

Commodity News

Friday, March 01, 2019



Gold

Technical

Gold prices dropped yesterday but held support levels. the selling pressure was the stronger-than-expected U.S GDP report. This helped make the U.S Dollar a more attractive asset while driving down demand for dollar-denominated gold. The main trend is up as a trade through \$1304.70 will change the main trend to down. A move through \$1349.80 will signal a resumption of the uptrend. The main range is \$1281.50 to \$1349.80. Its retracement zone at \$1315.70 to \$1307.60 is the primary downside target. The market is currently testing its upper or 50% level at \$1315.70. The short-term range is \$1304.70 to \$1349.80. Its retracement zone at \$1321.90 to \$1327.30 is resistance. Short term momentum is also negative as it continues to downward path.

Pivot:	1,316		
Support	1,305	1,300	1,297
Resistance	1,324	1,320	1,316

Source: FX EMPIRE

Highlights

- The better gross domestic product data was the biggest driver for gold
- Gold prices expected to go slightly above these levels on expectations that the dollar will continue weakening
- Gold is considered a safe asset during times of economic or political uncertainty
- Investors are monitoring tensions between India and Pakistan which have engaged in retaliatory attacks
- There are no signs of slowing down and gold price eased off on the back of this

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 hit a two-week low today as upbeat U.S economic data boosted the dollar, while mounting concerns over a slowdown in global growth offered support to the safe-haven metal.
- Spot gold was 0.1 percent higher at \$1,313.47 per ounce, after slipping to its lowest since Feb. 15 at \$1,311.61 earlier in the session. U.S gold futures were down 0.1 percent at \$1,314.80 per ounce.
- The dollar, which pulled back from over three-week lows, moved closer to a 10-week high against the yen and was marginally higher against major currencies.
- Gold is still fundamentally supported for the longer term despite the bearish pressures due to slight rise in bond yields and a firm dollar. The benchmark 10-year government yield was up 3.1 basis points yesterday after the U.S data.
- The dollar regained some momentum versus six major currencies after the U.S Commerce Department's report showed a 2.6 percent annualized rate increase in gross domestic product for the fourth quarter.
- Higher rates can boost the dollar and make gold less competitive against interest-bearing investments. Asian economic data has weakened significantly and it continues to show that the economy has started to slow.
- Higher yields can translate into more demand for the dollar since the currency is used to buy bonds, a traditional safe haven. Gold may break a support at \$1,311 per ounce and fall to the next support at \$1,299.

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 went back and forth during the trading session yesterday, as it continue to bounce around in this very tight range. The \$57.50 region is resistance, just as the \$55.50 level offers support. Crude was hit hard at the start of the week after President Trump criticized the OPEC-led strategy to cut production. A surprise drop in U.S crude stockpiles further boosted prices. It continue to go back and forth in general, and therefore show a lot of confusion. Gains were limited yesterday after a U.S Energy Information Administration report showed record U.S production undermined OPEC-led output cuts. Additionally, renewed concerns over U.S-China trade negotiations and another weak Chinese manufacturing report raised concerns over future demand. The main range is \$51.62 to \$57.81.

Pivot:	57.00		
Support	57.00	56.70	56.40
Resistance	59.25	58.60	58.35

Source: FX EMPIRE

Highlights

- Global oil markets appear tighter than many anticipated for this time of year
- There are signs that point to a more amply supplied market heading further into 2019
- After five consecutive weekly builds, nationwide crude inventories fell 8.6 million barrels
- Crude production continued to grow to a record high of 12.1 million barrels per day, rising 100,000 bpd from the all-time high in previous week
- Prices have plunged by 39% over the last three months, marking the largest three-month percentage decline since Sept. 2008

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 today as markets tightened amid output cuts by producer club OPEC, but surging U.S supply and a global economic slowdown prevented crude from climbing further.
- U.S West Texas Intermediate crude oil futures were at \$57.45 per barrel, up 23 cents, or 0.4 percent, from their last settlement. International Brent crude futures were at \$66.55 per barrel, up 24 cents, or 0.4 percent.
- In Venezuela, suffering from a political and economic crisis, oil exports have plunged by 40 percent to around 920,000 barrels per day since the U.S government slapped sanctions against its petroleum industry on Jan. 28.
- This drop comes as the Organization of the Petroleum Exporting Countries, of which Venezuela is a member, has led efforts since the start of the year to withhold around 1.2 million bpd of supply to prop up prices.
- U.S crude oil production edged lower in December to 11.85 million barrels per day, its first decline since May, the U.S Energy Information Administration said in a monthly report yesterday.
- U.S crude futures extended gains after the data was released and traded up \$1.78 at \$57.28 a barrel. The inventory decline was notable as the refinery run rate remains subdued due to some seasonal turnarounds.
- OPEC and 10 producers outside the cartel, led by Russia, agreed late last year to hold back crude output by a collective 1.2 million barrels a day for the first six months of the year. Saudi Arabia has shouldered the largest burden of those cuts, coming down by around 350,000 barrels a day last month, according to OPEC.

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

Silver markets initially tried to rally during the trading session yesterday, but then rolled over again to reach down towards the recent clustering that it had seen near the \$15.60 level. If it can break down below the 50 day moving average, and then possibly even the \$15.50 level, it's likely that the Silver markets will unwind rather significantly. It would anticipate a move towards the \$15.00 level, an area that has seen a lot of interest paid attention to it in the past. Alternately, if it can bounce then it will make a move towards the \$16.00 level again. However, the rallies are becoming less impressive over the last couple of times, and that does suggest that perhaps it is running out of momentum or at least conviction to the upside. There is a lot of volatility ahead, and therefore it would be cautious about putting large positions into the silver market.

Pivot:	15.65		
Support	15.40	15.32	15.28
Resistance	15.83	15.76	15.65

Source: FX EMPIRE

Highlights

- Spot silver fell 1 percent to \$15.58 per ounce and was down about 3 percent for the month, its weakest since August
- Risk aversion is back in the marketplace as Asian and European stock markets were lower
- U.S GDP report showed a slightly stronger-than-expected rise of 2.6%, on an annual basis
- Very low inflation is the enemy of raw commodity market bulls, including precious metals
- May Comex silver was last up \$0.038 at \$15.71 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 moderately lower in early-afternoon U.S trading yesterday. Despite a couple geopolitical speed bumps this week, investors worldwide remain in generally upbeat moods and that's a negative for the safe-haven metals. Profit taking from the shorter-term futures investors was also featured in both metals.
- U.S stock indexes were just slightly down yesterday, and not far below this week's three-month highs an indication of still-keen investor demand despite a couple of geopolitical events this week.
- There is another geopolitical development that has the attention of the world marketplace this week. India and Pakistan this week exchanged military strikes on each other.
- India bombed what it said was a terrorist camp in Pakistan, with Pakistan retaliating by shooting down two Indian aircraft. This news has Asian stock and financial markets jittery. Any escalation of this situation will prompt more safe-haven demand for silver.
- There was weak manufacturing data coming out of China today, as its official purchasing managers' index fell to 49.2 in February, down from 49.5 in January. A reading below 50.0 shows contraction in the sector. U.S trade sanctions on China have hurt its economy. That could be read as bearish for silver.
- A stronger dollar usually weighs on demand for commodities pegged to the currency, making it relatively more expensive for buyers using other monetary units.

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

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Mar 01	18:30	USD Real Personal Spending (DEC)	Medium		0.20%	0.30%
Fri Mar 01	18:30	USD PCE Core (YoY) (DEC)	High		1.90%	1.90%
Fri Mar 01	19:30	CAD RBC Canadian Manufacturing PMI (FEB)	High			53
Fri Mar 01	20:00	USD ISM Manufacturing (FEB)	High		56.0	56.6
Fri Mar 01	20:00	USD ISM Employment (FEB)	High			55.5
Fri Mar 01	20:00	USD ISM Prices Paid (FEB)	Medium		52.0	49.6
Fri Mar 01	20:00	USD U. of Mich. Sentiment (FEB F)	Medium		95.8	95.5
Fri Mar 01	20:30	MXN Markit Mexico PMI Mfg (FEB)	Medium			50.9
Fri Mar 01	23:00	USD Baker Hughes U.S. Rig Count (MAR 01)	Medium			1047

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