

Commodity News

Thursday, March 21, 2019



Gold

Technical

Gold prices surged higher yesterday breaking out as the Fed was more dovish than expected. The Federal Reserve kept interest rates unchanged. The central bank also downgraded GDP for the balance of 2019 and 2020. Gold prices surged higher breaking out and poised to test a downward sloping trend line that comes in near 1,345. Support on the yellow metal is seen near the 50-day moving average at 1,304. Additional support is seen near the 10-day moving average at 1,300. The Fed decision to keep rates unchanged and substantially reduced its dot plot. A break above the \$1310 level, the market should then go to the \$1325 level. Otherwise, a break down below the \$1285 level should send the market down to the \$1275 level, which is also where the 200 day EMA meets up.

Pivot:	1,312		
Support	1,312	1,306	1,302
Resistance	1,333	1,330	1,326

Source: FX EMPIRE

Highlights

- Gold is still holding critical support above \$1,300 an ounce
- Gold is often used as a hedge against political and financial risks
- The dollar fell sharply and U.S Treasuries rallied, taking the benchmark 10-year yield to a 14-month low
- Lower interest rates weigh on the dollar and bond yields, increasing the non-interest bearing bullion
- The Fed's dovish sentiment may be tempered as equity markets have rallied 13% since the start of the year

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 rose today, trading close to a three-week peak hit in the previous session after the U.S Federal Reserve phased out a possibility of an interest rate hike this year.
- Spot gold gained 0.3 percent at \$1,315.81 per ounce, after touching its highest since Feb. 28 at \$1,316.58 in the previous session. U.S gold futures rose 1.1 percent to \$1,316.10 an ounce.
- The dollar nursed heavy losses today after the Federal Reserve stunned markets by abandoning all plans to raise rates this year, a signal its three-year campaign to normalise policy might be at an end.
- Having downgraded their U.S growth, unemployment and inflation forecasts, policymakers said the Fed's benchmark interest rate was likely to remain at the current level of between 2.25% and 2.50% at least through this year.
- The Fed was even more dovish than expected and that added to concerns that U.S growth, and therefore global growth, is hitting a patch of weakness. the precious metals market is becoming more defensive ahead of the Federal Reserves' monetary policy announcement to be released.
- U.S dollar is well off its highs from yesterday and is relatively soft. Treasury yields are coming down which means going into bonds or assets of that nature yields less and gold becomes more attractive.
- Investors shouldn't get too bearish on the precious metal as there is still room for the Fed to acknowledge growing downside risk to the economy, particularly February's employment report, which showed that only 20,000 jobs were created last month.

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 rallied, because of this, it shot above the \$60 level. With that being the case, it may have just made a major break out. However, if it do roll over and break down below the \$60 level, it could be a somewhat negative sign in the sense that it is quite ready to break out yet. Longer-term though, it does look as if it is trying to go higher anyway. Brent markets initially pulled back to the 200 day EMA but then shot higher in response to that inventory figure, and now it looks as if it is trying to break towards the \$70 level. Pullbacks should continue to offer buying opportunities, but the \$70 level above will cause a certain amount of psychological issues. If the Federal Reserve seems like it is ready to be soft with its monetary policy, it's likely that commodities will continue to show signs of resiliency, including crude oil.

Pivot:	59.55		
Support	59.55	59.00	58.65
Resistance	62.20	61.40	60.95

Source: FX EMPIRE

Highlights

- U.S crude oil prices traded higher after the data release, gaining 0.5% at \$59.59 a barrel
- The Fed lowered its 2019 GDP view to 2.1% from 2.3% alongside a steeper drop for 2020 to 1.9%
- OPEC's crude oil output has slumped from a mid-2018 peak of 32.8 million barrels per day to 30.7 million bpd in February
- The OPEC cuts and sanctions have also tightened supply within the United States
- Stockpiles fell 9.6 million barrels, to 439.5 million barrels, their lowest since January

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 reached their highest so far for 2019 today as global markets tightened amid supply cuts led by producer club OPEC and U.S government sanctions against Iran and Venezuela.
- International Brent crude oil futures hit a November 2018 high of \$68.64 per barrel, up 14 cents, or 0.2 percent from their last close. U.S West Texas Intermediate crude futures also equalled a November 2018 high of \$60.27 per barrel today.
- Crude prices have been pushed up by almost a third since the start of 2019 by supply cuts led by the OPEC, as well as by sanctions enacted against Iran and Venezuela by the United States.
- Iranian oil exports have also slumped. The United States aims to cut Iran's crude exports by about 20 percent to below 1 million bpd from May by requiring importing countries to reduce purchases to avoid U.S sanctions.
- U.S crude oil stockpiles last week fell by nearly 10 million barrels, the most since July, boosted by strong export and refining demand, the Energy Information Administration said yesterday.
- The EIA report showed that gasoline inventories fell by 4.59 million barrels, nearly twice the expected draw of 2.41 million barrels, while distillate stockpiles dropped by 4.13 million barrels, compared to a decline of 1.09 million.
- The crude stockpile draw of nearly 10 million barrels, especially, compared to market expectations for a 300,000-barrels build, is testimony of the steady pace in refining versus imports which are still lower than normal levels despite a pick-up last week.

US Commodity Futures Trading Commission (CFTC) Data

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	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

The Silver markets tried to rally initially yesterday but gave back the gains to fall rather significantly. The Federal Reserve decision and statement, there's going to be a lot of volatility involving the greenback, and that of course will have an influence on precious metals in general. This market continues to have a lot of support underneath that though, so that any short-term pullback will possibly offer a buying opportunity. After all, the \$15 level was significant resistance, and it should now be significant support. The \$15.50 level is going to cause a bit of resistance as it has seen a nice shooting star formed their last week, and now it looks like it is trying to figure out where to go next. If it can break above the top of the shooting star, which is ostensibly the \$15.53 level, then it could go higher and perhaps reach towards the \$16 handle.

Pivot:	15.43		
Support	15.43	15.37	15.30
Resistance	15.89	15.82	15.75

Source: FX EMPIRE

Highlights

- Silver prices gained about 0.8 percent to \$15.56 an ounce
- Silver futures fluctuated lower as the dollar index rose for the first time in four sessions in its bounce to its second low since early March
- The Fed cited slower global growth as well as risks, such as Brexit and the U.S-China trade war
- The U.S dollar index slightly firmer on an upside correction after hitting a three-week low
- May Comex silver was last off \$0.017 at \$15.35 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 fell during yesterday trading and ended the session on a decline, but online trading has seen the elimination of these losses and the rise in the light of the Federal Reserve decision.
- The US central bank stated it would keep the interest rate unchanged at 2.5% and expect it to be raised once in 2019, compared with a previous forecast of a twofold increase. However, markets are paying a little more attention to lower growth and interest rate projections for the year.
- The central bank cut its growth forecast for the US economy to 2.1% in 2019, compared with previous estimates of a 2.3% growth this year. The dollar index fell by 0.6% to 95.7 points, with a high of 96.5 points and a low of 95.7 points.
- Silver ended yesterday trading down 0.4% at \$15.318 an ounce, but it rose by 0.9% to \$15.5 an ounce, with a high of \$15.56 and a low of \$15.265. As expected the U.S central bank left interest rates unchanged with its current range between 2.25% and 2.50%.
- In light of global economic and financial developments and muted inflation pressures, the Committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes.
- Investors are also looking forward to the Federal Open Market Committee's forecast of growth and unemployment as well as inflation and future interest rates for the next three years ahead of Fed Chairman Jerome Powell's upcoming press conference.

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, March 21, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Mar 21	05:30	AUD Unemployment Rate (FEB)	High	4.90%	5.00%	5.00%
Thurs Mar 21	05:30	AUD Full Time Employment Change (FEB)	Medium	-7.3k		65.6k
Thurs Mar 21	17:00	GBP Bank of England Bank Rate (MAR 21)	High		0.75%	0.75%
Thurs Mar 21	17:00	GBP BOE Asset Purchase Target (MAR)	High		435b	435b
Thurs Mar 21	17:30	USD Philadelphia Fed Business Outlook (MAR)	Medium		5.0	-4.1
Thurs Mar 21	17:30	USD Initial Jobless Claims (MAR 16)	Medium		225k	229k
Thurs Mar 21	17:30	USD Continuing Claims (MAR 09)	Medium		1768k	1776k
Thurs Mar 21	19:00	USD Leading Index (FEB)	Medium		0.10%	-0.10%
Thurs Mar 21	20:00	EUR Euro-Zone Consumer Confidence (MAR A)	Medium		-7.1	-7.4

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