

Commodity News

Thursday, January 17, 2019



Gold

Technical

Gold markets initially fell a bit during the trading session yesterday but turned around to find support yet again. Ultimately, this is a market that looks as if it is ready to continue going higher and the \$1300 level above is the short-term target. However, it eventually break above there, especially if the Federal Reserve members continue to talk about the need to be “flexible”, so therefore the US dollar will take it on the chin if that happens. Gold markets of course tend to move counter to the strength of the US dollar, and eventually that’s exactly what it is going to see. Beyond that, it has a lot of concerns out there when it comes to geopolitical events, and that in and of itself can cause bullish pressure in Gold markets as investors look for some form of safety.

Pivot:	1,290		
Support	1,290	1,287	1,286
Resistance	1,299	1,297	1,295

Source: FX EMPIRE

Highlights

- Gold prices are struggling to break through critical physiological resistance at \$1,300 an ounce
- Gold is no longer the most precious of the precious metals
- A potential for gold price to rise as the Federal Reserve looks to slow the pace of its monetary policy tightening this year
- Further volatility in equity markets should also support gold prices through 2019
- It viewed 2019 as a year of assets rebalancing and fresh money to flow into gold

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 are moderately U.S trading yesterday. The yellow metal has been traded sideways, which is not bearish. The near-term technical posture for gold remains bullish, which continues to invite speculative buyers.
- Spot gold rose 0.3 percent to \$1,292.51 per ounce. U.S gold futures settled 0.4 percent higher to \$1,293.80 per ounce. The macro environment still looks very positive for gold, given we expect the dollar to weaken and the Fed unlikely to start hiking rates until the second half of the year.
- Investors remained concerned as softer data from across the world heightened fears that the global economy is slowing, adding to the appeal for gold, considered a hedge against economic and political uncertainty.
- Risks to the U.S recovery, including a partial government shutdown, have broadened hawkish calls among Federal Reserve officials to be patient before raising interest rates again.
- Several major U.S economic reports have been postponed recently because of the continuing U.S government partial shutdown, including retail sales originally scheduled for yesterday.
- Gold futures are currently up \$4.90 (+0,37%), and fixed at \$1293.20. After trading to a high today of \$1295.40, gold softened a little bit, closing about two dollars off the intraday high, also trading to a low of \$1287.60.
- Gold has not been able to break above or below those price parameters. Investors have bid the precious metal up on multiple occasions since January 4th, however on each attempt \$1300 has been an insurmountable price point to trade at or above.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market went back and forth during trading yesterday, as it is currently trading between the 20 day EMA and the 50 day EMA. There is significant support at the \$50 level as well, and therefore it makes sense that it should see buyers on the dips. It has broken above a downtrend line, and now it is trying to build up the necessary momentum to continue going higher. On a daily close above the 50 day EMA, a buying opportunity for a larger move, perhaps reaching towards the \$57.50 level. Brent didn't do much during the day, as it continue to hover around the \$60 level. The 50 day EMA is just above, so it can break that level, pictured in red on the chart, then it can continue to go towards the \$65 level, perhaps even the \$62.50 level. If it break down below the 20 day EMA, it's very likely that it will go looking for support closer to the \$55 handle.

Pivot:	51.55		
Support	51.55	51.25	50.75
Resistance	53.30	52.80	52.50

Source: FX EMPIRE

Highlights

- Oil prices steadied yesterday after a 3 percent rise during the previous session
- Mounting signs of an economic slowdown across the world may also keep oil prices in check
- U.S output has soared by 2.4 million bpd since January 2018, stoking fears of a supply glut
- Crude oil exports from the U.S have strongly increased during the last few years and the trend is expected to remain positive
- Crude inventories fell 2.7 million barrels, more than double forecasts

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

- Oil prices dipped today as U.S crude production quickly approached an unprecedented 12 million barrels per day just as worries about weakening demand emerge.
- U.S West Texas Intermediate crude futures were at \$52 per barrel, down 31 cents, or 0.6 percent, from their last settlement. International Brent crude oil futures were down 34 cents, or 0.6 percent, at \$60.98 per barrel.
- American crude oil production reached a record 11.9 million bpd in the week ending Jan. 11, the EIA said yesterday, up from 11.7 million bpd last week, which was already the highest national output in the world.
- The EIA also said gasoline stockpiles climbed 7.5 million barrels last week, far exceeding expectations for a 2.8 million-barrel gain. At 255.6 million barrels, gasoline stocks were at their highest weekly level since February, 2017.
- U.S crude inventories fell slightly more than expected, there was a large build in gasoline inventories. U.S fuel stockpiles rose more than forecast and were up for the fourth straight week.
- Along with the surge in U.S crude output, exports from the United States are also rising, hitting a record 3.2 million bpd by the end of last year. U.S crude output is expected to grow this year to a record beyond 12 million bpd, with the country turning into a net crude exporter in late 2020.
- Oil prices edged higher yesterday, buoyed by a U.S equity market rally and a supply cut agreement by OPEC+, but gains were limited by data showing growing U.S refined product inventories and record crude production.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets spent part of the day pulling back a bit during the trading session yesterday, reaching towards the \$15.50 level. However, the market had found enough buyers in that area to turn around and start showing signs of life again. This is a market that has plenty of support in the area of the 20 day EMA, closer to the \$15.40 level. There is real conviction underneath, and therefore it makes sense that it should continue to see people jump in. The \$16 level above of course will be rather stringent in its resistance, but it's only a matter of time before it break above there as the US dollar starts the weekend. The silver and the EUR/USD chart, seems to be feeding off of each other. At that being the case, if the Euro can rally and break out to the upside, sober most certainly will take off right along with it.

Pivot:	15.61		
Support	15.46	15.42	15.35
Resistance	15.69	15.65	15.61

Source: FX EMPIRE

Highlights

- Silver prices traded 0.21 per cent higher at \$15.58 an ounce
- Silver prices have risen 11.04 per cent since January 2018
- Fresh positions built up by investors, in line with a firm trend in global markets for precious metals, supported the upside in silver prices
- Silver is mined along with other base metals. Since price of silver was not showing any recovery in 2018, no extra capacities of silver were added
- March Comex silver was up \$0.01 at \$15.63 an ounce

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

- The precious metals firm is also bullish on silver, but it stills see it underperforming gold in 2019. The analysts said that they see silver pushing to a high of \$17.50 an ounce and averaging the year around \$16.625 an ounce. MKS' silver forecast represents a gain of nearly 12% from current prices.
- Silver futures tilted higher in American trade even as the dollar index climbed off October 16 lows, following earlier data from the US and as the government shutdown in America is in its fourth week.
- Silver futures due in March rose 0.10% to \$15.63 an ounce, while the dollar index added 0.13% to 96.06 off three-month lows. Earlier US data showed import prices fell 1.0%, compared to a 1.9% drop in November, while beating estimates of a 1.3% drop, as an index tracking the housing sector widened to 58 from 56.
- Markets now await the Beige Book, which is released two weeks before the Federal Reserve's meeting and upon which, policymakers base their decisions and forecasts.
- The UK Parliament voted yesterday overwhelmingly to reject the Brexit deal with the EU, while a vote of no confidence is expected to take place for Prime Minister Theresa May later today as the political crisis in Britain deepens.
- Silver steadied in global markets as the dollar eased against its global peers. A weak dollar means silver will appreciate as the commodity becomes cheaper in other currencies, giving rise to its demand.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Thursday, January 17, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Jan 17	05:30	AUD Home Loans (MoM) (NOV)	Medium	-0.9%	-1.5%	2.2%
Thurs Jan 17	14:30	GBP Bank of England Credit Conditions & Bank Liabilities Surveys	High			
Thurs Jan 17	15:00	EUR Euro-Zone Consumer Price Index (MoM) (DEC)	Medium		0.0%	-0.2%
Thurs Jan 17	18:30	USD Housing Starts (MoM) (DEC)	Medium		-0.2%	3.2%
Thurs Jan 17	18:30	USD Building Permits (MoM) (DEC)	Medium		-2.9%	5.0%
Thurs Jan 17	18:30	USD Philadelphia Fed Business Outlook (JAN)	Medium		10	9.4
Thurs Jan 17	18:30	USD Initial Jobless Claims (JAN 12)	Medium		220k	216k
Thurs Jan 17	18:30	USD Continuing Claims (JAN 5)	Medium			1722k
Thurs Jan 17	20:30	USD EIA Natural Gas Storage Change (JAN 11)	Low			-91

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) 95777863-70, 35876075-76
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