

Commodity News

Thursday, February 14, 2019



Gold

Technical

Gold prices traded sideways initially attempting to break out. It looks as if it is trying to build up the necessary momentum to break through a massive barrier above. This in turn buoyed the dollar which weighed on the yellow metal. Gold prices attempted to move higher. Prices remain above short term support near the 5-day moving average at 1,309. A break below this level would lead to a test of target support near the 20-day moving average at 1,303. A lot of support at the \$1275 level. Prices remain in an uptrend but the daily pattern are near the same level with a higher wick is negative short term. Medium term momentum is negative as the MACD histogram prints in the red with a downward sloping trajectory which points to lower prices.

Pivot:	1,310		
Support	1,303	1,300	1,297
Resistance	1,315	1,312	1,310

Source: FX EMPIRE

Highlights

- Gold prices touched a more than one-week high of \$1,318.12
- If gold prices jump above \$1,325 could trigger a new climb
- Lower interest rates reduce the opportunity cost of holding non-interest bearing gold and weighs on the dollar
- There is a dense layer of technical support for gold around \$1,294-\$1,307
- A strong dollar is pressuring gold prices and physical buying is also limited

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 edged higher today as soft U.S inflation data raised expectations that the Federal Reserve will pause rate hikes this year, while investors were looking for developments in trade talks between Washington and Beijing.
- Spot gold was up 0.1 percent at \$1,311.29 per ounce, having touched their highest level since Feb. 4 at \$1,318.12. U.S gold futures settled up 0.1 percent to \$1,315.10.
- U.S consumer prices were unchanged for a third straight month in January, leading to the smallest annual increase in inflation in more than 1-1/2 years, which could allow the Fed to hold interest rates steady for a while.
- This lateral move could continue while investors wait for news on the ChinaU.S trade talks and other macroeconomic data, confirming the economic slowdown forecasted for 2019/2020.
- Gold prices have risen nearly 13 percent since touching more than 1-1/2-year lows in mid-August, mostly on expectations of a pause in interest rate hikes and tumultuous stock markets.
- Several Fed officials have indicated that they will support a pause in interest rate hikes to assess its impact on the economy. The dollar benefited from sustained strength in core U.S inflation. In the latest 12-month period, the core CPI rose 2.2 percent for a third straight month.
- The Consumer Price Index could have added a small impact, inflation seems to be muted right now and as a result gold continues to rally on that. The Fed is really going to be much more dovish going forward on their expectations on interest rates.

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 pulled back but found enough buyers underneath the turn back around and show signs of life again. Ultimately, this market will probably continue to find a lot of interest, as the \$55 level is such an interesting resistance barrier that people will be taking advantage of. Overall, the market probably finds plenty of reasons to get bullish, even though there are a lot of concerns when it comes to global growth. The supply in the future is starting to tighten when it comes to crude oil. Brent markets also look very bullish during the day, initially pulling back but then went higher to test the neck line of the potential inverted head and shoulders. Because of this, the market is probably going to try to break out to the upside. Once it get clear the \$64 level on a daily close, it will then very quickly test the \$65 level, and then eventually the \$70 level if it get a chance.

Pivot:	53.80		
Support	53.80	53.25	52.95
Resistance	55.75	55.45	54.95

Source: FX EMPIRE

Highlights

- U.S crude oil production remained at a record of 11.9 million barrels per day
- Oil prices were boosted after Saudi Arabia announced to cutting daily production and exports by a further 500,000 bpd
- Prices finished below the session's best level, after data showed a fourth straight weekly rise in domestic crude supplies
- Markets were also supported by upbeat Chinese trade data, including for crude oil
- The monthly EIA report raising its U.S production forecast and lowering demand for energy consumption

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 rose by around 1 percent today, with Brent crude futures hitting a 2019-high, buoyed by hopes that the Sino-U.S tariff dispute could end soon and as China's trade figures including crude imports beat forecasts.
- International Brent crude oil futures were at \$64.35 per barrel, up 74 cents, or 1.1 percent, from their last close. Brent hit a 2019-high of \$64.43 per barrel earlier in the session. U.S West Texas Intermediate crude futures were at \$54.46 per barrel, up 57 cents, or 1.1 percent, from their last settlement.
- China's crude oil imports in January rose 4.8 percent from a year earlier, customs data showed today, to an average of 10.03 million barrels per day, the third straight month that imports have exceeded the 10 million bpd mark.
- Climbing U.S oil stockpiles weighed on prices. U.S crude oil inventories rose last week to the highest since November 2017 as refiners cut runs to the lowest since October 2017.
- Crude inventories built for a fourth week in a row, rising 3.6 million barrels to 450.8 million barrels in the week to Feb. 8. Gasoline stockpiles edged up by 400,000 barrels last week, while distillate stockpiles were up 1.2 million barrels.
- The global oil market will struggle this year to absorb fast-growing crude supply from outside the OPEC, even with the group's production cuts and U.S sanctions on Venezuela and Iran.
- Oil futures settled higher, with the global benchmark marking its highest close since November, buoyed by reports of further reductions to global output and optimism around constructive U.S-China trade negotiations.

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

Brent markets also look very bullish during the day, initially pulling back but then went higher to test the neck line of the potential inverted head and shoulders. Because of this, the market is probably going to try to break out to the upside. Once it get clear the \$64 level on a daily close, it will then very quickly test the \$65 level, and then eventually the \$70 level if it get a chance. If it break down below the 50 day EMA, which is essentially the \$15.50 level. If it break down below that level, then there is plenty of support underneath that should continue to be a major factor in this market. If it can break above the \$16 level on a daily chart and close there, then the market probably goes looking towards the \$17 level given enough time. It's not until it break down below the 20 day EMA, which is closer to the \$15.30 level that would become concerned with silver.

Pivot:	15.69		
Support	15.52	15.48	15.43
Resistance	15.81	15.75	15.69

Source: FX EMPIRE

Highlights

- Silver prices touched up 0.5 percent to \$15.64 an ounce
- The weaker U.S dollar index also working in favor of the precious metals market
- The dollar index rose 0.4% against a basket of main rivals to 97.07, with an intraday high at 97.1, and a low at 96.6
- Silver also plunged in the domestic futures market on reduced orders from industrial units and coin makers
- March Comex silver was last down \$0.035 at \$15.655 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 near steady and have traded both sides of unchanged today. Buying interest in both metals was limited by a higher U.S dollar index, as well as firmer U.S stock indexes that hit two-month highs.
- The sellers remain timid due to the near-term bullish technical postures for silver. US dollar weighed on most commodities and metals today, forcing the white metal down amid optimism in the market about US-China trade talks.
- Silver futures tilted higher in Asian trade as the dollar index backed off December 17 highs for another session, ahead of important US inflation data later today. An important theme in the world marketplace the past few months has been tamped down inflationary pressures.
- Silver futures due in March rose 0.16% to \$15.72 an ounce, while the dollar index shed 0.05% to 96.66 off two-month highs. Silver March futures shed 0.2% to \$15.652 an ounce, with a session-high at \$15.8, and a low at \$15.58.
- Investors await US data on inflation, with consumer prices expected up 0.1%, compared to a 0.1% dip in December, while core prices are estimated with a 0.2% increase, same as December. At mid-year in 2018 many market watchers were worried about problematic inflation arising
- Economic data indicate the US economy is in a good position and the unemployment rate at half-decade lows, while dismissing the possibility of a recession. Risk appetite in the marketplace this week remains keener, what with no major geopolitical events in play at present.

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

Thursday, February 14, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Feb 14	15:00	EUR Euro-Zone Employment (YoY) (4Q P)	Medium	1.2%		1.3%
Thurs Feb 14	15:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (4Q P)	High	1.2%	1.2%	1.2%
Thurs Feb 14	18:30	CAD New Housing Price Index (YoY) (DEC)	Medium		0.0%	0.0%
Thurs Feb 14	18:30	USD Initial Jobless Claims (FEB 09)	Medium		225k	234k
Thurs Feb 14	18:30	USD Continuing Claims (FEB 02)	Medium		1739k	1736k
Thurs Feb 14	18:30	USD Retail Sales Advance (MoM) (DEC)	High		0.1%	0.2%
Thurs Feb 14	18:30	USD Retail Sales Ex Auto and Gas (DEC)	Medium		0.4%	0.5%
Thurs Feb 14	18:30	USD Retail Sales Control Group (DEC)	Medium		0.4%	0.9%
Thurs Feb 14	20:00	USD Business Inventories (NOV)	Medium		0.2%	0.6%

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
Inaam Ullah	(Commodity Trader - Karachi)	Cell: 0341-2110152	Tel: (+92-21) 35297248	inamullah@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