

Commodity News

Friday, January 18, 2019



Gold

Technical

Gold markets continue to go back and forth, as yesterday was more of the same. The \$1300 level above continues offer major resistance while the previous uptrend in channel is just below, and the top of that channel should offer support. The 20 day EMA should also offer support, so ultimately it is looking at a market that is essentially trapped. Short-term investors will continue to flock towards the Gold markets, as it is a nice range bound trading opportunity. On the other side of that trade is a break above the \$1300 level which of course would be a much more significant move. At that point, it could be looking at a move towards the \$1400 level on the longer-term charts. The US dollar will have its influence on gold, as when the US dollar rallies.

Pivot:	1,295		
Support	1,288	1,286	1,283
Resistance	1,299	1,297	1,295

Source: FX EMPIRE

Highlights

- Increasing demand for higher risk assets has kept a cap on gold prices
- Political uncertainty continues to underpin the gold prices
- A stronger dollar makes gold more expensive for holders of other currencies
- The dollar and gold, primarily priced in dollars, usually have an inverse relationship
- Uncertainties around the U.S-China trade war and the U.S government shutdown are supporting gold prices

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 edged down 0.1 percent to \$1,292.13 per ounce, with a psychological resistance of \$1,300 holding a solid roof over its head. U.S gold futures settled 0.1 percent lower at \$1,292.30. Gold's recent standstill seems to reflect the clouded U.S growth outlook, and uncertainty about the path forward for Fed monetary policy.
- Gold futures pulled back yesterday from the nearly two-week high they settled at a day earlier, as the psychologically important \$1,300 line remained elusive for another session.
- Gold dipped after the good jobless claims number from the United States, and has not recovered since. Now, the dollar is grinding higher with yields backing up, further weighing on the metal.
- However, the metal remains supported by a variety of factors, including a prolonged partial U.S government shutdown, a possible pause in the U.S Federal Reserve's rate hike cycle, and concerns surrounding Brexit.
- Spot gold is about to exit a neutral range of \$1,285-\$1,299, and either rise to \$1,311 or drop toward \$1,268. Global and U.S benchmark stock indexes have traded broadly higher so far in the new year.
- Gold does need a trigger to spark it upwards, either in the way of a weaker dollar, renewed stumbles in U.S equities or clearer indications of slowing U.S growth.
- Gold has gained for five straight weeks, but prices have been hovering around a \$20 range for the past two weeks and have been unable to break through a strong technical resistance at \$1,300.

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 pulled back a bit during the trading session yesterday, as it continues to consolidate between the 20 day EMA underneath, and the 50 day EMA above. It has recently seen a lot of bullish pressure in this marketplace, so it's not a huge surprise to think that perhaps it will eventually get a breakout. Obviously, after the massive amount of technical damage that has been done in this market there will be a lot of investors out there a bit nervous about going long. Because of this, it could be a bit difficult to continue to go higher, but eventually the buyers will win the day. Brent markets are in a very similar situation, consolidating after a trend line break. If it can get a daily close above the 50 day EMA, then the market could go to the \$65 level, followed by the \$67.50 level. Pullbacks at this point will more than likely continue to be buying opportunities.

Pivot:	52.05		
Support	52.05	51.65	51.05
Resistance	54.50	53.80	53.30

Source: FX EMPIRE

Highlights

- Oil prices fell yesterday on concerns over surging U.S crude production and slack global demand
- OPEC cut its forecast for the average demand for its crude in 2019 to 30.83 million bpd, down 910,000 bpd from the 2018 average
- Reducing the number of waivers will limit oil exports from Iran, the fourth-largest producer in OPEC
- The United States is unlikely to meet its earlier target of driving Iranian oil exports to zero
- Asia's Iranian crude imports fell to their lowest in more than five years in November

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 steadied yesterday, boosted by a rebound in U.S equities and news that OPEC sharply curtailed production in December, after earlier losses on fears about surging U.S crude output and weakening global demand.
- Brent crude oil futures slipped 14 cents to settle at \$61.18 a barrel after trading as low as \$60.04 intraday. U.S crude futures fell 24 cents to settle at \$52.07 a barrel, up from a low of \$50.98.
- The Organization of the Petroleum Exporting Countries, in its monthly market report, cut its forecast for average daily demand for its crude in 2019 to 30.83 million barrels, down 910,000 bpd from the 2018 average.
- However, OPEC also said it cut oil output by 751,000 bpd in December before a new accord to limit supply took effect, suggesting that producers have made a strong start to averting a glut in 2019.
- The OPEC-led cuts reduce supplies, U.S output neared 12 million bpd last week. Some investors are concerned that growth in global supply this year will outpace demand.
- U.S crude output has climbed by 2.4 million bpd since January 2018 and stockpiles of crude and refined products have risen sharply, U.S Energy Information Administration data showed.
- Oil is still about 20 percent above the lows reached in late December. Brent has been trading in the low \$60s and U.S crude in the low \$50s due to ongoing nervousness about relations between Washington and Beijing, and China's economic outlook.

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	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 pulled back a bit during the trading session yesterday, as it tested the \$15.50 level. Ultimately, this market will continue to see buyers underneath as the US dollar looks a bit soft, although it was slightly positive for most. The \$16 level above should continue to be resistance, and it is simply trying to build up the necessary momentum to break above that level. The market is free to go much higher. The \$15 level underneath is the “floor” in the market, and it will be difficult to break down below there. It is going to take some effort to break above the \$16 level finally, but it will probably continue to go towards the \$17 level above. In the short term, slight pullbacks will continue to be the best way to get involved in this market, picking up little bits and pieces as it go along. It would keep the position size somewhat small though, as it is very volatile.

Pivot:	15.56		
Support	15.48	15.43	15.38
Resistance	15.65	15.61	15.56

Source: FX EMPIRE

Highlights

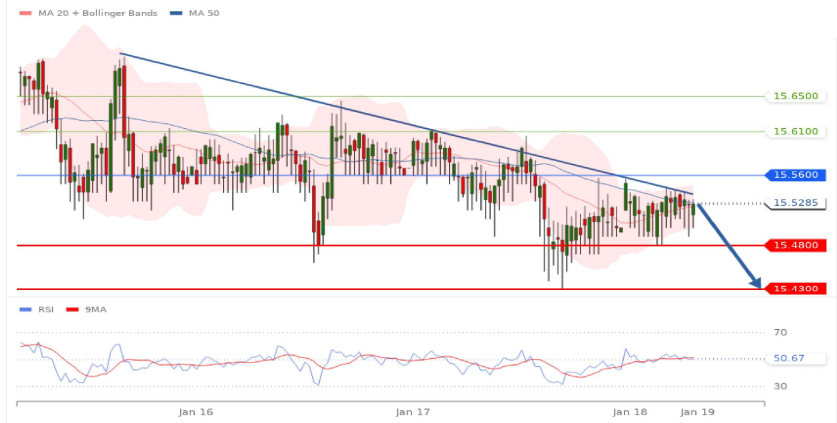
- Silver prices marked lower at 0.6 percent to \$15.50 an ounce
- The dollar index rose 0.04% to 96.10, marking January 4 highs
- March silver futures bulls have the overall near-term technical advantage
- Silver rates however fell today on subdued demand from industrial units and coin makers
- March Comex silver was down \$0.083 at \$15.555 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 slightly lower yesterday. The metals have been trading sideways in quieter fashion for several sessions, awaiting a new fundamental spark to drive market direction. While this week’s uptick in investor risk appetite has limited buying interest in safe-haven silver.
- Silver futures tilted higher in Asian trade even as the dollar index inched higher from October 16 lows, ahead of US industrial and consumer data later today, while the US government shutdown wraps up its fourth week.
- Silver futures due in March rose 0.19% to \$15.56 an ounce, as the dollar index barely rose to 96.08. Now investors await US data on industrial output, expected with a 0.2% increase in December, down from 0.6%.
- The lingering government shutdown may also be negatively impacting the U.S equities. The added uncertainty of limited, fresh U.S economic data is an underlying negative for many markets and maybe also for some big companies.
- The important University of Michigan consumer sentiment gauge is expected to be down to 97 from 98.3. Federal Reserve Bank of New York President John Williams is due to speak about the economic outlook and monetary policy at the New Jersey Bankers Association’s Economic Leadership Forum.
- Investors are now lamenting reports out this week that the U.S and China trade talks may not be going as well as many thought just last week. Adding to the murkiness is reports that U.S federal prosecutors will file criminal charges of theft of intellectual property against the big Chinese technology firm Huawei.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	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 18, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jan 18	04:30	JPY National Consumer Price Index (YoY) (DEC)	High	0.3%	0.3%	0.8%
Fri Jan 18	04:30	JPY Natl Consumer Price Index Ex Fresh Food, Energy (YoY) (DEC)	Medium	0.3%	0.3%	0.3%
Fri Jan 18	09:30	JPY Industrial Production (YoY) (NOV F)	Medium	1.5%		1.4%
Fri Jan 18	14:30	GBP Retail Sales Ex Auto Fuel (YoY) (DEC)	Medium	2.6%	3.8%	3.5%
Fri Jan 18	18:30	CAD Consumer Price Index (YoY) (DEC)	High		1.7%	1.7%
Fri Jan 18	19:15	USD Industrial Production (MoM) (DEC)	Medium		0.2%	0.6%
Fri Jan 18	19:15	USD Manufacturing (SIC) Production (DEC)	Medium		0.3%	0.0%
Fri Jan 18	20:00	USD U. of Mich. Sentiment (JAN P)	High		96.8	98.3
Fri Jan 18	23:00	USD Baker Hughes U.S. Rig Count (JAN 18)	Medium			1075

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) 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