

Gold

Technical

Gold prices continue their retreat, falling 1% in yesterday's session to 1,337.00/ounce lows. The much improved risk backdrop has been the major driver so far this week, as the U.S. equity markets including the S&P 500 index posts all-time highs, and as yields recover some from their post-Brexit swoon. Support now comes in at Friday's post-jobs report low of 1,335. Additional support is seen near the June lows at 1,250. Resistance is seen near the 10-day moving average at 1,347. Momentum is poised to turn negative as the MACD (moving average convergence divergence) index is about to generate 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.

Pivot:	1,327		
Support	1,320	1,312	1,305
Resistance	1,342	1,350	1,357

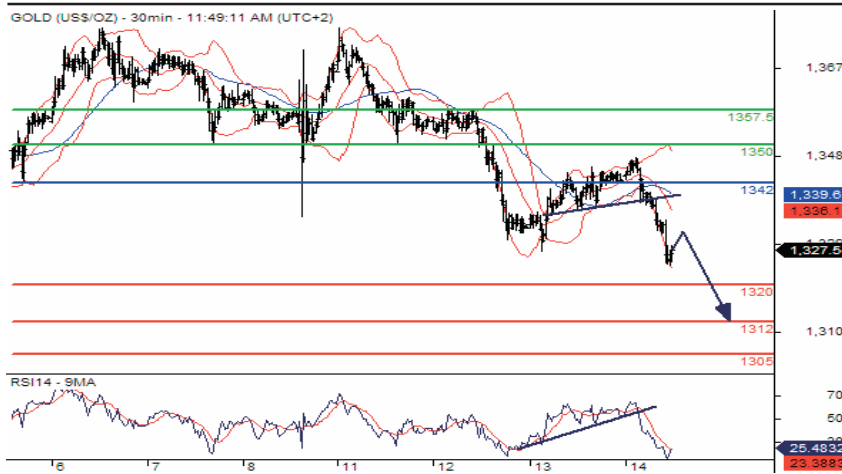
Highlights

- Gold prices rose in yesterday's session, buoyed by a softer dollar
- The spot gold price weakened during Asian trading hours today ahead of the BOE monetary policy meeting later in the day
- Investors are speculating that the central bank will lower interest rates in response to the massive pound devaluation
- The market is currently pricing an 83-percent chance of a 25-basis point cut
- China's overall exports and imports fell 4.8 percent and 8.4 percent respectively in June

Gold - Technical Indicators

RSI 14	66.40
SMA 20	1,280.60
SMA 50	1,265.06
SMA 100	1,253.98
SMA 200	1,182.28

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell more than one percent today, as the dollar strengthened against the yen and global equities reached eight-month highs ahead of a widely anticipated Bank of England policy meeting.
- Stock markets rose on expectations that the BOE will cut rates for the first time in more than seven years to ward off recession following Britain's vote to leave the European Union. That curbed interest in gold as a safe haven. Spot gold fell as much as 1.3 percent to \$1,324.38 an ounce, the lowest since July 1 and was down 1.1 percent at \$1,327.68.
- Britain has got a new prime minister, which, alongside expectations of more stimulus from the Bank of England, has brought a sense of relief to markets, so gold is easing and everything else is rising on that.
- But the whole process of Brexit negotiations, which hasn't started yet, implies financial risks that will be supportive for the metal in the medium term. Gold touched a two-year high of \$1,374.91 last week, after Britain voted to leave the European Union, as worried investors started piling their cash into safe-haven assets.
- After five weeks of gains, the metal has come under some pressure following strong U.S. non-farm payrolls data on Friday, which some took as a sign boosting the prospects for an interest rate increase by the U.S. Federal Reserve.
- Major central banks including the Bank of England and the European Central Bank are expected to relax their monetary policies, while the U.S. Federal Reserve is reluctant to raise interest rates.
- Philadelphia Fed President Patrick Marker said late in yesterday's session that the central bank would likely opt for a "fairly shallow" series of U.S. interest rate hikes, and that he wanted to "let it play out a bit" before backing a policy 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	
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

Crude oil prices rallied to \$46.65 mid-day, after touching two-month 44.43 lows after the Monday close. The improved risk backdrop, along with better U.S. growth sentiment following last Friday's solid jobs report, have given oil prices a new lease on life, as has the latest OPEC report, which forecast solid demand growth in 2017. OPEC sees emerging markets accounting for much of its expected 1.2 million barrels increase in demand. Support on crude oil prices are seen near the July lows at 44.43, while resistance is now seen near the 20-day moving average at 47.85. The RSI (relative strength index) moved higher with price action reflecting accelerating positive momentum, after testing support near 38. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red, but the trajectory is beginning to flatten reflecting consolidation.

Pivot:	45.08		
Support	44.40	43.85	43.30
Resistance	46.00	46.90	48.25

Highlights

- The oil price was falling today following reports that US crude inventories recorded a surprise surplus last week
- Weekly data by the API showed a 2.2 million barrel build in US reserves
- OPEC saw its output rising 400,000 barrels a day in June to an eight-year high of 33.21 million barrels
- Saudi Arabia ramped up production to a near-record rate of 10.45 million barrels a day
- The IEA said it expects non-OPEC production to fall by 900,000 barrels a day this year

Crude - Technical Indicators

RSI 14	45.96
SMA 20	48.86
SMA 50	47.93
SMA 100	43.61
SMA 200	40.09

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rallied from sharp losses today but brokers said the downtrend could resume soon as record-high stocks and worries over slowing economic growth dampened sentiment.
- Brent crude oil was up 60 cents at \$46.86 a barrel. U.S. crude was up 60 cents at \$45.35. The oil market is oversupplied, OPEC production is on the rise and we had a rather bearish weekly U.S. oil stats report.
- Crude stocks in the United States fell less than expected last week, while distillate inventories rose the most since January and gasoline stocks unexpectedly increased, the Energy Information Administration (EIA) said yesterday.
- A bearish assessment of the oil market by the International Energy Agency (IEA) on Wednesday also helped send both crude oil benchmarks down more than 4 percent by the close of trading.
- The IEA said a glut in the global oil market was persistent and would put a lid on crude prices despite demand growth and declines in non-OPEC production. We know the process of rebalancing is taking place now, but there is still an overhang in oil and this will take time.
- Surging crude stocks have pushed floating storage to seven-year highs, the IEA said. The EIA report said crude inventories fell 2.5 million barrels last week, less than a 3-million-barrel drop forecast in a Reuters poll. Crude markets may be poised for a bigger move lower after three months of strength.
- The report portrayed a traditionally busy summer driving season beset with unusually low demand, when many had expected record driving trips amid lower oil prices. Weak gasoline is putting crude under pressure worldwide with Middle East grades in particular hit by low Asian demand. The market moved up to \$50 quite fast, so the market might go down a bit.

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 went back and forth during the course of the session on Wednesday as we continue to see quite a bit of support near the \$20 level. At this point in time, pullbacks should continue to be supported heavily as the market has been so strong and has seen such an interest as of late. After all, the market is one way to escape the concerns of the currency markets. Ultimately, the "heart currencies" continue to do fairly well. I believe at this point in time the floor in this market is all the way down to the \$18 level. A strong break above the neckline at 20.80 should kick off a move to 21.11. On a breakout to a new high, then we need to go back to July and February of 2014 to find resistance at 21.56 and 22.16, respectively. An alternate path under consideration is the development of an ascending wedge which requires a bit more hemming and hawing.

Pivot:	20.24		
Support	19.93	19.78	19.56
Resistance	20.47	20.75	21.13

Highlights

- Silver futures returned to a nearly two-year settlement high yesterday, as the U.S. stock market paused their recent rally
- The recent rally in U.S equities had tarnished the appeal of precious metals
- September silver which has been the highflier relative to gold in recent weeks, added 24.2 cents, to settle at \$20.41 an ounce
- Dollar resuming a typical relationship in which the buck and precious metals move
- Silver has been getting an additional boost from its use as an industrial commodity

Silver - Technical Indicators

RSI 14	65.08
SMA 20	17.49
SMA 50	17.00
SMA 100	16.39
SMA 200	15.45

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices have leapt nearly 50 percent so far this year, reversing three years of losses, but history shows investors hoping to hop aboard the bandwagon should be wary.
- A surge in gold and upbeat prices of industrial metals, along with prospects for yet more monetary stimulus from leading central banks, have prompted some heart-stopping moves. On the face of it, silver has a lot of appeal. It tends to track gold prices, but its low liquidity usually leads it to outperform the move in gold by around 1.5 times.
- Prices for the white metal have posted gains in eight of the last nine trading sessions. Prices finished Monday at \$20.304, the highest since August 2014, according to FactSet.
- Ultra-low global interest rates have helped to buoy precious metals this year - in the era of negative yields on many government bonds, the fact that bullion investments offer no fixed returns seems to matter less.
- Expectations that the Bank of England will pour more money into the British economy following the country's vote to leave the European Union, plus the possibility that the Bank of Japan and European Central Bank might take similar action for reasons of their own, have helped to push up industrial metals prices.
- On top of that, silver has appeal in its own right as an industrial commodity -- more than half of demand comes from industrial users, chiefly in the electronics sector. Central bank action to stimulate economies, so the argument goes, should further increase that consumption.
- But moves such as silver's 32 percent jump from \$15.94 an ounce on June 1 to \$21.107 on July 4 are still difficult to justify in economic terms, meaning buyers should beware of what traders call "the devil's metal". Silver tends to move erratically -- it's been between \$7 and \$50 an ounce in the last 10 years.

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

Thursday, July 14, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jul 14	04:01	GBP RICS House Price Balance (JUN)	Medium	16%	10%	19%
Thu Jul 14	06:30	AUD Employment Change (JUN)	High	7.9k	10.0k	19.2k
Thu Jul 14	06:30	AUD Unemployment Rate (JUN)	High	5.8%	5.8%	5.7%
Thu Jul 14	16:00	GBP Bank of England Rate Decision (JUL 14)	High	0.50%	0.25%	0.50%
Thu Jul 14	16:00	GBP BOE Asset Purchase Target (JUL)	High	375b	375b	375b
Thu Jul 14	17:30	USD Initial Jobless Claims (JUL 9)	Medium		265k	254k
Thu Jul 14	17:30	CAD New Housing Price Index (YoY) (MAY)	Medium		2.2%	2.1%
Thu Jul 14	17:30	USD Continuing Claims (JUL 2)	Medium		2140k	2124k
Thu Jul 14	17:30	USD PPI Final Demand (YoY) (JUN)	Low			-0.1%

Source: Forex Factory, DailyFX

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