

Gold

Technical

Gold markets tried to rally a bit during the trading session yesterday but continues to struggle with the \$1300 level. The \$1300 level is of course a large, round, psychologically important figure. At this point, the previous channel underneath should continue to offer interest in the market, just as the 20 day EMA is underneath, which could also offer support. At this point, it's likely that pullbacks will be looked at as opportunities, as it try to build up the momentum to finally break out and go higher. Once it break above the \$1300 level, then it could go looking towards the \$1400 level above. The \$1400 level above is of course going to be a situation that will cause a lot of interest as well, as it has been massive resistance. If it break down below the \$1275 level, then it could have to pull back to the \$1250 level to reset the entire situation.

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

Source: FX EMPIRE

Highlights

- Gold will likely approach the short term resistance of \$1,310 per ounce
- The weaker dollar and a more dovish Fed are the two most alluring factors for gold
- There are concerns for the U.S economy to slow down, perhaps towards the end of 2019 and into 2020, so the markets are pricing rate cuts
- The dollar slipped against other major currencies, after having rebounded from three-month lows
- A weaker dollar can be a positive for commodities priced in the U.S unit

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 climbed today as the dollar fell back on expectations the U.S central bank may pause interest rates hikes if the U.S economy slows this year, while investors awaited news on progress in the Sino-U.S trade talks.
- Spot gold rose 0.4 percent to \$1,290.84 per ounce, heading for a fourth straight weekly gain. The yellow metal is up 0.4 percent so far this week. U.S gold futures were up 0.3 percent at \$1,290.8 per ounce.
- The dollar slipped against other major currencies, after having rebounded from three-month lows yesterday following Federal Reserve Chairman Jerome Powell's comment which suggested the central bank is not done tightening monetary policy just yet.
- A partial U.S government shutdown extended into its 20th day and provided little comfort to the U.S currency, after President Donald Trump threatened to use emergency powers to bypass U.S Congress to pay for a wall on the U.S-Mexico border.
- Gold prices have failed to fall below \$1,277 and are now trying to attack again the \$1,300 level. If they manage to reach this threshold, there would be space for further rallies.
- There is some support from the Fed less likely to raise interest rates and yet on the other side a little lesser need for safe haven as it has seen a rebound in equities as of late.
- It seems the one constant in gold pricing throughout last year that continues to this day is that dollar strength or weakness has been the strongest force affecting its movement.

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 gone back and forth during the trading session yesterday, as it has broken above the \$50 level, but still remains underneath the 50 day EMA. That's an area that of course will offer resistance that extends to the \$55 level as well. A break above the \$55 level should open up the door to much higher pricing, but in the short term it is looking at a small pullback, perhaps retesting the \$50 level to find value. The 20 day EMA underneath should offer dynamic support at this point. If it break down below there, then it could see a return to the \$45 handle. Brent markets had a bit of a choppy and sideways, as it is hanging just below the 50 day EMA. The \$60 level underneath should be support, such as the 20 day EMA will as well. However, at this point if it break above the 50 day EMA, extensively the \$62 handle, then Brent could lead the way to much higher levels.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 51.10 | | |
| Support | 51.10 | 50.20 | 49.50 |
| Resistance | 54.40 | 53.80 | 52.55 |

Source: FX EMPIRE

Highlights

- Oil slipped today amid concerns over the outlook for the global economy
- Global economic growth forecasts below 3 percent for 2019
- Oil markets are receiving support from supply cuts led by the OPEC aimed at reining in a glut that emerged in the second-half of 2018
- Investors are becoming increasingly confident that OPEC+ production cuts will balance the market
- Iran's crude exports in November plummeted to below 1 million barrels per day

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

- U.S oil prices edged down today as concerns over economic growth were rekindled after talks fell short of offering concrete steps to end the Sino-U.S trade conflict.
- Oil prices were also supported by comments from U.S Federal Reserve Chairman Jerome Powell that the central bank had the ability to be patient on monetary policy. U.S West Texas Intermediate crude futures had slipped 23 cents, or 0.4 percent, from their last settlement to \$52.36 per barrel.
- U.S crude was on track for a second consecutive week of gains and its largest weekly percentage increase in more than two years. WTI has climbed about 9% so far this week, its biggest weekly rise since December, 2016.
- China said three days of talks with the United States that wrapped up on Wednesday had established a "foundation" to resolve differences over trade. But it gave few details on key issues at stake, including a scheduled U.S tariff increase on \$200 billion worth of Chinese imports.
- Saudi Arabia said earlier this week that supply curbs started in late 2018 by the Organization of the Petroleum Exporting Countries and non-OPEC producers including Russia, would bring the oil market into balance.
- Saudi is turning the screws on export supply in order to re-balance the market in their favour. Prices are maintaining highs which suggests that the recent bullish move is not yet over.
- Product stockpiles, however, climbed by much more than the market expected. Gasoline stockpiles rose 8.1 million barrels last week, while distillate stockpiles rose by 10.6 million barrels, according to the EIA.

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|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
| | 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 have pulled back a bit during the trading session yesterday as it continue to consolidate below the \$16 level. The \$15.50 level underneath should continue to be support, just as the 20 day EMA will underneath. At this point, it's obvious that silver is bullish and with the Federal Reserve acquiescing to the Wall Street pressure, it looks as if they are going to try to keep the value of the US dollar down. Looking at this chart, the massive support is closer to the \$15 level, an area that would be an excellent buying opportunity if it do pull back to that level. However, it is going to, based upon the very bullish move that is recently had. If it can break above the \$16 level, then it should have the next leg up, which sends this market looking for the \$17 level over the longer-term. Silver had been basing for ages, so it is looking at a longer-term changing trend.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 15.66 | | |
| Support | 15.66 | 15.60 | 15.55 |
| Resistance | 15.98 | 15.87 | 15.81 |

Source: FX EMPIRE

Highlights

- Silver climbed 0.6 percent to \$15.65. However, it was poised to snap three sessions of weekly gains
- Continued financial market volatility and a weaker US dollar should continue to support silver prices
- Silver's weakness in the second half of last year was a "failed bear-market raid"
- March Comex silver was down \$0.085 at \$15.65 an ounce
- Silver disappointed many investors last year, becoming "the most hated precious metal" of 2018

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 down in early-afternoon U.S trading yesterday. The safe-haven metals are seeing some selling pressure as the U.S dollar and U.S stock market have pushed to higher levels on the day. However, the metal's resilience in the face of extreme weakness could mark a long-term bottom for the precious metal as buying momentum picks up.
- The precious metal silver is seeing a strong start in 2019, with prices near their highest levels in almost six months. It is a great buying opportunity for investors now. Silver prices inched up in European trade for another session as the dollar weakened against a basket of major rivals as bets of US rate hikes in 2019 diminish.
- Silver prices rose over 0.1% as of to \$15.74 an ounce, with an intraday high at \$15.78, and a low at \$15.68. Silver rose 0.6% on Wednesday, the first profit in four days as the dollar tumbled following the Fed's minutes.
- The dollar index lost 0.1% yesterday on track for a second decline, marking three-month lows at 94.62, in turn boosting dollar-denominated commodity futures such as silver.
- The pressures on the dollar came as investors expect a slower pace of US rate hikes in 2019 according to the Fed's meeting minutes. The minutes showed several policymakers favor maintaining interest rates unchanged this year, while hinging a hike solely on data.
- Federal Reserve Chair Jerome Powell is scheduled to speak at the Economic Club of Washington DC later today, with investors hoping for more clues on the future of interest rates.

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|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
| | 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

Friday, January 11, 2019



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Fri Jan 11 | 14:30 | GBP Manufacturing Production (YoY) (NOV) | Medium | | -0.7% | -1.0% |
| Fri Jan 11 | 14:30 | GBP Construction Output SA (YoY) (NOV) | Medium | | 2.6% | 3.8% |
| Fri Jan 11 | 14:30 | GBP Gross Domestic Product (MoM) (NOV) | Medium | | 0.1% | 0.1% |
| Fri Jan 11 | 18:30 | USD Consumer Price Index (MoM) (DEC) | Medium | | -0.1% | 0.0% |
| Fri Jan 11 | 18:30 | USD Trade Balance (NOV) | Medium | | -\$54.0b | -\$55.5b |
| Fri Jan 11 | 18:30 | USD Consumer Price Index (YoY) (DEC) | High | | 1.9% | 2.2% |
| Fri Jan 11 | 18:30 | USD Consumer Price Index Ex Food and Energy (YoY) (DEC) | High | | 2.2% | 2.2% |
| Fri Jan 11 | 18:30 | USD Real Avg Weekly Earnings (YoY) (DEC) | Medium | | | 0.5% |
| Fri Jan 11 | 20:00 | USD Wholesale Trade Sales (MoM) (NOV) | Low | | | -0.2% |

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 |
| 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