

Commodity News

Monday, February 25, 2019



Gold

Technical

Gold futures finished higher last week, while posting a dramatic two-sided trade. The movement in the U.S Dollar was mostly behind the wild price action. It was primarily influence by volatility in U.S Treasury yields. The main trend is up and a trade through \$1349.80 will signal a resumption of the uptrend. The main trend will change to down on a trade through \$1209.30. However, the market isn't in a position to change the main trend to down. It does begin the week in the window of time for a closing price reversal top. This could trigger the start of a 2 to 3 week correction. A trade through \$1281.50 will change the minor trend to down. This will also shift momentum to the downside. The main range is \$1404.40 to \$1182.70. Its retracement zone at \$1319.70 to \$1293.60 is support.

Pivot:	1,327		
Support	1,327	1,324	1,321
Resistance	1,344	1,340	1,336

Source: FX EMPIRE

Highlights

- Gold is currently traded at a high of \$1,332, representing a 0.27 percent gain
- Gains in equity markets tend to decrease appeal for gold, considered a safe store of value during economic and political uncertainty
- The dollar is weaker today after Trump's extension of tariff deadline
- Spot gold rose 0.3 percent to \$1,331.43 per ounce while U.S gold futures were up 0.1 percent at \$1,333.50
- US-China trade tension have been the primary reasons behind renews investor interest in 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 rose today as the dollar fell against the yuan after U.S President Donald Trump said he would delay an increase in tariffs on Chinese goods. Although prices ended the week off their highs, but the yellow metal was able to hold on to an important initial support level.
- Trump said on Sunday that he would delay an increase in tariffs on Chinese goods that had been scheduled for later this week, citing "substantial progress" in U.S-China trade talks over the weekend.
- The offshore yuan strengthened 0.2 percent to 6.685 yuan against the dollar, after hitting its highest level since mid-July, on the news that Trump will not raise tariffs on \$200 billion of Chinese imports to 25 percent from 10 percent.
- Gold prices, though hinting for a looming bearish correction on risk-on market sentiments, will remain firmly supported on rising economic uncertainties and heightened geopolitical risks in 2019.
- Gold prices rose as the dollar lost ground against most rivals, and amid US-China trade uncertainty. The Federal Reserve's minutes for the January meeting reveal that policymakers are ready to hike rates if the economy performed as expected.
- However, the economic picture remains unclear, however, some members still believe in a hike if inflation rose above 2%. The dollar index shed 0.1% to 96.5, with a session-high at 96.7, and a low at 96.4.
- The metal registered its second weekly gain, having logged a 3 per cent rise for the year. Gold April futures rose 0.5% to \$1,335.1 an ounce, with a session-high at \$1,335.6, and a low at \$1,328.8.

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

Based on last week's price action and close at \$57.26. Crude oil was mainly supported by the OPEC-led production cuts and the U.S sanctions against Venezuelan exports. Helping to slow the rally were concerns over rising U.S production, which hit 12 million barrels per day, according to the U.S Energy Information Administration. The wildcard that could trigger a spike in prices to the upside is a U.S-China trade deal. U.S West Texas Intermediate crude oil futures finished higher last week, putting the market in a position to challenge a major retracement zone. Investors reaction to this zone will determine the near-term direction of the market. Sellers are going to try to stop the rally in an effort to form a secondary lower top. Buyers are going to try to blast through the zone. The main trend is down and a trade through \$43.00 will signal a resumption of the downtrend.

Pivot:	57.00		
Support	57.00	56.65	55.40
Resistance	58.00	57.75	57.50

Source: FX EMPIRE

Highlights

- Fall in crude oil futures is mostly in tune with a weak trend in global market where it slipped from over three-month high of \$67.73
- Signs of reduced global oil supply also supported crude prices
- Gasoline stocks fell 1.5 million barrels, as distillate stocks fell 1.5 million
- U.S energy firms this week cut the number of oil rigs operating for the first time in three weeks
- Oil rig data for the week ended February 22 dropped by four to 853

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 fell today, giving up earlier gains, squeezed by plentiful supply and U.S firms in particular increasing exports in competition with traditional producers from the Middle East in key markets like Asia.
- International Brent crude oil futures were at \$66.88 a barrel, down 24 cents, or 0.4 percent, from their last close. They ended Friday little changed after touching their highest since Nov. 16 at \$67.73 a barrel.
- U.S West Texas Intermediate crude futures were at \$57.11 per barrel, down 15 cents, or 0.3 percent, from their last settlement. WTI futures climbed 0.5 percent on Friday, having marked their highest since Nov. 16 at \$57.81 a barrel.
- U.S crude oil production has hit a record 12 million barrels per day, an increase of more than 2 million bpd since early 2018. Exports hit a record 3.6 million bpd this month.
- The surge in U.S oil output counters efforts led by the Middle East-dominated Organization of the Petroleum Exporting Countries to cut output in order to tighten the market and prop up prices.
- The OPEC-led cuts as well as U.S sanctions against Iran's and Venezuela's oil exports pushed oil prices to 2019 highs last week. Whereas oil demand growth is the other wild card as the global economy slows down.
- Crude prices continue to be supported on optimism a trade deal will be reached in the coming days by the world's two largest economies. Oil supply is going to be pretty tight until the third quarter.

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 initially rallied a bit during the course of the week, breaking above the \$16.00 level. The uptrend line underneath should be tested for support, as the \$15.50 level. Ultimately, there is a lot of noise above that it's going to be difficult to break above, and of course it will have to pay attention to the US dollar and the Federal Reserve. Ultimately, the US dollar looks as if it is trying to sell off a bit in general, and the silver market should be a beneficiary. If it break down below the \$15.50 level, that could change things drastically, but right now it's obvious that the market is going to struggle to break down through there. If it does, then the next target would be the \$15.00 level. Ultimately, expect a lot of volatility and longer-term investors are going to take advantage of which should be a softening of the greenback longer-term with the softening Federal Reserve.

Pivot:	15.88		
Support	15.88	15.82	15.76
Resistance	16.21	16.10	16.04

Source: FX EMPIRE

Highlights

- Spot silver marked up 0.2 percent to \$15.95 per ounce
- The slight pullback does not signal a shift by silver investors since these levels are still close to the highs recorded at the start of 2019
- A stable U.S dollar index is also working in favor of the precious metals market bears
- Investors who already invested in the market, it is important to place a trail stop loss, as the metal trades close to its key resistance levels
- Bullish trend in silver is expected to continue, both fundamentally and technically

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 rose alongside a number of minerals such as gold as the dollar lost ground against most rivals, and amid US-China trade uncertainty. Silver rose 0.6% to \$15.86 an ounce, with an intraday high at \$15.91, and a low at \$15.77.
- Silver lost 1.6% on Thursday, the first dip in six, and the steepest since November 9 on profit-taking away from seven-week highs at \$16.20. The dollar index, which tracks the greenback against a basket of six major currencies, was down 0.1 percent at 96.463.
- The president said in a tweet that progress had been made on a host of divisive areas including intellectual property protection, technology transfers, agriculture, services and currency and that he and his Chinese counterpart would meet to seal a deal if progress continued.
- Concerns over global slowdown, particularly in the US that reported sluggish economic numbers, and worries over US-China trade tension have been the primary reasons behind renews investor interest in silver.
- Last week saw the dollar index correct almost 0.16 per cent on Friday, the biggest weekly fall in a month. The greenback was the currency of choice and it had turned into a safe haven asset during the height of US-China trade war.
- The US dollar is expected to be under continued pressure, despite it getting some support from a less dovish stance of the US Federal Reserve as reflected in the minutes of it last meeting.

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

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Feb 25	02:45	NZD Retail Sales Ex Inflation (QoQ) (4Q)	Medium	1.7%	0.50%	0.03%
Mon Feb 25	10:00	JPY Coincident Index (DEC F)	Low	101.8		102.3
Mon Feb 25	10:00	JPY Leading Index CI (DEC F)	Low	97.5		97.9
Mon Feb 25	15:00	GBP BOE's Carney, FCA's Bailey, U.S.'s Giancarlo Press Conference	High			
Mon Feb 25	20:00	USD Wholesale Inventories (MoM) (DEC P)	Medium		0.30%	0.30%
Mon Feb 25	20:00	USD Wholesale Trade Sales (MoM) (DEC)	Low			-0.60%
Mon Feb 25	20:30	USD Dallas Fed Manufacturing Activity (FEB)	Low		4.8	1.0
Mon Feb 25	21:30	USD U.S. to Sell USD39 Bln 6-Month Bills	Low			
Mon Feb 25	21:30	USD U.S. to Sell USD40 Bln 2-Year Notes	Low			

Source: *Forex Factory, DailyFX*

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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
Inamullah Shakir	(Commodity Trader - Karachi)	Cell: 0341-2110152	Tel: (+92-21) 35297248	inam.ullah@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