

## Gold

### Technical

Gold markets pulled back a bit during the trading session yesterday, testing the top of the up trending channel, which of course is a bullish sign as it bounced a bit. The \$1300 level above is significant resistance but it looks as if it is trying to build up enough momentum to continue to go higher. The US dollar is on its back foot, so is very likely that it could get that boost needed. At this point, it will probably continue to go towards the \$1400 level, which is the top of the longer-term consolidation area. Gold is getting a boost from not only a softening US dollar, but possibly a lot of concern around the world when it comes to global trade and economic fear. However, it would probably drop down to the \$1225 level, possibly even the \$1200 level after that. All things being equal though, I suspect that only has about a 10% chance of happening.

Pivot:	1,291		
Support	1,291	1,287	1,283
Resistance	1,308	1,304	1,300

Source: FX EMPIRE

### Highlights

- The safe-haven metal erased modest losses as the U.S dollar index resumed its recent downtrend and fell to a 2.5-month low
- Gold got boosted as expected as investors are relieved and now eye continued political and economic headlines
- Gold is getting a bit of support out of a dovish Fed and institutional instability in the United States
- February gold futures were last up \$5.50 an ounce at \$1,291.40
- Gold has to trade over \$1,300 for a few days to attract short covering and renewed investment demand

### 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 near seven-month highs today as the dollar was pressured by rising expectations the U.S Federal Reserve will keep interest rates steady this year, while investors also waited for further news on Sino-U.S trade talks.
- Spot gold was a tad lower at \$1,292.46 per ounce, hovering near Friday's peak of \$1,298.42 - a level last seen in June. U.S gold futures rose 0.1 percent to \$1,293.20 per ounce.
- The metal hit a more than six-month peak of \$1,298.42 an ounce last week, but improving risk-taking appetite among investors since then has weighed on the metal, often seen as a safe haven for investors in times of uncertainty.
- Global equities climbed to their highest in four weeks on growing optimism that China and the US will fix their souring trade relationship. Since gold almost hit the \$1,300 mark, it has seen a recovery in the equity markets.
- Investors are also awaiting the release of minutes from the US Federal open market committee's December 18-19 policy meeting for cues on future interest-rate increases.
- The markets pricing in the possibility of a Fed rate cut rather than a hike in the year ahead. The Fed minutes gave the dollar a bit of a "kick down" and there were chances for gold prices to break the \$1,300 level with the present sentiment.
- Gold prices are highly sensitive to declining interest rates which decrease the opportunity cost of holding the non-yielding bullion while pressuring the dollar. The dollar index, which tracks the greenback against major currencies, hit its lowest level in nearly three months.

### 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 has broken out to the upside, slicing through the \$50 handle, and the downtrend line that coincided nicely with it. Because of this, it will eventually continue to go much higher. The market is probably a “by on the pullbacks” scenario for short-term investors. Ultimately, this is a market that should continue to be very noisy, but this break out matters. Brent markets also broke out to the upside, slicing through a trend line a couple of days ago, and as it is now focusing on the \$60 level, an area that of course is psychologically important. If it can break above there, and it certainly looks as if it is going to, it will continue to go higher. Ultimately, the \$65 level above will be resistance but if it can clear that level, the market is probably free to go much higher. Expect a lot of volatility, it will have to be very cautious about shorting the market.

Pivot:	51.10		
Support	51.10	50.20	49.50
Resistance	54.40	53.80	52.55

Source: FX EMPIRE

### Highlights

- After a dreadful December for risk markets, crude oil continues to catch a positive vibe
- The day's sharp gains extended a rally that has pushed prices up more than 13 percent in 2019
- Oil prices also have received support from supply cuts by the Organization of the Petroleum Exporting Countries and allies including Russia
- Data from the U.S Energy Information Administration showed domestic crude stockpiles fell less than expected last week
- The milder temperatures have hurt distillate demand a little bit

### 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 by about 1% on swelling U.S supply and amid a cautious reaction to trade talks between the US and China, the world's two largest oil consumers, that finished without concrete details to ending their dispute.
- U.S West Texas Intermediate crude oil futures were at \$51.80 per barrel, down 56 cents, or 1.1 percent, from their last settlement. International Brent crude futures were down 0.9 percent, or 57 cents, at \$60.87 per barrel.
- Both oil benchmarks rose by around 5% the previous day as financial markets around the world surged on the hopes that Washington and Beijing may soon be able to end their trade dispute, soothing fears of an all-out trade war between the two biggest economies and its possible impact on global growth.
- Meanwhile, U.S bank Morgan Stanley cut its 2019 oil price forecasts by more than 10 percent, pointing to “weakening economic growth expectations” and rising oil supply from especially from the United States as reasons for their lower price forecast.
- Morgan Stanley now expects Brent to average \$61 a barrel this year, down from a previous estimate of \$69 a barrel, and U.S crude to average \$54 per barrel, against a prior forecast of \$60.
- The main source of new supply is the United States, where crude oil production remained at a record 11.7 million barrels per day in the week ending Jan. 4, the Energy Information Administration said on yesterday.
- Although crude stocks dipped by 1.7 million barrels, to 439.74 million barrels. The surge in U.S crude production runs counter to efforts led by the OPEC to cut supply aimed at reining an emerging glut.

### 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 tried to rally initially during the trading session yesterday but also found enough selling above to pull back. Silver is a bit overdone though, if it get some type of pullback to find support underneath. The \$15.50 level below should cause some support, just as the 20 day EMA well. If it break down below the \$15 level that must be concerned about it. It had already reached our target of \$1.00 after the breakout of the consolidation previously, but the longer-term consolidation area is still very much intact, meaning that it will probably go to the \$17 level eventually. Remember, silver moves a little bit slower than gold does as far as dollar amounts, and it does tend to be very choppy. Because of this, it suspect that waiting for a pullback in buying small bits and pieces of silver will probably be the best way to deal with this market.

Pivot:	15.66		
Support	15.66	15.60	15.55
Resistance	15.98	15.87	15.81

Source: FX EMPIRE

### Highlights

- Silver prices marked lower 0.2% to \$15.63 an ounce
- Gains in the precious metals were limited today as global equity markets are still in rally mode
- Silver prices have been consolidating in the main between a high of \$15.79/oz and a low of \$15.56/oz
- Ahead of the FOMC minutes, silver prices are stable, oscillating around \$15.65/oz
- March Comex silver was down \$0.023 at \$15.69 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

- Silver prices are modestly lower in early U.S trading yesterday. The safe haven metals are seeing some selling pressure this week as global equity markets are rising amid by upbeat trader and investor attitudes.
- Silver futures tilted lower in Asian trade off July 13 highs for the fourth straight session, as the dollar index fell off June 2017 highs for the 12th out of 19, ahead of US data later today and amid ongoing US-China trade talks.
- Silver benefitted this week in a sell-off in the dollar following Powell's most recent comments which has hurt the greenback with the markets outstripping the Fed bid on expectations that their tightening cycle has come to an end.
- Silver futures due in March fell 0.24% to \$15.68 an ounce, while the dollar index slipped 0.12% to 95.79 off 1-1/5 year highs. The Federal Open Market Committee will also release its last meeting minutes, at which policymakers voted to increase interest rates by the fourth time this year by 25 basis points as expected by market.
- The U.S government shutdown is into its third week, but the matter is currently not a front-burner issue for markets. President Trump addressed U.S citizens in a speech on the matter Tuesday evening, and leading Democrats countered. US President continued his criticism of the Federal Reserve's approach to tightening monetary policy despite what he consider strong data.
- U.S stock markets were higher today, with U.S stock indexes hitting three-week highs, as investors are in a good mood so far this week as reports continue to be positive on the U.S-China trade talks that just concluded in Beijing. Talks with China are going very well.

### 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 10, 2019



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Jan 10	06:30	CNY Consumer Price Index (YoY) (DEC)	High	1.9%	2.1%	2.2%
Thurs Jan 10	10:00	JPY Leading Index CI (NOV P)	Medium	99.3	99.6	99.6
Thurs Jan 10	18:30	USD Trade Balance (NOV)	Medium		-\$54.0b	-\$55.5b
Thurs Jan 10	18:30	CAD New Housing Price Index (YoY) (NOV)	Medium		-0.1%	0.1%
Thurs Jan 10	18:30	CAD Building Permits (MoM) (NOV)	Medium		-0.5%	-0.2%
Thurs Jan 10	18:30	USD Initial Jobless Claims (JAN 5)	Medium		225k	231k
Thurs Jan 10	18:30	USD Continuing Claims (DEC 29)	Medium		1700k	1740k
Thurs Jan 10	19:00	MXN Consumer Confidence Index (DEC)	Medium		101.8	100.9
Thurs Jan 10	22:00	USD Fed's Powell to Speak to The Economic Club of Washington	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) 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