Commodity News

Friday, February 09, 2018

Gold

Technical

Gold markets have exploded to the upside during trading on Thursday after initially falling. It looks as if the US dollar is starting to roll over again, as risk appetite is coming back into the market. We have a clear barrier at the $1325 level above that could cause some issues though, so keep that in mind. If we can clear that level, then the market should go much higher. The gold markets have been sold off rather drastically over the last couple of days, as people got nervous about stock market performance. However, I think that we are starting to see a bit of a bottom, and volume is good. Longer-term, I believe that we will eventually go looking towards the $1400 level, and once we clear that it becomes more of a “buy-and-hold” scenario. Now that we have made a “higher high”, I think that a lot of value hunters are starting to come back into the marketplace.

Pivot:	1,315		
Support	1,312	1,307	1,302
Resistance	1,325	1,332	1,337

Source: FX EMPIRE

Highlights

- Gold settled higher yesterday, with a steady dollar and a drop in the U.S stock
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.07 percent to 826.31 tonnes
- April gold rose $4.40, or 0.3%, to settle at $1,319 an ounce, after scoring its lowest finish for a most-active contract since Jan. 9
- Data yesterday showed weekly U.S jobless claims holding near a 45-year low
- Recent losses for gold have been blamed on rising bond yields

Gold - Technical Indicators

RSI 14	45.56
SMA 20	1,268.2
SMA 50	1,251.1
SMA 100	1,268.3
SMA 200	1,278.8

Source: FX EMPIRE

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold held steady today in Asian trading session amid tumbling equity markets, but a firmer dollar and worries about rising global interest rates weighed on prices.
- Spot gold was mostly unchanged at $1,319 an ounce. Prices touched their lowest since Jan. 4 at $1,306.81 yesterday. Spot gold was down 1 percent for the week and headed for its second straight weekly drop due to a recovery in the dollar.
- The dollar index, which measures the greenback against a basket of currencies, has risen over 1 percent so far this week, its best since the week ended Oct. 27, 2017. U.S gold futures were up 0.1 percent at $1,320.50 per ounce.
- Asian stocks tumbled after Wall Street shares suffered yet another big slide amid worries over rising bond yields, while perceived havens such as the yen and Swiss franc drew demand amid the turmoil.
- Gold has got some support from safe-haven demand as people are buying to hedge their portfolio against market volatility. The threat of rising interest rates will have some downside pressure on gold.
- The Bank of England said it was likely to raise interest rates sooner and by more than it thought only three months ago, because Britain's slow-moving economy is getting a boost from the global recovery.
- The benchmark 10-year Treasury note yield rose as high as 2.884 percent on Thursday after the Bank of England signalled more aggressive rate hikes, just below Monday's four-year high of 2.885 percent. It last stood at 2.8457 percent.
- The surge in U.S Treasury yields looks set to continue and this will keep a lid on gold prices due to the likelihood that real rates will be dragged up. However, we expect a continued rise in inflation expectations to cap real yields, which will limit downside pressure on gold.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Oil market has been falling again during the trading session on Thursday, slicing through the uptrend line that held the market higher. I think that we are not only going to go to the $60 level, but I think we are going lower. I look at rallies as selling opportunities going forward, and the $62 level as a bit of a “ceiling” in the short term. Longer-term, we could go down to the $50 level again, and I think we’ve seen the highs for the year. If we broke above the $64 level, then I would be convinced that the buyers are coming back but I don’t see that happening. The Brent markets also sold off, losing about 1% as I record this. We have broken below the vital $65 level, so it’s likely that we continue to go much lower. I anticipate that the $62.50 level will be targeted next, and then perhaps even lower than that. I believe that oil markets are going to become very soft again as they had been previously.

Pivot:	60.50		
Support	59.95	59.40	58.70
Resistance	61.35	62.10	62.85

Source: FX EMPIRE

Highlights

- U.S crude fell below $61 yesterday, nearly wiping out the year's gains and extending an oil price rout into a fifth day
- Rising U.S. oil production and crude stockpiles, as well as a stock market sell-off, heaped pressure on oil prices
- Crude oil prices have gotten knocked around by the dollar
- U.S drillers have gobbled up a bigger share of the global export market
- In Kilduff's view, surging U.S production will block WTI from rising much higher

Crude - Technical Indicators

RSI 14	70.56
SMA 20	48.54
SMA 50	46.40
SMA 100	47.24
SMA 200	52.06

Source: FX EMPIRE

Crude Oil Daily Graph

Source: Meta Trader

Fundamentals

- Oil prices fell for a sixth day today, and were on track for their biggest weekly losses in 10 months, as record-high U.S. crude output added to concerns about a sharp rise in global supplies.
- The drop came amid a rout in global equity markets sparked by inflation fears. Brent futures were down 30 cents at $64.51 a barrel. Yesterday, Brent fell 1.1 percent to its lowest close since Dec. 20.
- U.S West Texas Intermediate (WTI) crude was down 42 cents at $60.73 a barrel, having settled down 1 percent in the previous session, its lowest close since Jan. 2.
- Both contracts have fallen more than 9 percent from this year’s high point in late January. Brent was heading for a weekly loss of nearly 6 percent, its biggest since April, while WTI’s weekly decline of more than 7 percent is the steepest since March.
- U.S. domestic crude production hit a record of 10.25 million barrels per day (bpd) for the most recent week, according to the U.S. EIA, while an outage on a key oil pipeline in the North Sea proved short-lived.
- OPEC member Iran also announced plans yesterday to increase production within the next four years by at least 700,000 barrels a day, which Brennock said marked “a hat-trick of heartaches” for oil bulls.
- This will be a tall order as the spectre of fresh U.S. sanctions looms but nevertheless exacerbated the sell-off. U.S. production gains have put it on track to overtake the current output in Saudi Arabia.
- The U.S. increases have complicated efforts by OPEC and other producers, including Russia, to balance global markets and force down excess global inventories by cutting output.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	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 been back and forth during most of Thursdays trading session, and I believe at this point were trying to build up enough momentum to finally break above the $16.50 level again. This is an area that was previous resistance and support, so I think it's going to take a bit of time to build up momentum to go higher. I think that the market should continue to be noisy, but if you are patient enough you should be able to start buying silver relatively soon. Pay attention to the US Dollar Index, because of it starts to fall, that should be good for silver. The US dollar has rolled over a little bit during the day, so we could see buyers to jump back into silver soon. I think there's a lot of noise above though, so as per usual, I suspect that it is best to trade silver with physical silver, or at least very little in the way of leverage. The $17 level above will continue to offer massive resistance

Pivot:	16.37		
Support	16.23	16.15	16.07
Resistance	16.55	16.65	16.77

Source: FX EMPIRE

Highlights

- Silver inched up 0.1 percent to $16.43 an ounce, after touching its lowest since Dec. 22, 2017 at $16.22 yesterday
- The dollar index, which measures the greenback against a basket of currencies, has risen over 1 percent so far this week
- The threat of rising interest rates will have some downside pressure gold and silver
- The benchmark 10-year Treasury note yield rose as high as 2.884 percent
- The Bank of England signalled more aggressive rate hikes

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

- March Comex silver was last up $0.092 at $16.33 an ounce. Another big sell off in the U.S. stock market prompted safe-haven demand in both gold and silver markets.
- Bargain hunters also stepped into both markets after they had dropped to multi-week lows early. The U.S. dollar index backed off from its good rally this week, which was also supportive to the precious metals markets. Charts are hinting that the greenback has put in a near-term market bottom.
- Serious near-term technical damage has been inflicted on the U.S. stock indexes recently, to suggest they have finally topped out for at least the near term.
- Money flowing out of stocks will be looking for a home, and gold and silver are likely to see their share of new money flows. Recent losses for precious metals have been blamed on rising bond yields, which detract from gold, and a strengthening dollar, which makes the asset more expensive to buyers using weaker currencies.
- The Dollar Index a measure of the buck against a basket of a half-dozen currencies, was down less than 0.1% at 90.18, but on track to post a weekly rise of 1.1%.
- The dollar's strength is putting pressure on gold, but "most traders will be shocked when the U.S. dollar and the price of gold start to rise together," Ken Ford, president of Warwick Valley Financial Advisors, told MarketWatch. "That could happen if we get a credit/liquidity crisis in foreign bond & currency markets."
- Still, benchmark yields have been climbing to their highest level in around four years, with the 10-year benchmark yield hitting a high of 2.88% yesterday, with Treasurys under pressure after the BoE signaled the possibility of rate hikes.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Feb 09	05:30	AUD Home Loans (MoM) (DEC)	Medium	-2.3%	-1.0%	2.1%
Fri Feb 09	06:30	CNY Consumer Price Index (YoY) (JAN)	High	1.5%	1.5%	1.8%
Fri Feb 09	09:30	JPY Tertiary Industry Index (MoM) (DEC)	Medium	-0.2%	0.1%	1.1%
Fri Feb 09	11:45	CHF Unemployment Rate (JAN)	Medium	3.3%	3.4%	3.3%
Fri Feb 09	14:30	GBP Industrial Production (YoY) (DEC)	Medium	0.0%	0.4%	2.6%
Fri Feb 09	14:30	GBP Manufacturing Production (YoY) (DEC)	Medium	1.4%	1.2%	3.8%
Fri Feb 09	14:30	GBP Trade Balance (DEC)	Medium	-£4896	-£2400	-£3652
Fri Feb 09	18:30	CAD Net Change in Employment (JAN)	High		10.0k	78.6k
Fri Feb 09	18:30	CAD Unemployment Rate (JAN)	High		5.8%	5.7%

Source: Forex Factory, DailyFX

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
Gul Hussain	(Branch Manager - Faisalabad)	Cell: 0344-7770878	Tel: (+92-41) 2540843-45	gul.hussain@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
5-FC.C Ground Floor, Syed Maratib Ali Road,
Gulberg II, 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

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

Faisalabad Office
Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road, Faisalabad
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road, Multan
Tel: (+92-992) 408243-44

Stock Exchange Office
Room # 719, 7th Floor, KSE Building
Stock Exchange Road, Karachi
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Abbottabad Office
Ground Floor, Al Fatah Shopping Center,
Opp. Radio Station, Mandehra Road,
Abbottabad
Tel: (+92-99) 2408243-44