

## Gold

### Technical

Gold prices traded in a very tight range on Tuesday as traders continue to contemplate the better than expected jobs data released in the U.S. on Friday. Payrolls have now pushed the 3-month moving average to 190K which is high enough for the Fed to move the needle. Support on the yellow metal is seen near the 50-day moving average at 1,313, while resistance is seen near the July highs near 1,370. Momentum on the yellow metal has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread. The index moved from positive to negative territory confirming the sell signal. The index is printing in the red with a downward sloping trajectory which points to lower prices.

Pivot:	1,352		
Support	1,343	1,338	1,329
Resistance	1,359	1,365	1,369

### Highlights

- Gold prices closed up modestly yesterday as weakness in the U.S. dollar delivered a boost to the yellow metal
- December gold rose \$5.40, or 0.4%, to settle at \$1,346.70 an ounce, ending two consecutive sessions of losses for gold
- So far this month, gold futures are off about 0.8%, but year to date are up 27%
- New buyers for gold have emerged since Friday's data-induced volatility
- The exchange-traded fund SPDR Gold Trust GLD, ended 0.4% higher yesterday

### Gold - Technical Indicators

RSI 14	50.77
SMA 20	1,337.02
SMA 50	1,324.64
SMA 100	1,287.92
SMA 200	1,223.47

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- The price of gold rose yesterday as the dollar edged lower against a basket of currencies and concerns over the global economic outlook trumped some expectations that the U.S. Federal Reserve could raise interest rates this year.
- The rise for gold picked up momentum after it broke above a key chart level just below \$1,335 an ounce. Spot gold was up 0.5 percent at \$1,341.71 an ounce, off an earlier low of \$1,330.03, while U.S. gold futures for December delivery were up \$6.50 an ounce at \$1,347.80.
- The metal slipped to its lowest level in a week on Monday, under pressure after forecast-beating U.S. non-farm payrolls employment data on Friday revived speculation that the Fed could press ahead with a rate hike. However, it quickly found support.
- There is still a view that we could see a rate hike this year but there are enough risk issues out there to justify holding gold. CME Group's Fed Watch tool showed traders see almost a 50-50 chance of a U.S. rate hike by December, compared with 30 percent before the payrolls data.
- Gold is highly sensitive to rising U.S. interest rates, which lift the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which the metal is priced.
- Fed policymaker Jerome Powell was quoted as saying on Monday that the U.S. economy is at increasing risk of becoming trapped in a prolonged phase of slow growth that points to a need for lower interest rates than previously expected.
- Investment interest in gold-backed exchange-traded funds was less buoyant than in recent months. The largest, New York-listed SPDR Gold Shares, reported a 6.5-tonne outflow on Monday, its largest in a month. The Shanghai Gold Exchange open provided little in the way of direction

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

WTI crude topped at 43.52 highs in N.Y. trade but was unable to hold elevated levels and closed down slightly more than 0.5% on the session. Brent prices closed slightly higher on the day. Reports of an informal OPEC meeting to be held in Algiers in September has supported prices, as hopes for a production cap, however slight, keeps a floor under the contract. Tuesday high is resistance, followed by the 46.26 level, which coincides with the 50-day moving average. Support is seen near the 39.60 level which is the August lows. Momentum on crude oil prices has turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal.

Pivot:	42.72		
Support	42.00	41.00	40.40
Resistance	43.80	44.50	45.20

### Highlights

- Oil markets have been prone to over-bearishness of late with fears over supply returning to the market largely overdone
- Oil prices are oscillating on hopes that a rebalancing is taking place
- The oil market recently has found itself in a sort of bear trap
- Oil prices have declined steadily since mid-2014 amid a glut in supply
- Investors have also been concerned that Iran's oil supply could quickly ramp up as the country seeks to re-boot its oil industry

### Crude - Technical Indicators

RSI 14	38.63
SMA 20	42.96
SMA 50	45.89
SMA 100	46.02
SMA 200	40.31

### Crude Oil Daily Graph



### Fundamentals

- Oil prices edged down today in Asian trading session on an uptick in U.S. crude stockpiles and production forecasts, and concerns that a coming meeting among major oil producers may not result in any action to reduce the global oil glut.
- On the New York Mercantile Exchange, West Texas Intermediate futures were trading down 0.57% at \$42.22 a barrel. Industry group American Petroleum Institute reported late Tuesday that U.S. crude oil stockpiles rose by 2 million barrels in the latest week, while gasoline supplies declined by 4 million barrels.
- The U.S. Energy Information Administration will release official numbers later on Wednesday. There may be a slight bearish reaction to the API numbers. But the market will wait for the U.S. government data before making up its mind.
- The increase in oil stockpiles reported by API was contrary to an analyst poll by The Wall Street Journal ahead of EIA's official report, which estimated crude and gasoline stocks to have each fallen by 800,000 barrels in the week ended Aug 5.
- For more than two years, strong oil production from the Organization of the Petroleum Exporting Countries and those outside the bloc, such as the U.S. and Russia, created a supply overhang that dragged prices to as low as \$26 a barrel in February.
- Data in recent months show that the price collapse eventually caught up with the producers, leading them to cut their crude output. In 2015, U.S. producers pushed out an average 9.4 million barrels a day.
- The market is skeptical that the coming meeting of OPEC officials in late September will yield a coherent effort to combat low prices, noting that the cartel has failed in the past to tighten production caps despite premeeting hype.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	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 day on Tuesday but turned back around as we approached the \$19.50 level. Because of this, it looks as if the market is ready to continue going higher, perhaps reaching towards the \$20.50 level over the longer term. After all, we've been consolidating in this general area, and as a result there's no reason to think that it's going to change anytime soon. With this being the case, I continue to buy pullbacks and silver as we continue to find support again and again. With this, it's likely that the volatility continues, but with an upward bias. Silver has been trending its way lower since peaking at the top-end of an ongoing range. The better than expected jobs report sent the metal reeling while the dollar surged. This is exposing the low-end of the range around 19.20. Resistance comes in at 19.93, then 20.03. Support comes in by way of 19.47, then the 19.20 level.

Pivot:	20.18		
Support	19.87	19.73	19.56
Resistance	20.43	20.57	20.72

### Highlights

- The rally in the US dollar paused yesterday after four consecutive gains. The dollar index held its ground at 96.43
- American stock futures were higher pointing to a positive start to the day
- UK industrial production improved in June, although manufacturing output continued to fall
- German exports recovered slightly, although gains were narrower than expected
- There was a slightly weaker than expected reading for the US NFIB small-business confidence index to 94.6 for July

### Silver - Technical Indicators

RSI 14	61.11
SMA 20	20.08
SMA 50	19.01
SMA 100	17.87
SMA 200	16.27

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver made net gains in yesterday's trading session with the dollar's failure to make a renewed advance helping to trigger fresh demand for precious metals in subdued conditions.
- Prices were trapped in narrow ranges during the Asian session with no attack of significant technical levels and consolidation around \$19.75. The latest Chinese CPI inflation data was in line with expectations as the annual rate fell slightly to 1.8% from 1.9% previously and was the lowest reading for six months.
- Producer prices fell 1.7% in the year to July from 2.6% previously with markets expecting a slower improvement to -2.0%. This was the slowest rate of decline since October 2014 and will ease pressure on the People's Bank of China (PBOC) to ease monetary policy aggressively.
- Overall risk appetite held firm in European trading on Tuesday, although equity markets were vulnerable to a period of consolidation after strong gains. There was a slightly weaker than expected reading for the US NFIB small-business confidence index as it edged higher to 94.6 for July from 94.5 previously.
- The US wholesales inventories data recorded a 0.3% increase for June following a 0.2% gain for the previous month, which dampened expectations of higher US interest rates. A weaker than expected productivity reading also increased concerns over permanently subdued growth conditions.
- The dollar drifted weaker during the New York session with EUR/USD moving back above the 1.1100 level while the overall trade-weighted index declined by around 0.20% on the day, which also had some positive impact on precious metals..
- Dollar trends will continue to be watched very closely in the short term with the potential for choppy conditions, although markets may find it difficult to break out of narrow ranges in the short term.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, August 10, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 10	04:50	JPY Machine Orders (YoY) (JUN)	Medium	-0.9%	-4.5%	-11.7%
Wed Aug 10	05:30	AUD Westpac Consumer Confidence (AUG)	Medium	2.0%		-3.0%
Wed Aug 10	06:30	AUD Home Loans (JUN)	Medium	1.2%	2.3%	-0.8%
Wed Aug 10	08:05	AUD RBA Governor Stevens Speech in Sydney	Medium			
Wed Aug 10	09:30	JPY Tertiary Industry Index (MoM) (JUN)	Medium	0.8%	0.3%	-0.7%
Wed Aug 10	16:00	USD MBA Mortgage Applications (AUG 5)	Medium	7.1%		-3.5%
Wed Aug 10	19:30	USD DOE U.S. Crude Oil Inventories (AUG 5)	Medium			1413k
Wed Aug 10	19:30	USD DOE U.S. Gasoline Inventories (AUG 5)	Low			-3262k
Wed Aug 10	23:00	USD Monthly Budget Statement (JUL)	Medium		-\$124.0b	-\$149.2b

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

#### Karachi Office

Tel: (+92-21) 35301392      Cell: 0321-4499228      igi.commodity@igi.com.pk

#### Lahore Office

Zaeem Haider Khan      Tel: (+92-42) 35777863-70      Cell: 0321-4772883      zaeem.haider@igi.com.pk  
 Syed Zeeshan Kazmi      Tel: (+92-42) 35777863-70      Cell: 0321-4499228      zeeshan.kazmi@igi.com.pk  
 Ehsan Ull Haq      Tel: (+92-42) 35777863-70      Cell: 0321-4861015      ehsan.haq@igi.com.pk

#### Islamabad Office

Muhammad Naveed      Tel: (+92-51) 2604861-62      Cell: 0345-5599900      muhammad.naveed@igi.com.pk

#### Faisalabad Office

Gul Hussain      Tel: (+92-41) 2540843-45      Cell: 0344-7770878      gul.hussain@igi.com.pk

#### Rahim Yar Khan Office

Laiq Ur Rehman      Tel: (+92-68) 5871653-55      Cell: 0300-8670967      laiq.queshi@igi.com.pk

#### Multan Office

Mehtab Ali      Tel: (+92-61) 4512003      Cell: 0300-6348471      mahtab.ali@igi.com.pk

#### Abbotabad Office

Zeeshan Kayani      Tel: (+92-992) 408243-44      Cell: 0333-5061009      zeeshan.kayani@igi.com.pk

#### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Karachi  
 Stock Exchange Limited and Lahore 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) 5871653-6, 5871652  
 Fax: (+92-68) 5871651

##### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road, Multan  
 Tel: (+92-992) 408243-44  
 Fax:

##### Abbotabad Office

Ground Floor, Al Fatah Shopping Center,  
 Opp. Radio Station, Mandehra Road, Abbotabad  
 Tel: (+92-99) 2408243-44  
 Fax: