

Gold

Technical

Gold markets rallied, reaching towards the \$1290 level. At this point, looks as if gold is going to continue to go higher, perhaps reaching towards the \$1300 level above, which is a large, round, psychologically significant number. It's an area that markets have reacted to more than once, and was initially the scene of a major breakout. However, the market should continue to go towards the upside, due to the weekly hammer that formed. I believe that a break above the \$1300 level should send this market towards the \$1325 level after that. I also recognize the \$1275 level as a bit of a floor now, and I think that the market should continue to be choppy, but certainly seems to have a bit of a significant support barrier underneath. Keep in mind that there is a lot of risk appetite involved in the gold markets. It's likely that we will continue to see geopolitical concerns come into this market place.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,288 | | |
| Support | 1,285 | 1,281 | 1,279 |
| Resistance | 1,294 | 1,297 | 1,301 |

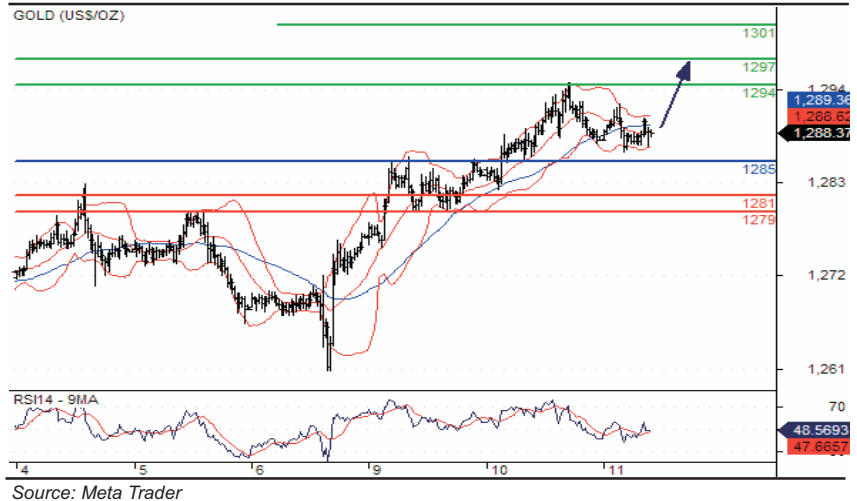
Highlights

- Gold prices climbed to their highest settlement in two weeks yesterday
- Spot gold may retrace to support at \$1,281 per ounce before resuming its rally towards resistance at \$1,299
- The weaker dollar has been the main reason why buck-denominated gold has rallied
- December gold added \$8.80, or 0.7%, to settle at \$1,293.80 an ounce, after touching a high of \$1,296.70
- Gold futures settled at their highest since Sept. 26, according to FactSet data

Gold - Technical Indicators

| | |
|---------|---------|
| RSI 14 | 48.30 |
| SMA 20 | 1,238.5 |
| SMA 50 | 1,235.1 |
| SMA 100 | 1,246.9 |
| SMA 200 | 1,259.8 |

Gold Daily Graph



Fundamentals

- Gold prices were stable today as the U.S dollar held steady, with investors waiting for minutes from the U.S Federal Reserve's latest meeting for clues on the outlook for potential rate rises.
- Spot gold was unchanged at \$1,287.36 an ounce. U.S. gold futures for December delivery eased 0.3 percent to \$1,290.50 per ounce. Gold rose initially following on from its overnight rally, but this faded to leave it almost unchanged as early Asia buying petered out.
- Even news that the U.S. had flown two B-1 aircraft over the Korean Peninsula failed to raise the market from its lethargy despite the dollar weakening slightly this morning.
- The U.S. military flew two strategic bombers over the Korean peninsula in a show of force late on Tuesday, as President Donald Trump met top defence officials to discuss how to respond to any threat from North Korea.
- With North Korea relatively quiet and the Catalans choosing not to escalate the constitutional quagmire in Spain, gold gave up some of its safe-haven premium as we approached midday.
- The dollar wavered on Wednesday, ahead of the release of the minutes from the Fed's September policy meeting later in the day, while the euro held firm as political tensions over Catalonia receded slightly. It just feels a little bit heavier with what's going on with the dollar in Asia.
- It's probably going to be in the \$1,280-1,300 range for the moment. Markets are widely expecting the U.S. central bank to raise rates in December, for a third time this year.
- Gold is highly sensitive to rising interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar in which the metal is priced.

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 exploded to the upside during the trading session on Tuesday, slicing through the \$50 handle. We broke above there, reaching towards the \$51 level, and although we are a bit overbought, I think that the bullish pressure is going to continue to send this market to the upside. If we pull back from here, I suspect that we would continue to be in consolidation, reaching down towards the \$49 handle for support. Ultimately, this market will continue to be very noisy, but if we break below the \$49 level, the market will collapse and reach towards the \$46 handle. Alternately, if we break above the \$51 level, the market should then go to the \$52.50 level above. Brent markets have shown bullish pressure over the last 48 hours, and therefore it looks as if we're going to reach towards the \$57 level above which is a resistant.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 51.03 | | |
| Support | 50.70 | 50.45 | 50.00 |
| Resistance | 51.20 | 51.50 | 51.75 |

Highlights

- Crude futures settled higher yesterday, as a pledge from Saudi Arabia to reduce monthly crude exports
- Hurricane-induced slowdown in crude output lifted U.S prices to their highest level in over a week
- On the New York Mercantile Exchange, November West Texas Intermediate crude gained \$1.34, or 2.7%, to settle at \$50.92 a barrel
- Global crude prices climbed following the shut in of the vast majority of offshore production in the Gulf of Mexico
- OPEC heavyweight Saudi Arabia said it would slash exports by 7% in November

Crude - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 53.36 |
| SMA 20 | 53.50 |
| SMA 50 | 51.33 |
| SMA 100 | 50.55 |
| SMA 200 | 48.91 |

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices edged up today, rising for a third day on signs that markets are gradually tightening after years of oversupply, although the outlook for 2018 remained less certain.
- U.S. West Texas Intermediate (WTI) crude futures were at \$51.09 a barrel, up 17 cents, or 0.33 percent, from their last settlement. Prices rose 2 percent the day before to back above \$50 a barrel.
- Investors will look to U.S. fuel inventory data today and Thursday for indicators on price direction. A U.S federal holiday on Monday delayed the release of weekly inventory numbers by a day.
- The American Petroleum Institute (API) is scheduled to release its data for last week in today's trading session, and the U.S. Department of Energy's report is due today. Overall, analysts said short-term conditions were tightening.
- Price support is also coming from economic growth, which the International Monetary Fund forecast late on Tuesday would be 3.6 percent globally this year and 3.7 percent for 2018.
- Barclays said oil could dip again in 2018, with second-quarter 2018 Brent likely to fall back to \$48 a barrel, thanks largely to rising global output. A pact between the OPEC and other producers including Russia to cut output by 1.8 million barrels per day (bpd) in order to prop up prices is due to expire by the end of March 2018.
- Discussions to extend the pact are taking place, but production elsewhere is rising. Saudi Aramco plans to make 'the deepest customer allocation cuts in its history' by cutting 560,000 bpd next month, its impact could be diluted if the U.S. shale producers see this as a Christmas gift. U.S. producers are not participating in any pledge to restrain supply, and output has risen by 10 percent this year to over 9.5 million bpd.

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 broke out during the day on Tuesday, clearing the \$17 level. This of course is a certain amount of resistance that has been overcome, and it should now offer plenty of support. Short-term traders will of course be attracted to this market, as the next obvious target will be the \$17.50 level above. Keep in mind that today features the FOMC Meeting Minutes, and that of course can have a certain effect on the US dollar, which this market will move inversely from. If the FOMC seems to be more hawkish than originally thought, that could dry the value the dollar higher, thereby driving the value of silver lower. However, I think there are more things to pay attention to when it comes to precious metals. I continue to think that the path of least resistance is probably higher for precious metals overall, as they had recently pulled back significantly, as risk appetite started to pick up.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 17.11 | | |
| Support | 17.00 | 16.91 | 16.85 |
| Resistance | 17.25 | 17.35 | 17.45 |

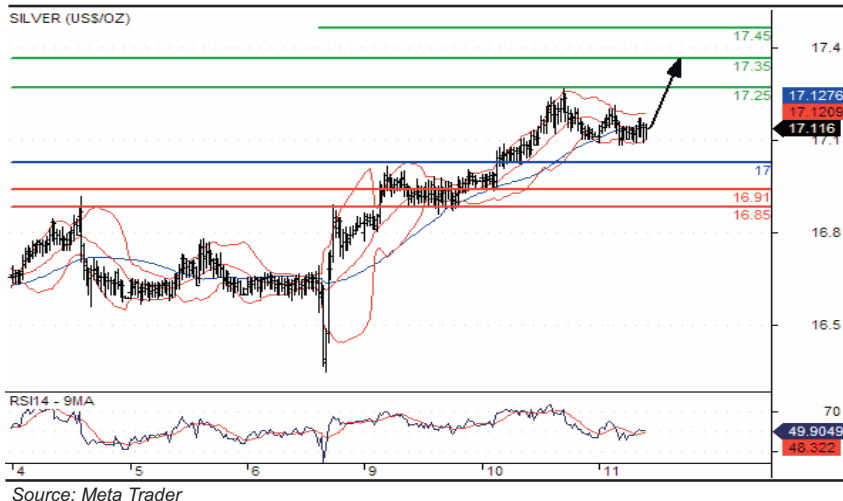
Highlights

- Precious metals touched its highest in nearly two weeks yesterday, supported by a softer dollar
- Silver rose 1.3 percent to \$17.16 an ounce yesterday, after rising to the highest since Sept. 20 at \$17.248
- The gold-silver ratio is trading above the 10-year average, suggesting silver is undervalued
- Silver's supply and demand dynamics are supportive of higher prices in light of stagnating mine output and firming industrial demand
- India's silver imports are up almost 60 percent for the year

Silver - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 44.86 |
| SMA 20 | 18.00 |
| SMA 50 | 17.80 |
| SMA 100 | 17.57 |
| SMA 200 | 17.21 |

Silver Daily Graph



Fundamentals

- silver prices are holding solid gains and are trading near their session highs in late-morning action in yesterday's trading session. The depreciating U.S. dollar index early this week is a main supportive element for the precious metals markets.
- Gold and silver prices are also benefitting from some new safe-haven demand amid geopolitical tensions that are rising. Short covering in the futures markets is also featured early this week--whereby weak-handed short sellers have to bail out of their losing positions by buying back their futures contracts.
- The current gold to silver ratio stands at 75, which is close to extremes of 84. This indicates that silver is undervalued as compared to gold and is an early indication that it will outperform gold. It is the right time to buy and invest in silver from a medium to long term perspective.
- Buying would also be spurred by global factors like weakness in the US dollar, global low interest rate environment, geopolitical tension between the US and North Korea, higher valuations in equities. Silver is also a key ingredient in photovoltaic cells.
- Last week, gold and silver prices continued to move toward new short-term lows as the dollar recovery took the greenback to a level that challenged the downward trajectory that had been in place since January 2017.
- A weak job report stops the dollar and geopolitics continue to support precious metals prices. Silver puts in a bullish key reversal trading pattern on the daily chart. It might be too soon to visit the downside.
- Silver rose 1.3 percent to \$17.16 an ounce, after rising to the highest since Sept. 20 at \$17.248. Silver's supply and demand dynamics are supportive of higher prices in light of stagnating mine output and firming industrial demand. India's silver imports are up almost 60 percent for the year to August.

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

Wednesday, October 11, 2017



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Wed Oct 11 | 04:30 | AUD Westpac Consumer Confidence (OCT) | Medium | 3.6% | | 2.5% |
| Wed Oct 11 | 04:50 | JPY Machine Orders (YoY) (AUG) | Medium | 4.4% | 0.8% | -7.5% |
| Wed Oct 11 | 05:00 | USD Fed's Kaplan Speaks at Stanford Institute | Low | | | |
| Wed Oct 11 | 11:00 | JPY Machine Tool Orders (YoY) (SEP) | Medium | 45.3% | | 36.2% |
| Wed Oct 11 | 12:30 | CHF SNB Presents New 10 Franc Note | Low | | | |
| Wed Oct 11 | 16:00 | USD MBA Mortgage Applications (OCT 06) | Medium | | | -0.4% |
| Wed Oct 11 | 16:15 | USD Fed's Evans Speaks on Economy and Monetary Policy | Low | | | |
| Wed Oct 11 | 19:00 | USD JOLTS Job Openings (AUG) | Low | | 6170 | 6170 |
| Wed Oct 11 | 23:00 | USD FOMC Meeting Minutes (SEP 20) | High | | | |

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