas prices lower. Natural Gas December expiry contract is trading near \$2.854, and is much lower from the November month's high of \$3.393. The Commodity Weather Group on Friday has said that warmer than normal temperatures are expected for the U.S. East between November 11-15, and that widespread warmer conditions are expected throughout the U.S. from November 16-20.
- ▲ However, prices are likely to get support from a much cooler weather forecast for the western part of the US.
- ▲ According to the CFTC Commitments of Traders report for the week ended November 3, net long for natural gas futures increased +4,855 contracts to 54,099 for the week. Speculative long positions increased +3,953 contracts, while shorts decreased -902 contracts.
- ▲ Natural Gas consumption is decreasing, and is likely to keep natural gas prices under pressure. U.S. natural gas usage, as a total consumption of natural gas in the US on Friday was down -17% y/y, at 65.6 bcf. U.S. electricity output for the week ending October 31 was down -1.8% y/y, at 69,502 GWh (gigawatt-hours). Natural Gas is used in producing electricity.

- However, export demand is likely to keep supporting prices. According to a Bloomberg report, U.S. LNG export terminals on Saturday rose to a record 10.4 bcf (data from 2014), up +6.1% from last Friday. Also, scheduled gas flows to U.S. LNG terminals on Friday were up +52% y/y, at 10.3 bcf.

Outlook

- Natural Gas December expiry contract is likely to find support at the 50-days EMA at \$2.68, and the 100-days EMA at \$2.44. We expect a recovery in prices from these support levels. Natural gas prices may face minor resistance near \$3.23 and \$3.57 levels.

COPPER PRICES LIKELY TO TRADE FIRM

- Weakness in the US Dollar, and hopes for a strong stimulus after the victory of Mr. Joe Biden in the US presidential election, are likely to support copper prices, which are trading firm near \$6,973 per mt, following a bullish move from the last four trading sessions on the LME.
- Meanwhile, as per the official data released on Saturday, China's copper imports rose year-on-year in October. Arrivals of unwrought copper and copper products stood at 618,108 tonnes last month, which was down 14.4% from 722,450 tonnes in September, which was the second-highest monthly level on record, but up 43.4% from 431,000 tonnes a year earlier. Imports in January-October reached 5.61 million tonnes, up 41.4%, on a year-on-year basis, and beating the previous record for annual purchases of 5.297 million tonnes in 2018, with two months still to go. Although China's imports of copper concentrate, or partially processed copper ore, came in at 1.69 million tonnes in October, this was down 11.7% from a year earlier, and down 21% from September.
- Copper inventory at LME monitored warehouses have dropped by -2,600 mt, as on November 5. LME inventory now stands at 174,050mt, which has dropped by -73,950 mt in the last one year, but has increased nearly 51,600 mt in the last three months, as on November 5.
- Copper prices are likely to find support from growing exports from China. Growth in China's exports jumped to their highest level in more than a year and a half in October. China's total exports rose by 11.4%, on a year-on-year basis in October, against a 9.9% increase in September. Although data showed that China's imports rose 4.7% in October, increasing for a second straight month, this was still below the expectations of a 9.5% increase.
- Leading copper mine, Codelco, on Friday, agreed for a contract with a major Chinese buyer for 20,000-30,000 tonnes of annual copper supply at a premium of \$88 a tonne in 2021. (Reuters)
- Copper inventory at LME monitored warehouses have dropped -1,600 mt, as on November 6. LME inventory now stands at 172,450 mt, which has dropped by -69,475mt in the last one year, but has increased nearly 51,500 mt in the last three months, as on November 6.

Outlook

LME 3 month contract is likely to find support around the 50-days EMA at \$6,708, and the 100-days EMA at \$6,480 per mt. Meanwhile, an immediate resistance level could be seen around \$7,170 -

\$7,366 per mt.

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