

Gold

Technical

Gold prices dropped and are poised to test support levels as the dollar gain traction following additional comments from the Fed VC Fischer who said that a one and done scenario would not necessarily play out. The Fed count tighten rates twice in 2016 which could further erode the value of the yellow metal as it buoys the greenback. Momentum on gold prices remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices for gold. The RSI moved lower with price action reflecting accelerating negative momentum, breaking through support and poised to test the May lows which would generally signal a breakdown in gold prices. Resistance on gold is seen near the 10-day moving average at 1,328, while short term support is seen near the July lows at 1,310.

Pivot:	1,315		
Support	1,304	1,299	1,290
Resistance	1,325	1,331	1,335

Highlights

- Gold is headed for the first monthly decline since May as investors price in the prospect of rate hike by the end of the year
- Bullion for immediate delivery was 0.2 percent higher at \$1,313.05 an ounce
- Gold's drop this month would be the first for August since 2009, as the metal climbs on demand ahead of the wedding season in India
- Investors are now looking to Friday's nonfarm payrolls report to shed further light
- The pullback has followed hawkish comments by Federal Reserve officials

Gold - Technical Indicators

RSI 14	37.34
SMA 20	1,334.57
SMA 50	1,339.83
SMA 100	1,303.83
SMA 200	1,249.68

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell to a six-week low yesterday after Federal Reserve officials sounded a hawkish note on interest rates, boosting the dollar, while attention turned to U.S. payrolls data this week for further clues on the pace of rate hikes.
- Fed Chair Janet Yellen said on Friday the case for higher rates was strengthening, though she gave little clarity on the timing of a move. In an interview on Tuesday, Vice Chair Stanley Fischer said the U.S. job market is nearly at full strength and that the pace of rate increases by the Fed will depend on how well the economy is doing.
- U.S. consumer confidence rose to an 11-month high in August, pressuring U.S. stocks lower due to concerns about a rate hike this year, while the dollar rose 0.5 percent.
- Spot gold was down 0.8 percent at \$1,312.71 an ounce, after falling as low as \$1,311.65, the lowest since July 21. Non-farm payrolls due on Friday are seen as a key measure of the strength of the U.S. labor market. Employers are expected to show 180,000 job gains in August, according to a Reuters poll, below the better-than-expected 255,000 additions in July.
- It looks as though investors going to see another pretty solid month of jobs gains, and that should mean that there's a return of expectations for a September rise - there's still an outside chance of that, according to fed funds futures - or more realistically, a December rate rise.
- Gold is highly sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- Upcoming Fed announcements will be key to whether or not investment thesis stands, but given the investor-only nature of this year's gold rally, economists still think it is tenuous at best, or primed for a correction at worst.

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 oil prices fell to session lows of 46.22 from near 47.30 after the much better U.S. confidence data. Brent prices fell in tandem. The dollar strengthened, putting pressure on prices, with the USD advancing to levels last seen on August 10. Traders await inventory data which will be released after the closing bell on Tuesday by the American Petroleum Institute. Prices tested resistance near the 10-day moving average at 47.48, and are now poised to test support levels near 46. Momentum is poised to turn negative as the MACD is close to generating 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 RSI (relative strength index) moved lower with price action reflecting accelerating negative momentum. The current print of 52, is in the middle of the neutral range.

Pivot:	46.38		
Support	45.81	45.05	44.10
Resistance	47.50	47.96	48.45

Highlights

- Oil prices slid to a near three-week low in early Asian trade today on expectations that U.S. crude stocks expanded last week
- Crude futures for delivery in October fell to \$46.20 a barrel
- Data by industry group API yesterday showed U.S. crude stocks rose by 942,000 barrels in the week ended Aug. 26
- For over two years, the global oil market has been roiled by a surplus of crude
- Without Iran's commitment, Saudi Arabia is unlikely to agree to a production freeze

Crude - Technical Indicators

RSI 14	51.81
SMA 20	46.21
SMA 50	44.98
SMA 100	46.61
SMA 200	41.28

Crude Oil Daily Graph



Fundamentals

- Oil prices fell yesterday, with Brent losing nearly 2 percent, as the dollar rallied and glut worries grew amid forecasts for higher U.S. crude stockpiles and Iran's remark that it was on target to reach peak production.
- News that energy firms in the U.S. regulated areas of the Gulf of Mexico had shut some 22 percent of crude oil equivalent output as a precaution to threats from a tropical storm limited some of the downside in crude prices.
- U.S. West Texas Intermediate (WTI) crude futures fell 63 cents, or 1.3 percent, to close at \$46.35. It was a second straight day that oil slid on worries of oversupply and a strong dollar, adding to Monday's drop of more than 1 percent in Brent and WTI.
- Yesterday was just another economic story that's fed the dollar's strength and with the weekly build expected in U.S. crude, prices are getting a double whammy
- After the market settled, the trade group American Petroleum Institute reported that U.S. crude stockpiles rose 942,000 barrels last week, in line with expectations of analysts polled by Reuters. The U.S. government will release official inventory data on Wednesday.
- An Iranian government official said at an oil industry conference in Norway that Tehran's production was expected to hit 4 million barrels per day by year end. Iran was producing that much before Western sanctions reduced its exports.
- The dollar has rallied since Friday, after Fed Chair raised expectations for a U.S. rate hike in a policy speech. A stronger greenback tends to make dollar-denominated commodities such as oil costlier for holders of other currencies. Oil prices rose about 20 percent earlier in August, after the Organization of the Petroleum Exporting Countries said it was working with non-OPEC members to reach a production freeze.

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 tried to rally during the course of the Tuesday but turned around to form a slightly negative candle. By doing so, it looks as if the market is ready to consolidate and bounce around the \$18.50 level. With that being the case, I think that we may have a little bit of negative action in this market over the short-term, but sooner or later we should have buyers getting involved then eventually going long when comes to silver, which of course has been very bullish over the last several months. Turning to the short-term time-frames, the sequence of lower highs and lower lows continues, but has begun to lose some momentum in recent trade. The loss in downward momentum is creating a downward channel, which could continue to keep prices pointed lower and lead to another sharp leg lower as longs throw in the towel, or indicate a bullish point.

Pivot:	18.81		
Support	18.51	18.35	18.17
Resistance	18.87	19.07	19.19

Highlights

- Silver prices fell, as the US dollar gained traction ahead of a pair of job reports that could speak to the health of the U.S economy
- Silver for December settlement edged down 0.1% to \$18.85 a troy ounce
- The gold/silver ratio used by investors to determine when to buy and sell precious metals reached a daily high of 70.79
- The US dollar continued higher, as traders looked ahead to upcoming jobs data
- A firm dollar has weighed on silver since Friday's Jackson Hole Symposium

Silver - Technical Indicators

RSI 14	38.90
SMA 20	19.27
SMA 50	19.76
SMA 100	18.42
SMA 200	16.84

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver was unable to sustain a brief move above the \$19.00 level on Tuesday with stronger than expected US confidence data and fresh dollar gains pushing prices lower in US trading.
- The dollar was unable to gain further support on Monday and US bond yields also declined, which underpinned silver prices. There was a brief spike to just above \$19.00 in early Asian trading yesterday, although there was a very swift rebuttal above this level.
- Prices then tended to drift lower in the Asian session as the US currency gained fresh support amid further verbal intervention by the Japanese government. The dollar also gained support from reports that the Bank of Japan could buy overseas bonds.
- In comments during the European session, Fed vice-chair Fischer stated that the US job market is very close to full strength, while the pace of interest rate increases will depend on how well the economy is doing. The comments were slightly less overtly hawkish than in his comments on Friday and tempered dollar buying to some extent.
- US economic data was stronger than expected with August consumer confidence rising to the strongest level since September 2015 with an increase to 101.1 from a revised 96.7 previously.
- The current situation and expectations components both improved for the month and there was greater confidence in the labour market. The data overall bolstered expectations that the Federal Reserve could sanction a near-term increase in interest rates.
- Dollar trends and US interest rate expectations will remain extremely important for silver in the short term. In this context, the US ADP employment data will be watched today ahead of Friday's payrolls report.

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 31, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 31	04:05	GBP GfK Consumer Confidence Survey (AUG)	Medium	-7	-8	-12
Wed Aug 31	10:00	JPY Housing Starts (YoY) (JUL)	Medium	8.9%	7.5%	-2.5%
Wed Aug 31	11:00	GBP Nationwide House Prices n.s.a. (YoY) (AUG)	Medium	5.6%	4.8%	5.2%
Wed Aug 31	12:55	EUR German Unemployment Change (AUG)	High	-7k	-4k	-8k
Wed Aug 31	14:00	EUR Euro-Zone Unemployment Rate (JUL)	Medium	10.1%	10.0%	10.1%
Wed Aug 31	16:00	USD MBA Mortgage Applications (AUG 26)	Medium			
Wed Aug 31	17:15	USD ADP Employment Change (AUG)	Medium		175k	179k
Wed Aug 31	19:00	USD Pending Home Sales (YoY) (JUL)	Medium		2.2%	0.3%
Wed Aug 31	19:30	USD DOE U.S. Crude Oil Inventories (AUG 26)	Medium			2501k

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- Liaquat 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