

## Gold

### Technical

Gold markets initially fell during the day on Monday, but bounced enough to turn things around and form a hammer like candle. I believe that given enough time we should see exhaustive action above that we can take advantage of. I like selling exhaustive candles at higher levels as it gives me an opportunity to take advantage of the longer-term trend, but at a higher price as I believe we will eventually reach towards the \$1100 level, and then eventually after that the \$1000 level. The \$1200 level above continues to be the "ceiling" at this point. Momentum remains negative with the MACD (moving average convergence divergence) index prints in the black with an upward sloping trajectory which points to lower prices. The RSI (relative strength index) appear to have held steady just below the oversold trigger level of 30. The current reading of 27 is an indication of a potential rebound in prices.

Pivot:	1,163		
Support	1,162	1,157	1,152
Resistance	1,168	1,170	1,173

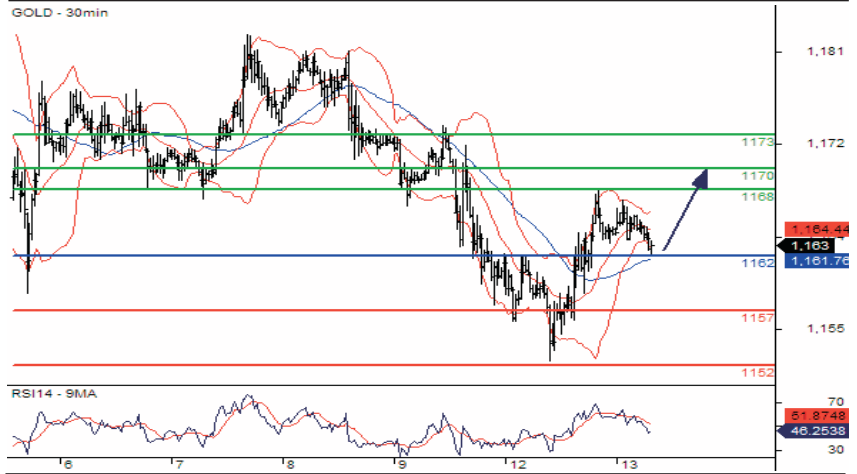
### Highlights

- Gold futures settled higher yesterday, reversing course from earlier declines
- Gold found support from a weaker dollar ahead of a U.S. interest-rate rise that is expected later this week
- Gold for February delivery edged up by \$3.90, or 0.3%, to settle at \$1,165.80 an ounce after tapping a low of \$1,152.50
- The metal has suffered five weekly losses in a row, settling Friday at its lowest level in 10 months
- The Federal Reserve is widely expected to raise rates on Wednesday

### Gold - Technical Indicators

RSI 14	25.62
SMA 20	1,261.96
SMA 50	1,274.70
SMA 100	1,303.14
SMA 200	1,288.88

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold was little changed, after inching up in the previous session, ahead of a key meeting of the U.S Federal Reserve that begins later in the day. Spot gold was steady at \$1,161.75 an ounce, after gaining 0.4 percent on Monday. U.S. gold futures were down 0.2 percent at \$1,163.60.
- Spot prices recovered from a 10-month low of \$1,151.34 an ounce, touched in the previous session, as U.S. Treasury yields came off their highs and the dollar eased ahead of the Fed meeting.
- Gold may not be able to have a clear shot at going substantially higher until the conclusion of the FOMC on Wednesday. The market's attention will also shift to any rate rises are likely to come in 2017.
- The Fed is widely expected to raise interest rates for the first time in 2016 at a two-day meeting, with markets pricing in a nearly 100 percent chance of a quarter percentage point increase to the Fed's target range of 0.25 to 0.50 percent.
- Gold is highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion. With 3 percent growth, inflation picking up and an incoming administration that is not that impressed with the job the Fed is doing, we could see the central bank signalling a much more hawkish tone going forward.
- If we are correct, we should see a rise in rates and a stronger dollar - the two could spark a fresh selloff in gold to the \$1,140 level we are targeting for the precious metal for some time in December.
- Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.14 percent to 856.26 tonnes on Monday from Friday. Holdings are down over 9 pct since November. Outflows from gold exchange traded products continued on Fed's looming December rate hike

### 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

The WTI Crude Oil market gapped higher at the open on Monday, as over the previous weekend the OPEC and non-OPEC nations agreed to a production cut. This of course should cut some of the supply, and had traders jumping into the market hand over fist at the open. Because of this, the markets will more than likely continue to go higher for the short-term, and a pullback will be attractive to traders. However, as pricing of crude oil goes higher, more US and Canadian drillers will join the fray. Because of that, I believe that the rally will be short-lived, but certainly could be strong for the next several sessions. With this in mind, you must keep in mind what's going on the longer-term charts, because sooner or later the market will roll back over. Prices gapped higher but did not continue to move upward, and traded lower during the North American time zone.

Pivot:	52.61		
Support	51.90	51.20	50.75
Resistance	53.45	54.00	54.50

### Highlights

- Oil rose to an 18-month high yesterday after OPEC and some of its rivals reached their first deal since 2001 to reduce output
- On Saturday, producers from outside the OPEC, led by Russia, agreed to reduce output by 558,000 barrels per day
- U.S oil futures gaining 23 percent since the middle of November
- There is some concern amongst analysts that the big move in oil is not sustainable
- U.S crude futures settled up \$1.33 at \$52.83 a barrel, a 2.6 percent gain

### Crude - Technical Indicators

RSI 14	45.20
SMA 20	45.52
SMA 50	47.64
SMA 100	46.10
SMA 200	45.86

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices were stable today, supported by strong demand in Asia and a supply cut by Abu Dhabi as part of production curbs organized by OPEC and other exporters.
- The market was being pressured a bit by investors closing financial positions that profited from strong gains the day before. U.S West Texas Intermediate flirted with negative territory in early European trading.
- There was significant profit-taking after oil shot to mid-2015 highs earlier this week after the Middle East-led Organization of Petroleum Exporting Countries (OPEC) and other exporters led by Russia reached a deal to cut output by almost 1.8 million barrels per day to reduce oversupply.
- Oil markets were still broadly supported by the deal to crimp output. The market is putting a lot of importance on the commentaries coming out of OPEC and non-OPEC (and) the market is giving OPEC the benefit of the doubt that cuts will be implemented and achieved.
- Prices would turn negative very quickly if the market feels compliance won't happen. The plan was designed on Nov. 30. The foundation was laid down on Dec. 10. The construction will start on Jan. 1. The following 3-6 months will provide us with an answer as to whether the foundation is strong enough to hold the building or will it collapse like a house of cards.
- In a sign that producers are acting on their plans to cut output, Abu Dhabi National Oil Company (ADNOC) told customers it would reduce Murban and Upper Zakum crude supplies by 5 percent and Das crude exports by 3 percent.
- Meanwhile, China's November crude output fell 9 percent on a year earlier to 3.915 million bpd, data showed on Tuesday, but recovered from October's 3.78 million bpd, which was the lowest in more than seven years.

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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

The silver markets initially dropped on Monday, but then turned around to form a bullish candle. Ultimately, the market looks as if it is trying to reach a little higher, but I still think that there is a significant amount of resistance above that will make going higher difficult for this market. Because of this, I'm waiting to see an exhaustive candle in order to start shorting again. I have no interest in buying, I believe that the downtrend will continue over the longer term. With this, I'm patiently waiting for a selling opportunity. The intra-day time-frame could help provide us with a clearer picture. There is a channel (possible bear-flag) developing on the 4-hr chart, with good inflection points alongside the bottom of the channel. This is helping keep silver supported, while daily resistance in the low 17s and the upper parallel in the same vicinity are viewed as an obstacle for higher prices.

Pivot:	17.02		
Support	16.95	16.82	16.73
Resistance	17.20	17.30	17.42

### Highlights

- A significant retreat in the dollar was important in triggering a recovery in silver prices and move above \$17.00 per ounce
- Silver drifted in narrow ranges late in the US session yesterday
- The US currency overall was unable to make headway as EUR/USD found support below the 1.0550 level
- The dollar retreated from its best level during the as EUR/USD pushed above 1.0600
- The US economic calendar remains relatively light today

### Silver - Technical Indicators

RSI 14	30.06
SMA 20	17.78
SMA 50	18.01
SMA 100	18.74
SMA 200	18.05

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices rose yesterday, rebounding from a volatile end to the previous week as investors turned their attention to the Federal Reserve's final meeting of the year.
- March silver futures climbed 25 cents, or 1.5%, to \$17.21 a troy ounce at 10:30 am on the Comex division of the New York Mercantile Exchange. Prices have been volatile since hitting a one-month high of \$17.28 on December 7. The grey metal held on to gains of roughly 0.8% last week.
- Precious metals are in for volatility this week as the US Federal Reserve signals for higher interest rates. The Federal Open Market Committee (FOMC) is widely expected to vote in favour of a 25 basis point increase in the federal funds rate, resuming the slow process of policy tightening.
- Economists in a recent Wall Street Journal survey said they expect interest rates to rise four times next year, with 1.26% being the median estimate for the federal funds rate in December 2017.
- The Fed will announce its rate decision at the conclusion of its two-day meeting Wednesday. The official statement will be accompanied by quarterly economic projections covering GDP, unemployment and inflation.
- Investors will closely monitor Wednesday's rate announcement for specific language that might imply a more aggressive rate hiking path in the wake of Donald Trump's election victory. The President-elect supports policies that could stoke faster inflation, which could force the central bank to reevaluate its policy timeline.
- The US dollar soared to fresh highs on Friday, but has since given back some of those gains ahead of the central bank meeting. The dollar index fell 0.4% to 101.18. US stocks were trading mixed yesterday following another record-setting week.

### 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

Tuesday, December 13, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Dec 13	00:00	USD Monthly Budget Statement (NOV)	Medium	-\$137B	-\$131.00b	-\$44.2b
Tue Dec 13	07:00	CNY Industrial Production (YoY) (NOV)	Medium	6.2%	6.1%	6.1%
Tue Dec 13	07:00	CNY Retail Sales (YoY) (NOV)	Medium	10.8%	10.2%	10.0%
Tue Dec 13	12:00	EUR German Consumer Price Index (YoY) (NOV)	Medium	0.8%	0.8%	0.8%
Tue Dec 13	14:30	GBP Consumer Price Index (YoY) (NOV)	High	1.2%	1.1%	0.9%
Tue Dec 13	15:00	EUR German ZEW Survey (Current Situation) (DEC)	Medium	63.5	59	58.8
Tue Dec 13	15:00	EUR German ZEW Survey (Economic Sentiment) (DEC)	Medium	13.8	14	13.8
Tue Dec 13	15:00	EUR Euro-Zone ZEW Survey (Economic Sentiment) (DEC)	High	18.1		15.8
Tue Dec 13	16:00	USD NFIB Small Business Optimism (NOV)	Low		96.5	94.9

Source: Forex Factory, DailyFX

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## 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