

Commodity News

Tuesday, February 12, 2019



Gold

Technical

Gold prices moved lower yesterday as the dollar continued to gain traction relative to most major currencies. Gold has been holding up well in the face of a rising dollar, that makes gold more expensive in other currencies. There is a lot of noise out there to overcome, but eventually it should get a bit of a move to the upside. Gold prices moved lower in short-term support near the 5-day moving average at 1,310. Resistance is seen near the January highs at 1,325. Prices remain above the prior breakout of the range seen in early January at 1,298. It will eventually see a breakout, but there is obviously a lot of resistance above that it will need to build significant momentum to get through. Once it do, it will go looking towards the \$1400 level.

Pivot:	1,308		
Support	1,308	1,306	1,303
Resistance	1,319	1,317	1,314

Source: FX EMPIRE

Highlights

- Gold prices eased as a firmer dollar capped gains for the bullion
- Gold could be vulnerable to more corrections if the dollar strengthens further
- Gold prices should remain rangebound until there is clarity on the trade front and a government shutdown
- The yellow metal held above the key \$1,300 per ounce level, supported by uncertainties surrounding the U.S Fed's monetary policy
- Gains in U.S and world stock markets are also a bearish element for the safe-haven metals

Gold - Technical Indicators

RSI 14	45.44
SMA 20	1,267.2
SMA 50	1,252.1
SMA 100	1,256.3
SMA 200	1,277.8

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices held steady as investors sought safety in the dollar from a long-drawn U.S-China trade war and its impact on the global economic growth slowdown worries.
- Spot gold was down 0.2 percent at \$1,306.51 per ounce, after falling 0.4 percent in the previous session. U.S gold futures fell 0.1 percent to \$1,310.20 per ounce.
- Gold is being pushed around by the U.S dollar in the nearterm. Investors are now focussed on the new round of trade talks between China and the United States and going for safe-havenbuying into U.S treasuries, which is pushing up the dollar.
- When investors buy U.S Treasury bonds, they are also required to purchase the greenback, which makes dollar-denominated gold more expensive for holders of othercurrencies.
- Gold is still very resilient and should trade in the rangeof \$1,305 to \$1,320, with investors looking for headlines around trade talks, U.S government shutdown and data from United States and China for signs of weakness in the economy.
- The world's two largest economies try to hammer out a deal before a March 1 deadline, after which U.S tariffs on \$200 billion worth of Chinese imports are scheduled to increase to 25 percent from 10 percent.
- The dollar index was steady at 97.08, after advancing 0.4 percent in the previous session in its largest percentage gain since Jan. 24. A stronger greenback makes dollar-denominated gold more expensive for holders of other currencies.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2019	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2019	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2019	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2019	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market fell yesterday, slicing through the \$52 level again. It continue to see a lot of volatility in this market, so it shouldn't be that surprising that it can't take off to the upside. However, the market is going to break down below the \$50 level in the short term. It could get a lot of choppiness and sideways trading. Brent markets fell during the trading session as well, and remain well within the trading range that it have been in. At this point, it is very likely that it will continue to see buyers underneath, but there is obviously a neck line above that continues to cause a lot of resistance. With that being the case, if it can break above the top of the candle stick from the Friday session, that would be a very bullish sign. Overall, the \$60 level underneath should offer a lot of support, as well as the wicks from last week's candles.

Pivot:	52.20		
Support	52.20	51.70	51.30
Resistance	54.20	53.70	53.10

Source: FX EMPIRE

Highlights

- Oil futures rose nearly one percent in Asian trade as the dollar index retreated from December 18 highs for another session
- The April Brent contract price fell 59 cents, it settled at \$61.51 per barrel
- OPEC is in continues try to support prices along \$50 a barrel
- Dollar strength makes commodities priced in the unit less attractive to investors
- The macro picture surrounding global economic situation is still very much uncertain, that continues to weigh on the demand side

Crude - Technical Indicators

RSI 14	55.83
SMA 20	48.93
SMA 50	46.53
SMA 100	47.26
SMA 200	51.85

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Crude oil prices slide near four-week lows due to a stronger dollar and continued concerns about U.S-China trade talks. US futures tumbled 4.6% for the week, while Brent oil prices dropped 1% for the week ended Feb. 8.
- Prices are expected to climb on production cuts by the OPEC and some non-OPEC producers. Brent crude is expected to average slightly more than \$67/bbl in 2019, down from a forecast made in December 2018 of \$69/bbl.
- Investors continued to weigh up risks to global supply from the Organization of the Petroleum Exporting Countries output cuts and U.S sanctions on Venezuela. Both offer support to prices, but signs of a weakening global economy have raised concerns about a slowdown in energy demand.
- Crude-oil futures declined, with energy demand concerns, signs of rising U.S oil production and a stronger dollar pressuring prices, which had also suffered a drop last week.
- US crude futures due in March rose 0.65% to \$52.79 a barrel, while Brent March futures rose 0.71% to \$62.01 a barrel, as the dollar index inched down 0.02% to 97.05, snapping the longest winning streak since November 2016.
- A US oil services company, reported an increase of 7 in the rig count to a total of 854 rigs in the week ending February 7, away from ten-month lows. The rig count declined by 15 a week earlier, while the total active U.S rig count edged up by 4 to 1,049.
- Last month, the Energy Information Administration forecast an increase in shale oil output to another record 8.179 million bpd, however the drop in rig activities might taper these expectations.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2019	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2019	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2019	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2019	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets pulled back a bit to kick off the week during the trading session yesterday, as it continues to see a lot of back-and-forth when it comes to risk appetite. The Federal Reserve has softened its stance recently, and that will be one of the biggest drivers of precious metals going forward. At this point it will continue to see a lot of noise, because quite frankly it is a very confused and disturbed world it lives in when it comes to global politics and of course economics. There is still a lot of concern when it comes to how these two nations will interact with each other, as they are so massive when it comes to global growth. Silver is going higher because of geopolitical concerns as well, so it may be in a situation where either outcome helps. The \$16 level above will continue to cause a lot of headaches, so expect a grind higher.

Pivot:	15.73		
Support	15.73	15.66	15.62
Resistance	15.99	15.93	15.86

Source: FX EMPIRE

Highlights

- Silver prices fell nearly 1 percent to \$15.67 an ounce
- March Comex silver was last down \$0.089 at \$15.72 an ounce
- The dollar index was at a near six-week high as it has risen despite the Federal Reserve pausing its multi-year rate hike cycle
- The Fed will probably raise a rate hike as the global economy slows down and weighs on the US
- Silver rates also weakened on reduced off take by industrial units and coin makers

Silver - Technical Indicators

RSI 14	19.80
SMA 20	17.27
SMA 50	16.72
SMA 100	16.85
SMA 200	16.87

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are moderately lower in early-afternoon U.S. trading yesterday. A higher U.S. dollar index early this week that hit a seven-week high today is a bearish "outside market" force working against the precious metals markets.
- Silver futures climbed off January 28 lows in Asian trade for the third session out of four, as the dollar index traded mostly flat, amid a lack of US data today while investors await US-China trade talks.
- Silver futures climbed off January 28 lows in Asian trade for the third session out of four, as the dollar index traded mostly flat, amid a lack of US data today while investors await US-China trade talks.
- The continuing resolution passed by Congress a couple weeks ago expires on Friday, with the U.S. government set for another partial shutdown in the Democrats and President Trump cannot come to agreement on a budget plan. Another shutdown would be bearish for the U.S. stock market and probably mildly bullish for the safe-haven metals.
- The world marketplace continues in a generally upbeat mood, with no serious geopolitical events at present that would create anxiety. However, that history shows geopolitical calm can be quickly and unexpectedly interrupted.
- U.S. Treasury Secretary Mnuchin and U.S. Trade Representative Lighthizer will attend the talks, likely to take place with them present later this week. Many investors are upbeat that a deal can be reached by the March 1 deadline.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2018	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2018	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2018	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2018	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2019	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Tuesday, February 12, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues Feb 12	02:45	NZD Card Spending Retail (MoM) (JAN)	Low	1.8%	1.4%	-2.3%
Tues Feb 12	04:50	JPY Japan Money Stock M3 (YoY) (JAN)	Low	2.1%	2.1%	2.1%
Tues Feb 12	05:30	AUD Home Loans (MoM) (DEC)	Medium	-6.1%	-2.0%	-0.9%
Tues Feb 12	05:30	AUD Investment Lending (DEC)	Low			-4.5%
Tues Feb 12	05:30	AUD Value of Loans (MoM) (DEC)	Low	-5.3%		-1.4%
Tues Feb 12	09:30	JPY Tertiary Industry Index (MoM) (DEC)	Medium	-0.3%	-0.1%	-0.3%
Tues Feb 12	11:00	JPY Machine Tool Orders (YoY) (JAN P)	Medium	-18.8%		-18.3%
Tues Feb 12	18:00	GBP BOE Governor Carney Speaks in London	High			
Tues Feb 12	22:45	USD Powell Speaks in Mississippi About Rural Poverty	High			

Source: Forex Factory, DailyFX

Disclaimer: This document has been prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. This document and the information may not be reproduced, distributed or published by any recipient for any purpose.

Contact Details

IGI Commodity Team

Zaeem Haider Khan	(Head of Commodity)	Cell: 0321-4772883	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Syed Zeeshan Kazmi	(Deputy Manager)	Cell: 0321-4499228	Tel: (+92-42) 35777863-70	zeeshan.kazmi@igi.com.pk
Ehsan Ull Haq	(Commodity Trader - Lahore)	Cell: 0321-4861015	Tel: (+92-42) 35777863-70	ehsan.haq@igi.com.pk
Muhammad Naveed	(Branch Manager - Islamabad)	Cell: 0345-5599900	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	(Regional Manager - Faisalabad)	Cell: 0300-7660778	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	(Branch Manager - Rahim Yar Khan)	Cell: 0334-7358050	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	(Branch Manager - Multan)	Cell: 0300-6348471	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	(Branch Manager - Abbottabad)	Cell: 0333-5061009	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited | Corporate member of
Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN :(+92-21) 111-444-001 | (+92-21) 111-234-234
Fax :(+92-21) 35309169, 35301780
Website : www.igisecurities.com.pk

Lahore Office

G-009, Ground Floor, Packages Mall,
Lahore.
Tel :(+92-42) 35777863-70, 38303559-68
Fax :(+92-42) 35763542

Islamabad Office

Mezzanine Floor Razia Sharif Plaza,
90-Blue Area G-7, Islamabad
Tel: (+92-51) 2802241-42, 2273439
Fax: (+92-51) 2802244

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road, Faisalabad
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Stock Exchange Office

Room # 134, 3rd Floor, KSE Building
Stock Exchange Road, Karachi
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Rahim Yar Khan Office

Plot #: 12, Basement of Khalid Market,
Model Town, Town Hall Road,
Rahim Yar Khan
Tel: (+92-68) 5871652-6
Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road, Multan
Tel: (+92-992) 408243-44

Abbottabad Office

Ground Floor, Al Fatah Shopping Center,
Opp. Radio Station, Mandehra Road,
Abbottabad
Tel: (+92-99) 2408243-44