



## FINANCIAL RESOLUTIONS



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PRIORITIZE AND REVIEW YOUR GOALS



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DIVERSIFY YOUR FUND WHILE INVESTING



REVIEW YOUR INVESTMENTS

## 9 Commodities to watch out for in 2019

The year 2018 was a mixed bag of opportunities in commodity derivatives segment. While some of them generated strong gains, many of the trading opportunities turned out to be mediocre. Now, all the limelight is on the New Year 2019! We have selected nine top traded commodities you can focus on to earn handsome returns. Let us see, which of them will keep bulls happy and which will be loved by bears!



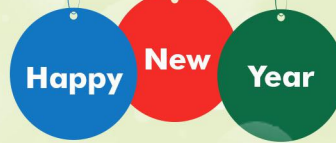
### Gold

After a strong beginning in the first month of 2018, the yellow metal traded range bound till April and thereafter got conquered by bears to register a \$200 fall from the highs of 2018. It was only in the last quarter that things began to turn in favor of bulls to recover around half of the lost territory. As far as 2019 is concerned, Gold still seems to be in trouble and unlike the over optimistic estimates vocal in the market, my view is that the yellow metal is near a 'make or break' range. \$1230 is a key support now and till that is not breached, I would prefer to say I am cautiously bullish on Gold. But once this key support gets breached on weekly closing basis, the yellow metal will see a huge fall that may take prices even below \$1000. Traders who are holding long positions in Gold at Commodity exchanges in India may keep a stop loss below Rs.31000 and look to book profit anywhere in the upper range of Rs.32500-Rs.33000. Those few who are looking to create short positions can sell below Rs.31000 for a target range of Rs.29200-Rs.27000 by keeping a stop loss above Rs.31800.



### Silver

Silver, in the last few years, has consistently failed to live up to the expectations of bulls. It has even remained deprived of the short spells of relief rally which on the other hand kept emerging in Gold to keep the traders afloat. In 2019 too, things are not going to change drastically for bulls in Silver BUT it seems that the white metal will outperform Gold not only if a bullish rally takes place but also inversely, i.e. it will be able to hold its ground and not witness a sharp fall if a breakdown in Gold below key support of \$1230 triggers a impulsive tumbling in the yellow



metal. \$13 will be a crucial support at COMEX whereas Rs.35700 will act as its counterpart at MCX. Somehow, if prices break below Rs.35700 level then the next important support would be at Rs.34000. In case, the current relief rally gets a good extension of say two to three quarters then we may see prices going beyond Rs.45000 on a breakout above the immediate resistance of Rs.39700.

## Crude Oil

At the beginning of the year 2018, if you had had a crazy resolution like visiting an amusement park daily to get a roller coaster ride then you could have easily experienced the very same adventure if you were a trader of crude oil! Yes, the ‘fuel of the fuel’ was in such a volatile mood throughout the year that trading it was nothing less than an adventure. Taking a good opening at \$66, the Brent oil reached at a top of \$86 in October after many rounds of electrifying price movement and crashed like a thunder to tumble to \$50. The bad news for bulls is that nothing much is going to change for them in 2019 as any bounce back or relief rallies will attract heavy selling near resistances. \$65-\$70 will be a major resistance range from current level of \$54 and bears may succeed in extending their territories around \$40-\$35 in 2019.

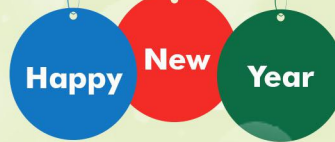
## Natural Gas

The unprecedented rally in October-November period assured that bullish speculators have returned with a bang in this volatile commodity which had earlier slipped into a two year long sluggish phase. The rally which spiked prices by more than 100% dried down in December and was replaced by an equally volatile sell-off that has till now vanished 40% of the total gains. For 2019, I would say that a ‘buy on dips’ strategy still looks best. Any further correction towards the price range of Rs.205-200 at Indian exchanges will be a good level to buy with targets in the range of Rs.300-330. Given that NG prices are highly volatile and to an extent the commodity has a limited geographical area for real consumption, it would be better to trade it with a 1-2 months only and shift positions accordingly as a trading view of more than two months doesn’t look feasible due to high degree of associated risks.

## Zinc

The two year long super charged bullish rally which helped Zinc prices rise by 140% started to dry down in March 2018 and since then bears have dominated the trend in metal as prices





corrected by over 30% from all time high of Rs.232.70 to trade at Rs.163.80 in August last year. However, dominance by bears doesn't mean that the rally has been completely wiped out. In fact, the primary trend is still bullish and as per Elliott wave analysis, the fifth wave is yet to begin. After an impulsive 3rd wave, prices are in the corrective 4th wave and are likely to correct by another 8 to 10 percent from current levels of Rs.172. That said a price range of Rs.160-155 will be ideal for buying for targets in the range of Rs.200-220. Since the metal has a lot size of 5 tons & 1 ton, the stakes will also be very high. So, do not forget to manage your risk accordingly. Key support range is Rs.150-147.



## Guarseed

If Natural Gas is considered as one of the most volatile commodities traded internationally then Guarseed can be easily termed as the consistently most volatile agro commodity traded in India. The year 2019 is going to be no different for this commodity as the level of volatility is here to stay. On technical chart, prices are nearing a long term trend line resistance breakout which may take prices to multiyear highs in no time. Traders with a mid to long term view can look buy on a breakout above Rs.4600 for targets around Rs.6100. Key support area is at Rs.4100-4000.



## Soybean

After taking a good start to 2018, Soybean largely remained bearish with a sluggish tone throughout the year. Prices have however nicely consolidated in last 2-3 months and have formed an insider candlestick pattern on monthly chart. A breakout and close above Rs.3500 will pave the way for a strong recovery in near future. I am expecting a target of around Rs.4700 on a breakout above Rs.3500. Traders with a time horizon of 6 to 8 months can take long positions on above mentioned levels. Important support is at Rs.3000-2900 range.



## Castor

After a dull first half, Castor consolidated and built-up on good buying support to end the year on a positive note. However, prices have slightly corrected in last couple of months due to profit booking at higher levels. This correction can be a blessing in disguise for mid to long term traders as the bullish rally has just completed its first phase and there is lot more to happen in the days to come. A bullish continuation harmonic pattern called AB=CD is nearing completion and any



breakout above Rs.5500 would pronounce another impulsive phase. Traders with a mid to long term perspective can buy above Rs.5500 for targets in the range of Rs.7200-8100. Key support area is Rs.4900-4800.



## Chana

Like Castor, Chana also acquired the positive momentum in the second half of last year and strengthened further on the back of a strong demand. The bullish momentum is likely to continue this year as well but the euphoria that we saw in the year 2016 is unlikely to get repeated. There is a strong trend line support on monthly chart of Chana and the same is going to play a crucial role in deciding the fate of the pulse. Prices have already seen a mild correction of around 10% in last one month due to profit booking and this has created enough room for mid-term traders to enter in fresh long positions. Buy at current levels of Rs.4300 for targets around Rs.5400-6100. Important support is at Rs.3500-3400.

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