

Commodity News

Wednesday, February 06, 2019



Gold

Technical

Gold markets went back as it continue to see a lot of volatility. The \$1325 level above offer significant resistance. A trade through \$1331.00 will signal a resumption of the uptrend. This will make \$1312.70 a new main bottom. A trade through \$1312.70 will extend the selling. A trade through \$1281.50 will change the main trend to down. The main range is \$1281.50 to \$1331.10. Its retracement zone at \$1306.30 to \$1300.40 is the primary downside target. If it break down below the \$1300 level, then the market would be looking towards the \$1275 level underneath, where this latest move began. The major retracement zone is \$1293.60 to \$1319.70. This zone is controlling the longer-term direction of the market. A sustained move under \$1319.10 will signal the presence of sellers.

Pivot:	1,311		
Support	1,311	1,308	1,305
Resistance	1,323	1,320	1,317

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold moved slightly higher, supported by uncertainties surrounding U.S-China trade relations ahead of President Donald Trump's State of the Union address to the Congress, while a firmer dollar and rising global stock markets capped gains.
- Spot gold edged up 0.2 percent to \$1,314.66 per ounce after hitting its weakest since Jan. 29 at \$1,308.20 in the previous session. U.S gold futures settled unchanged at \$1,319.20 an ounce.
- Gold last week rose to its highest since late April at \$1,326.30, after the U.S central bank kept interest rates steady and said it would be patient on further hikes amid a cloudy outlook for the economy due to global growth concerns and the U.S-China trade dispute.
- Gold can often take cues from moves in the dollar, with a stronger currency making commodities priced in the unit more expensive to users of other currencies.
- A key driver to the gold sector is its need to stay relevant to investors from both active funds and the increasingly important passive funds. Gold tends to fall out of favor when interest rates rise.
- There are still political concerns which remain and that probably adds to support for gold, along with the dovish U.S Federal Reserve. Solid U.S jobs data has allayed concerns of an immediate slowdown in the U.S. economy.
- Higher bond yields can also pressure gold and other commodities that offer no yield but in yesterday dealings, the 10-year Treasury note yield was down 2.2 basis points at 2.701%.

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

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

Commodity News

Wednesday, February 06, 2019

Crude Oil

Technical

The WTI Crude Oil market fell as the \$55 level continues to offer major resistance and are under pressure for a second session. If it break above the highs from both the Friday and Monday candles, the market should continue to go higher, and it's obvious that the investors continue to come in to pick up bits of value as they appear. Beyond that, if it break down below the 50 day EMA and the 20 day EMA just below, then the market could continue to go lower. Moreover, investors will get the opportunity to react to the latest weekly inventories data from the American Petroleum Institute. Brent markets pulled back and bounced from the 50 day EMA. It is continue to offer buying opportunities for short-term but obviously the noise in this market is extraordinary. The \$60 level underneath is support for the longer-term move in if it broke down below there, that would be very negative obviously.

Pivot:	54.10		
Support	53.00	52.50	51.85
Resistance	55.20	54.65	54.10

Source: FX EMPIRE

Highlights

- Crude oil prices were stable as OPEC-led supply cuts
- Oil investors will continue to monitor global crude supplies and the outlook for energy demand in the week ahead
- Oil is just not in favor today, and they are going after the equity markets
- Oil also felt pressure from a strengthening dollar, which rallied for a fourth straight session
- The 2019 demand outlook for oil is not great, while the prospects of increased shale supply and competition elsewhere could drive prices further lower

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 edged higher for the first time in three sessions, although concerns over the outlook for the global economy capped gains. Oil prices slipped yesterday, falling from two-month highs as concerns over a global economic slowdown crept back into the market, and a stronger dollar also weighed.
- U.S WTI crude futures were at \$53.74 per barrel, up 8 cents from their last settlement. International Brent crude oil futures were at \$62.05 per barrel, up 7 cents, after closing down 0.8 percent in the previous session.
- Global economic worries have weighed on market sentiment in recent days, offsetting support from signs that global supplies are tightening. U.S crude stocks rose last week even as refineries boosted output, while gasoline and distillate stocks increased.
- The Organization of the Petroleum Exporting Countries and its allies, including Russia, agreed to production cuts effective from last month to beat back supply growth.
- Crude inventories rose by 2.5 million barrels in the week ended Feb. 1 to 448.2 million, compared with expectations for an increase of 2.2 million barrels.
- Brent crude futures fell 53 cents to settle at \$61.98 a barrel. They touched their highest level in more than two months at \$63.63 the previous day. U.S crude futures dropped 90 cents to settle at \$53.66 a barrel.
- Oil also felt pressure from a strengthening dollar, which rallied for a fourth straight session, which makes crude more expensive for non-U.S buyers. Crude stocks at the Cushing, Oklahoma, delivery hub rose by 889,000 barrels.

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

Commodity News

Wednesday, February 06, 2019



Silver

Technical

Silver markets went back as it continue to hover around the \$15.85 level. The 20 day EMA has offered support during the previous session. Ultimately, it looks as if the market is ready to go towards the \$16 level, an area that of course will attract a lot of attention due to the large round figure. The market will probably go looking towards the \$17 level eventually as the larger consolidation area dictates. The Fed's hawkish stance is obviously bad for the greenback, which should send Silver higher longer term. The 20 day EMA, pictured in green, and the 200 day EMA pictured in black both offer significant support. It should continue to be buying opportunities, and the first sign of a bounce is reason enough to go long. Overall, this is a market that will move according to what is going on with the greenback while physical silver is only a matter time before it gain significant strength.

Pivot:	15.73		
Support	15.73	15.66	15.58
Resistance	16.00	15.93	15.87

Source: FX EMPIRE

Highlights

- Silver prices were down 0.2 percent at \$15.83 per ounce
- The silver inventories in COMEX, world's leading commodity exchange, are at an all-time high
- The Silver market begins to tighten and global inventories are drawn down
- If the institutional investors take a fantasy to silver it won't take much to invoke a sharp rally
- March Comex silver was last down \$0.041 at \$15.845 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. A rebound in the U.S dollar index this week is limiting buying interest in the precious metals markets. However, the bulls can correctly argue silver is just seeing normal, and even healthy, downside corrections and pauses amid their price uptrends.
- Silver futures tilted lower in Asian trade off July 9 highs for the fifth straight session as the dollar index scaled January 25 highs, after US President Donald Trump's State of the Union speech to Congress, and ahead of US data later today.
- Silver futures due in March slipped 0.13% to \$15.82 an ounce, while the dollar index rose 0.02% to 96.08 off January 10 lows. Non-farm productivity is estimated up 1.7%, still slowing down from 2.3% in the third quarter, while trade deficit is estimated down to \$54 billion from \$55.5 billion.
- The dollar index rose 0.3% to 96.1, with an intraday high at 96.1, and a low at 95.8. The political dispute caused the government to close down for 35 days, the longest such shutdown in US history.
- The Federal Open Market Committee voted at the January 29-30 meeting to hold overnight interest rates below 2.5%, while changing the wording for future policies to "patience" as the FOMC monitors economic and trade developments.
- Silver is looking to regain its "precious status" this year as all major signs are pointing to a bullish outlook. The elements working in favor of silver this year include increasing investment demand, declining supply, boost from other rallying precious metals, and outside market forces.

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

Wednesday, February 06, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Feb 06	06:30	AUD RBA's Lowe Gives Speech in Sydney	High			
Wed Feb 06	07:00	US President Donald Trump Delivers State of the Union Address	High			
Wed Feb 06	12:00	EUR German Factory Orders n.s.a. (YoY) (DEC)	Medium	-7%	-6.7%	-4.3%
Wed Feb 06	13:30	EUR Markit Germany Construction PMI (JAN)	Medium	50.7		53.3
Wed Feb 06	17:00	USD MBA Mortgage Applications (FEB 1)	Medium			-3.0%
Wed Feb 06	18:30	USD Trade Balance (NOV)	Medium		-\$54.0b	-\$55.5b
Wed Feb 06	18:30	CAD Building Permits (MoM) (DEC)	Medium		-1.0%	2.6%
Wed Feb 06	20:30	USD DOE U.S. Crude Oil Inventories (FEB 1)	Medium			919k
Wed Feb 06	20:30	USD DOE U.S. Gasoline Inventories (FEB 1)	Low			-2235k

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
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

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 # 134, 3rd 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