

COMMODITY RESEARCH

February 19th, 2016

CURRENCIES

USD/JPY

The USD/JPY pair fell slightly during the course of the day on Thursday, as we continue to see a bit of softness in this pair. However, there is a significant amount of support below so we do not think that this market going to absolutely fall apart at this point. We think it's going to be more or less a slow grind, and of course short-term rallies could be selling opportunities as well. The 115 level should continue to be a very resistant area, so it's not until we get above there that we can even remotely think about buying this market.

EUR/USD

EUR/USD pair fell during the day on Thursday, as we drove lower and trying to reach down to the 1.1050 level. This is an area that we have suggested previously as being support, and it should be again here. If we get any type of supportive candle or a bounce somewhere in this area, we are more than willing to start buying yet again. If we do get that bounce, we could go as high as the 1.13 level above, which was the recent high. If we break down below the 1.10 level however, we should drop to the 1.08 handle.

GBP/USD

The GBP/USD pair initially tried to rally during the day on Thursday, but turned back around to form a bit of a shooting star. The shooting star of course is a negative sign, and that of course means that the market should continue to find resistance above. Ultimately, that is a sign in our opinion that we should continue to struggle, so short-term rallies will be selling opportunities as far as we can see. We have no interest in buying, as we recognize that the market looks very soft at the moment.

Market Watch

USD/JPY

Open	113.208
High	113.363
Low	113.705
Close	113.101

(Prices as of February 19th, 2016)

EUR/USD

Open	1.11052
High	1.11282
Low	1.10975
Close	1.11210

(Prices as of February 19th, 2016)

GBP/USD

Open	1.43344
High	1.43448
Low	1.43125
Close	1.43304

(Prices as of February 19th, 2016)

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Crude Oil

At the open on Thursday, the WTI market gapped a little bit higher showing bits of strength, but by the end of the session we turned back around to form a fairly negative looking shooting star. Ultimately, the shooting star suggests that we are going to fall from here and as a result we believe that this market will continue the downward facing consolidation that we have been in for some time. Ultimately, the market should then try to reach towards the \$28 level, perhaps even lower than that given enough time. Ultimately, there is no scenario in which we are buyers of oil at this point in time, and we look at this rally is yet another way to take advantage of a very obvious trend. Ultimately, this market should continue to struggle over the longer term as supply is simply far too strong at this point.



TECHNICAL

Crude oil prices moved lower after testing resistance near 32, which coincides with a downward sloping trend line. The increase in inventories was offset by a decline in production, but it appears that traders took profit. Support is seen near the 10-day moving average at 29.23. RSI entering to overbought zone while stochastic remains in overbought territory as crude oil prices trades below its 5, 10 and 14 day moving averages. Oil in the \$22 range is possible according to Morgan Stanley analyst Adam Longson.

Market Watch

Open	\$30.56
High	\$30.65
Low	\$30.32
Close	\$30.53

(Prices as of February 19th, 2016))

Moving Averages

5 DMA	\$30.71
10 DMA	\$29.37
14 DMA	\$30.55
50 DMA	\$32.17

Bollinger Band

Upper Band	\$34.05
Middle Band	\$30.46
Lower Band	\$26.90

Support

Support 1	\$29.86
Support 2	\$29.21

Resistance

Resistance 1	\$31.57
Resistance 2	\$32.63

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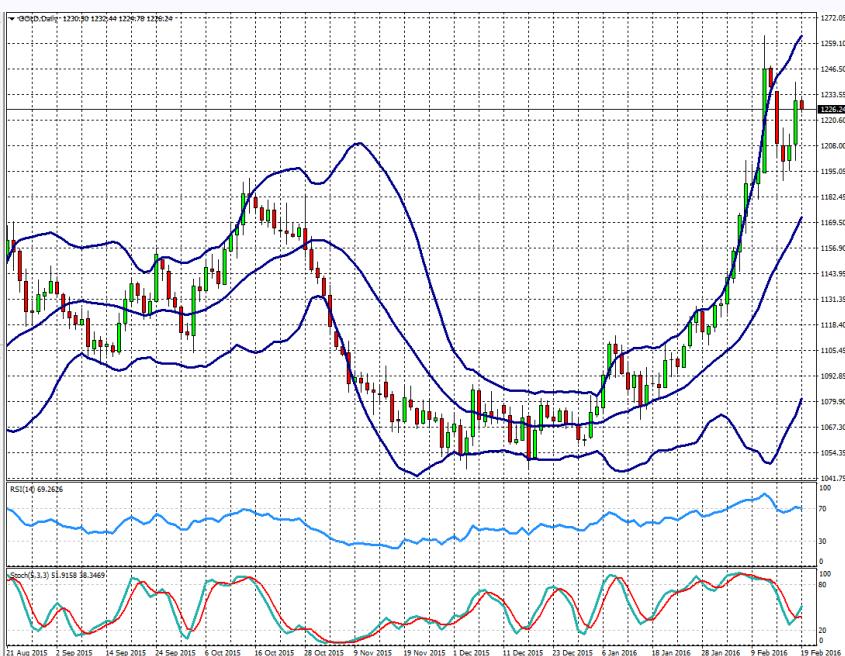
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GOLD

Gold markets initially fell during the day on Thursday, but continued to find quite a bit of support at the \$1200 level. That \$1200 level of course is a large, round, psychologically significant number that should continue to offer quite a bit of support. The recent breakout of course was the real deal in our opinion, and the fact that we are struggling now is simply a sign of the market needing to build up enough momentum to finally break out to the upside yet again. We have no interest in selling, and will only buy gold every time it dips.



TECHNICAL

Gold prices rebounded on Thursday moving up from support near the 10-day moving average at 1,207. The decline in U.S. stocks led to rally in bond prices which in turn allowed the yellow metal to gain traction. The relative strength index (RSI) has moved from overbought to neutral and stochastic oscillator is printing a reading of 51, which is below the overbought trigger level of 70.

Market Watch

Open	\$1,230.50
High	\$1232.44
Low	\$1,224.78
Close	\$1226.82

(Prices as of February 19th, 2016)

Moving Averages

5 DMA	\$1,227.62
10 DMA	\$1,229.24
14 DMA	\$1,224.42
50 DMA	\$1,214.66
100 DMA	\$1,212.27

Bollinger Bands

Upper Band	\$1262.47
Middle Band	\$1,171.75
Lower Band	\$1,080.25

Support

Support 1	\$1,225.76
Support 2	\$1,224.83

Resistance

Resistance 1	\$1,227.76
Resistance 2	\$1,228.83

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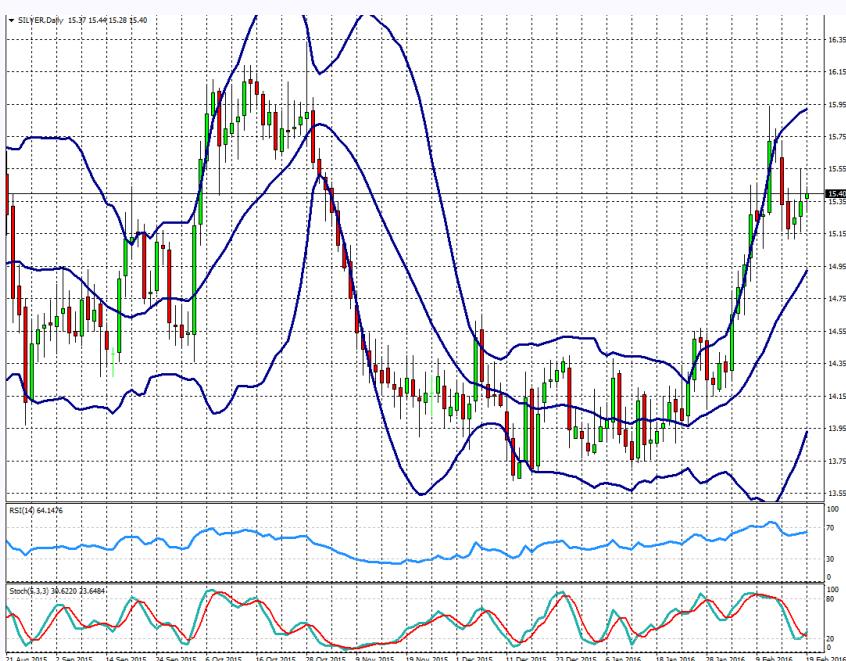
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SILVER

The silver markets initially fell during the course of the day, testing the \$15.20 level. By doing so, the market looks as if it is ready to try to find buyers in order to push higher, as we have most certainly broken out to the upside. However, we may be simply waiting to take more people long as the markets might be a little bit exhausted. Regardless, there's no way to sell silver as it certainly looks like it is going to try to continue to go higher over the longer term and as a result we will be patiently optimistic.



TECHNICAL

RSI stands at level of 64 and stochastic have moved in oversold zone as the price trades above its 10 and 14 day moving averages.

RED CHILLI

For Red Chili, minimum quantity is 1000kg in spot trade. The red chili prices inched lower on poor weather conditions which caused poor quality. Prices are expected to rebound in future. The prices were around 8000 to 8400 per 40 kg. Now the prices are:

Contract	Bid Vol	Bid	Ask	Ask Vol	Last Price	Last Vol	Total Vol	High	Low	Change	%Change	State
REDCHILLI1-SAT												Open
REDCHILLI2-SAT					8250	1	25	8250	8250	+300.00	+3.77%	Open

Market Watch

Open	\$15.37
High	\$15.44
Low	\$15.28
Close	\$15.40

(Prices as of February 19th, 2016)

Moving Averages

5 DMA	\$15.384
10 DMA	\$15.497
14 DMA	\$15.053
50 DMA	\$14.454

Bollinger Band

Upper Band	\$15.91
Middle Band	\$14.91
Lower Band	\$13.92

Support

Support 1	\$15.26
Support 2	\$15.07

Resistance

Resistance 1	\$15.60
Resistance 2	\$15.76

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Today's Economic Calendar

Date	Time	Currency	Description	Actual	Forecast	Previous
Fri Feb 19	9:30am	JPY	All Industries Activity m/m	-0.90%	-0.30%	-1.10%
	12:00pm	EUR	German PPI m/m		-0.30%	-0.50%
	2:30pm	GBP	Retail Sales m/m		0.80%	-1.00%
		GBP	Public Sector Net Borrowing		-13.8B	6.9B
	6:00pm	USD	FOMC Member Mester Speaks			
	6:30pm	CAD	Core CPI m/m		0.20%	-0.40%
		CAD	Core Retail Sales m/m		-0.50%	1.10%
		CAD	CPI m/m		0.00%	-0.50%
		CAD	Retail Sales m/m		-0.70%	1.70%
		USD	CPI m/m		-0.10%	-0.10%
		USD	Core CPI m/m		0.20%	0.10%
	7:30pm	GBP	CB Leading Index m/m			0.30%
	8:00pm	EUR	Consumer Confidence		-7	-6

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