

## Gold

### Technical

Gold markets initially fell during the week but then turned around to rally towards the \$1300 level. We were rejected there, so it will be interesting to see what happens. From a long-term trader's standpoint, a break above the \$1300 is what we need to see now. Alternately, if we break down below the bottom of the candle for the week, that would be very bearish and should send this market back into the previous consolidation area, looking for the \$1200 level. Most of this has been based upon fear, so we need fear to drive gold higher. The main trend is up according to the daily swing chart. However, momentum shifted to the downside with the formation of the closing price reversal top on Friday. A trade through \$1306.90 will negate the reversal top and signal a resumption of the uptrend. Taking out the main top at \$1307.00 could launch an acceleration to the upside.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,285 |       |       |
| Support    | 1,276 | 1,268 | 1,264 |
| Resistance | 1,297 | 1,302 | 1,308 |

### Highlights

- Gold prices edged up and moved closer to the \$1,300 level today
- Gold boosted by a flight to perceived safer assets as the war of words between the U.S. and North Korea returned to the fore
- The contract briefly jumped above \$1,300 in Friday's session after a terrorist attack in Barcelona, Spain
- The rise in the gold price remains speculatively driven
- Speculators hiked their net-long position in COMEX gold futures

### Gold - Technical Indicators

|         |         |
|---------|---------|
| RSI 14  | 78.49   |
| SMA 20  | 1,205.2 |
| SMA 50  | 1,174.3 |
| SMA 100 | 1,198.5 |
| SMA 200 | 1,225.8 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices were little changed today as investors sought further direction after a week of geopolitical uncertainty in the United States and Europe and ahead of a meeting of central bankers later this week.
- Spot gold edged 0.1 percent higher at \$1,286.01 an ounce, while U.S gold futures for December delivery were flat at \$1,291.70 per ounce. The metal surged to its highest since November on Friday when political and security concerns in the United States and Spain jangled investors' nerves and stoked demand.
- Prices, however, took a turn later on Friday when U.S. President Donald Trump fired his chief strategist Steve Bannon in the latest White House shake-up. Stock markets recovered after the news and dollar rose as investors turned away from safe-haven assets.
- Political tensions were running pretty high during the past week but the news that Steve Bannon was (exiting) the White House on Friday dented investor appetite slowly and at the moment, investors are probably just waiting to see the lay of the land before they decide to move either ways.
- Asian stocks and the U.S Dollar were little changed in today's session as concerns around Trump's ability to deliver on pro-growth policy promises lingered among investors.
- Investors are also wary of any flare-up of tensions between North Korea and United States as U.S. troops and South Korean forces started a joint exercise today.
- Markets are also looking ahead to a top central bankers meeting later this week in Jackson Hole, Wyoming, where U.S. Federal Reserve Chair Janet Yellen's keynote speech will be monitored for cues on further interest rate hikes this year.

### 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

West Texas Intermediate crude oil futures are trading higher shortly before the regular session opening. The market is being underpinned by speculation the global market maybe starting to balance. However, gains are being limited by profit-taking after last week's surprise rally. Traders are also using this week's inventory report and concerns over compliance with OPEC's plan to cut production as excuses to trim positions. In other news, Baker Hughes reported a drop in the rig count and the weekly U.S. Commodity Futures Trading Commission report showed U.S. hedge funds and money managers have already starting reducing their long positions. The main trend is up according to the daily swing chart. Momentum is also trending higher with the formation of Thursday's closing price reversal bottom. The main range is \$50.51 to \$46.62. A move over \$48.76 will be the first sign of buyers.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 48.39 |       |       |
| Support    | 47.95 | 47.70 | 46.85 |
| Resistance | 48.85 | 49.15 | 49.60 |

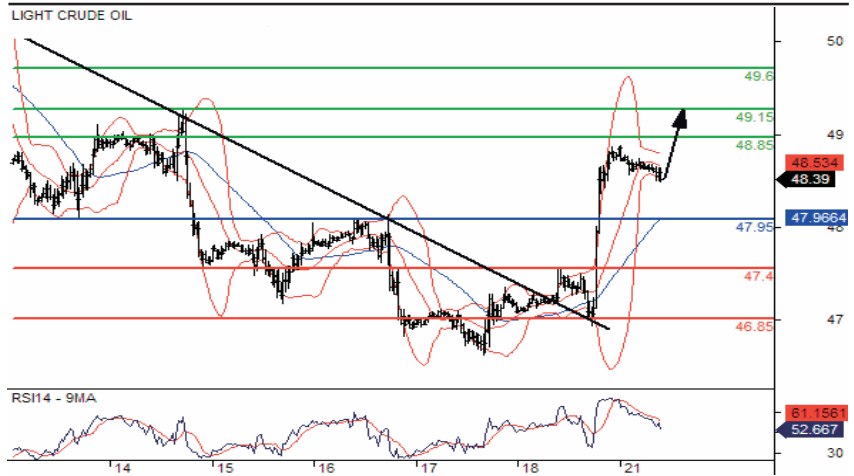
### Highlights

- Oil prices struggled for direction Monday as investors awaited the results of an OPEC meeting later in the day
- Crude oil futures for September were up 14 cents, or 0.3%, at \$48.65 a barrel
- The Organization of the Petroleum Exporting Countries is set to hold a technical meeting with non-cartel members in Vienna
- OPEC crude production increased last month due to a surge in production in Libya and Nigeria
- Crude inventories had been reduced by 9 million barrels in the week ended Aug. 11

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 37.83 |
| SMA 20  | 46.58 |
| SMA 50  | 50.15 |
| SMA 100 | 51.59 |
| SMA 200 | 49.94 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell today as a rally at the end of last week prompted investors to close positions at a higher price, against a backdrop of signs the global market is starting to rebalance.
- U.S. West Texas Intermediate crude futures traded at \$48.50 a barrel, down 1 cent in today's Asian trading session. The contract had also risen 3 percent in the previous session.
- We are currently seeing some profit-taking after Friday's strong rally ahead of this week's inventory data. Fresh uncertainty about inventories and OPEC compliance (with agreed production cuts) could be enough reason to sell some of the long positions.
- U.S. hedge funds and money managers have already started lowering their bets on rising prices, with Commodity Futures Trading Commission data showing on Friday that investors had cut bullish bets on U.S. crude for a second straight week.
- Investors in Europe disagree on the outlook, however, as latest data from the InterContinental Exchange showed speculators raised bullish Brent crude bets last week.
- The world remains awash with oil despite a deal struck by some of the world's biggest producers to rein in output. Rising U.S. production has been a major factor keeping supply and demand from balancing.
- However, there are indicators that U.S. output may soon slow, as energy firms cut rigs drilling for new oil for a second week in three, energy services firm Baker Hughes reported on Friday. Drillers slashed five rigs in the week to Aug. 18, decreasing the count to 763. The rig count suffered its biggest fall since January, adding to signs that the market is tightening

### 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 initially fell during the week but found enough bullish pressure by the end of it to form a hammer near the \$17 level. If we can break above the top of the candle, I think that the market will probably test the \$17.50 level, and then eventually the \$18 level. I think that the \$16.50 level underneath should be massively supportive. If we break down below there, then the market probably tests the \$16 level underneath, and then eventually the \$15 level. Overall, our economists think this will be a very volatile market, and therefore difficult to trade. I would advise using very little leverage. This is a very volatile market now a days, but overall it looks as if we are trying to build up enough of bullish pressure to continue higher. With this being the case, it's very likely that you will be best served trading the market in small volume, as opposed to a larger position.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 16.99 |       |       |
| Support    | 16.82 | 16.70 | 16.55 |
| Resistance | 17.13 | 17.30 | 17.41 |

### Highlights

- Investors braced for North Korea's response to computer-simulated military exercises begun by South Korean and U.S forces
- Investors were looking ahead to an annual meeting of central bankers this week in Jackson Hole
- Fed officials have indicated they intend to raise interest rates again this year
- Silver prices were up 0.8 percent at \$17.07 an ounce
- Silver gained following attacks in Spain and rising fears over Trump's ability to push through tax reform

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 77.87 |
| SMA 20  | 16.83 |
| SMA 50  | 16.57 |
| SMA 100 | 17.06 |
| SMA 200 | 17.16 |

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices ran into resistance Friday but still managed to push higher, as haven demand and risk-off sentiment fueled precious metals. Silver futures for September settlement rose 15 cents, or 0.9%, to \$17.21 a troy ounce.
- Prices fluctuated between \$16.85 and \$17.28 during the overnight session. The grey metal is on track for a weekly gain after overcoming a bout of intense selling pressure on Tuesday.
- The U.S. dollar index (DXY) edged down 0.1% to 93.54 on Friday, but was still headed for a weekly gain of around 0.5%. Foreign investors normally see a stronger dollar as a disincentive for buying gold and silver. The losses were triggered by political turmoil surrounding U.S. President Donald Trump. Last week, Trump's war of words with North Korea pushed investors into the safety of haven assets, with gold and silver reaching multi-month highs.
- Precious metals often trade inversely with the dollar, although that divergence has weakened in recent months. A violent selloff on Wall Street Thursday rubbed on European equities Friday.
- Precious metals are coming off a volatile week of ups and downs as a bout of risk aversion swept through the financial markets. Gold briefly traded above \$1,300.00 for the first time since November as global equities fell.
- No major economic reports were released during the Asian and European sessions. A steady streak of manufacturing, housing and GDP data will drive headlines throughout the week.
- Beginning on Thursday, market participants will shift their attention to the Jackson Hole Symposium. The annual event, which is hosted by the Federal Reserve Bank of Kansas City, is a major forum for central bankers, policy experts and academics. This year's theme is titled, "Fostering a Dynamic Global Economy."

### 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 | 42,097            | 29,999 | 58%     | 56,157     | 75,843 | 43%     | 23,121            | 15,533 | 60%     | 132,501       |
| 01/03/2017 | 42,083            | 27,402 | 61%     | 54,280     | 79,052 | 41%     | 24,963            | 14,872 | 63%     | 132,475       |
| 01/10/2017 | 41,285            | 23,950 | 63%     | 53,875     | 79,404 | 40%     | 23,378            | 15,184 | 61%     | 131,294       |
| 01/17/2017 | 41,287            | 24,798 | 62%     | 58,869     | 83,678 | 41%     | 21,523            | 13,203 | 62%     | 136,158       |
| 01/24/2017 | 41,334            | 26,466 | 62%     | 60,600     | 84,551 | 42%     | 21,666            | 13,583 | 61%     | 139,468       |

Source: CFTC

# Commodity News

Monday, August 21, 2017



## Data Calendar

### Economic Data

| Date       | Time  | Event   | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Mon Aug 21 | 03:45 | NZD Net Migration SA (JUL)                        | Low        | 5800   |          | 6340     |
| Mon Aug 21 | 04:01 | GBP Rightmove House Prices (YoY) (AUG)            | Medium     | 3.1%   |          | 2.8%     |
| Mon Aug 21 | 08:00 | NZD Credit Card Spending (YoY) (JUL)              | Medium     | 7.2%   |          | 8.3%     |
| Mon Aug 21 | 09:30 | JPY All Industry Activity Index (MoM) (JUN)       | Medium     | 0.4%   | 0.4%     | -0.8%    |
| Mon Aug 21 | 0:30  | JPY Nationwide Department Store Sales (YoY) (JUL) | Medium     | -1.4%  |          | 1.4%     |
| Mon Aug 21 | 12:00 | CHF Money Supply M3 (YoY) (JUL)                   | Low        | 4.0%   |          | 4.0%     |
| Mon Aug 21 | 13:00 | CHF Total Sight Deposits CHF (AUG 18)             | Low        | 579.5b |          | 578.9b   |
| Mon Aug 21 | 17:30 | CAD Wholesale Sales (MoM) (JUN)                   | Low        | -0.5%  | -0.5%    | 1.0%     |
| Mon Aug 21 | 17:30 | USD Chicago Fed Nat Activity Index (JUL)          | Low        | -0.01  | 0.10     | 0.16     |

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 | (Assistant 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 |
| Gul Hussain        | (Branch Manager - Faisalabad)     | Cell: 0344-7770878 | Tel: (+92-41) 2540843-45  | gul.hussain@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

5-FC.C Ground Floor, Syed Maratib Ali Road,  
Gulberg II, 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 # 719, 7th 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