

# Commodity News

Wednesday, February 13, 2019



## Gold

### Technical

Gold prices edged higher and traded sideways in a tight range. The greenback has enjoyed an 8-day rally and yields around the globe ticked higher which also helped the yellow metal. Short term support is seen near the 5-day moving average at 1,309, and then the 20-day moving average at 1,302. Resistance is seen near the January highs at 1,325. The pause has been since the beginning of February after a late January rally. If it break down below the \$1300 level, then the market probably goes looking towards the \$1275 level underneath, which is the beginning of the initial surge higher that finally broke the specter of the \$1300 level. If it turn around and break down below the \$1275 level, then it probably have to pull back quite a bit to reset the situation.

Pivot:	1,287		
Support	1,287	1,265	1,240
Resistance	1,400	1,366	1,347

Source: FX EMPIRE

### Highlights

- Gold settled higher yesterday, with the dollar on track to end its stretch of eight straight wins
- On January 31st, 2019 gold hit its highest value this year
- Since the middle of November 2018 gold has gained just over \$130 in value
- Investors want to own gold right now with the U.S Federal Reserve being dovish
- Gold historically performs well when real rates are below 2% and real rates have retreated back below 1% in recent weeks

### 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 firmed slightly today as investors held onto the safe-haven metal while seeking more clarity on Sino-U.S trade talks, and as volatility in the dollar provided further support.
- Spot gold was up 0.2 percent at \$1,310.95 an ounce, having declined 0.4 percent in the previous session. U.S gold futures settled 0.2 percent higher at \$1,314.00.
- The yellow metal had ended Monday with a 0.5% loss as the leading dollar index traded at its highest levels since December, cutting demand for investors buying precious metals using currencies other than the U.S unit.
- U.S tariffs on \$200 billion worth of imports from China are scheduled to rise to 25 percent from 10 percent if the two sides cannot reach a deal by the deadline, increasing pain and costs in sectors from consumer electronics to agriculture.
- The dollar index, however, suffered against its Asian peers, and was marginally lower at 96.68. It shed about 0.4 percent in the previous session in its worst one-day loss in two weeks.
- Spot gold rose to its highest since late April at \$1,326.30 in January, after the Fed kept interest rates steady and said it would be patient on further hikes amid a cloudy outlook for the U.S economy due to global growth concerns.
- Gold has gained more than 2% since the end of last year based on the most-active contract as uneasy trade progress, grouped with a series of global growth downgrades and an expected pause in Federal Reserve rate-hike policy sent investors to seek cover in lower-risk pockets of the financial markets.

### 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

U.S West Texas Intermediate crude oil futures traded nearly 2 percent higher after Saudi Arabia said it would reduce crude production to around 9.8 million bpd in March, over half a million bpd more than its pledged to cut. However, the \$55 level above has been resistance, and it also have the 20 day EMA turning lower just above that handle, so it continue to see a lot of noise. If it break down below the \$50 level, it's likely that this market could break down rather drastically. It turned down on Monday when sellers took out the previous bottom at \$51.33. The main trend will change to up on a trade through \$55.75. The short-term range is \$55.75 to \$51.23. Its retracement zone at \$53.49 to \$54.02 is resistance. It stopped the rally earlier in the session. Since the main trend is down, sellers came in on a test of this zone in an effort to form a potentially bearish secondary lower top.

Pivot:	53.10		
Support	53.10	52.55	52.15
Resistance	54.90	54.35	54.04

Source: FX EMPIRE

### Highlights

- Oil futures climbed yesterday to mark the highest finish in almost a week
- Oil prices were boosted after Saudi Arabia announced to cutting daily production and exports by a further 500,000 bpd
- OPEC also lowered its demand growth forecast for this year by 50,000 barrels a day to 1.24 million barrels a day
- The OPEC said its crude output fell by 797,000 barrels a day in January
- U.S refiners have in the past been some of the biggest buyers of Venezuelan crude

### 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 producer club OPEC said it had cut supply deeply in January and as U.S sanctions hit Venezuela's oil exports. Crude oil also followed higher equity markets.
- U.S WTI crude oil futures were at \$53.60 per barrel, up 50 cents, or 0.9 percent, from their last close. International Brent crude futures were up 0.8 percent, or 51 cents, at \$62.93 per barrel.
- The Organization of the Petroleum Exporting Countries, which Saudi Arabia de-facto leads as the world's top crude oil exporter, said on Tuesday that it had cut its output by almost 800,000 bpd in January to 30.81 million bpd.
- U.S production is expected to reach 13 million barrels per day in 2020, which puts the nation on track to set a new production record for a third consecutive year.
- The oil market has been supported since the start of the year by a new round of production cuts from the OPEC and its allies. 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 half of 2019.
- Oil prices have climbed almost 25% from annual low reached in the past week of December. Prices plummeted nearly 40% in the fourth quarter of last year after having climbed to four-year highs at the start of October.
- Supply issues in OPEC-member Venezuela are also bolstering oil prices as the South American country suffers a political and economic crisis. It is expected that the EIA data to reveal a rise of 2.7 million barrels in crude stockpiles for the week ended Feb. 8.

### 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 fell and reached towards the bottom of the hammer from the Monday session. This is a market that continues to have a lot of volatility in it, as it is trying to build enough momentum to break above the \$16 level. The market would be open to moving towards the \$16.50 level, and then eventually the \$17 level. In general, this is a market that looks very likely to remain noisy, but Federal Reserve will eventually propel the Silver markets higher. The 50 day exponential moving average is near the \$15.50 level, so it is likely that it will find some buyers in that region, and its only a matter time before it go higher. There are plenty of investors underneath to pick this market up. The 200 day EMA is near the \$17 level, so it will continue to reach towards that level. If it broke down below the \$15 level, then it would probably reach down towards the \$14 level.

Pivot:	15.16		
Support	15.16	14.50	13.90
Resistance	17.36	17.00	16.65

Source: FX EMPIRE

### Highlights

- Silver prices marked higher to 0.1 percent to \$15.71
- The weaker U.S dollar index also working in favor of the precious metals market
- Risk appetite in the marketplace this week remains keener, with no major geopolitical events in play at present
- The dovish tone from the Fed may drive a more bullish case for silver over the next 12 months
- March Comex silver was last up \$0.085 at \$15.775 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 higher in early U.S trading yesterday, as investors once again stepped in to “buy the dip” in prices an underlying bullish element. The weaker U.S dollar index and firmer crude oil prices on this day are also working in favor of the precious metals market bulls.
- Silver steadied today as the dollar lost ground against a basket of main rivals, relieving pressure on commodities. The dollar index dropped 0.4% to 96.7, with an intraday high at 97.2, and a low at 96.6.
- Silver steadied at \$15.69 an ounce, same as the previous close, with a session-high at \$15.82, and a low at \$15.65. Although pricing has been dominated by dollar strength or weakness.
- Silver prices also firmed amid a rise in demand for the metal from industrial units and coin makers. Dollar's weakness against its global peers also gave a leg-up to the white metal. A weak dollar means silver will appreciate as the commodity becomes cheaper in other currencies, giving rise to its demand.
- Focus of the marketplace this week is also on U.S-China high-level trade talks taking place in Beijing. U.S Treasury Secretary Mnuchin and U.S Trade Representative Lighthizer will attend the talks, likely to take place with them present later this week. Investors are upbeat that a deal can be reached by the March 1 deadline.
- Investors will also be watching for further clarity on the Fed's monetary policy going forward. The Fed have essentially put a cap on real interest rates as well as the dollar rally from 2018.

### 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
Wed Feb 13	14:30	GBP Consumer Price Index (YoY) (JAN)	High	1.8%	1.9%	2.1%
Wed Feb 13	14:30	GBP House Price Index (YoY) (Dec)	Medium	2.5%	2.5%	2.7%
Wed Feb 13	15:00	EUR Euro-Zone Industrial Production w.d.a. (YoY) (DEC)	Medium	-4.2%	-3.3%	-3.0%
Wed Feb 13	17:00	USD MBA Mortgage Applications (FEB 08)	Medium			-2.5%
Wed Feb 13	18:30	USD Consumer Price Index (YoY) (JAN)	High		1.5%	1.9%
Wed Feb 13	18:30	USD Consumer Price Index Ex Food and Energy (YoY) (JAN)	High		2.1%	2.2%
Wed Feb 13	18:30	USD Real Avg Weekly Earnings (YoY) (JAN)	Medium			1.2%
Wed Feb 13	20:30	USD DOE U.S. Crude Oil Inventories (FEB 08)	Medium			1263k
Wed Feb 13	20:30	USD DOE U.S. Gasoline Inventories (FEB 08)	Low			513k

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
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