

Gold

Technical

Gold prices were steady near 1,332.00 per ounce, after ranging between 1,328.50 and 1,335. A firmer dollar has limited upside potential. A stronger than expected U.S. Housing Starts held the dollar gain traction. The gold market will be eyeing upcoming central bank meetings, where further easing could dent gold sentiment further. The ECB is not expected to take further action at its Thursday meeting, though Draghi is likely to paint a dovish picture in his press conference. Japan meanwhile, is seen easing both monetary and fiscal policy, which will not do gold bulls any favors. Support is seen near the June lows at 1,250 while resistance is seen near the 10-day moving average at 1,346. Momentum is negative as the MACD index recently generated a sell signal. This occurs as the spread crosses below the 9-day moving average of the spread.

Pivot:	1,326		
Support	1,320	1,312	1,305
Resistance	1,337	1,342	1,350

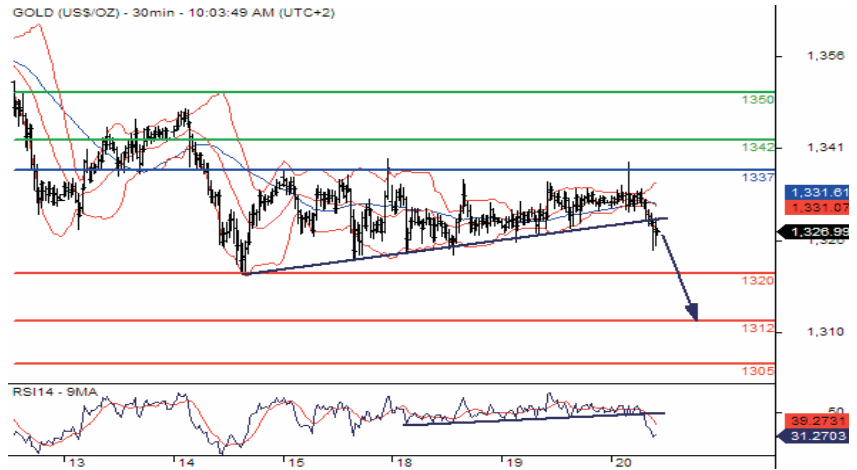
Highlights

- Gold's rally is set to endure, with the U.S presidential election seen as the next big catalyst for prices
- Gold has rallied 25 percent this year as investors boosted holdings
- The International Monetary Fund has scrapped its forecast for a pickup in global growth, citing Brexit
- Gold soared as much as 8.1 percent on June 24 after the Brexit vote
- The resurgence in gold has boosted miners' shares prices

Gold - Technical Indicators

RSI 14	48.97
SMA 20	1,341.02
SMA 50	1,291.74
SMA 100	1,271.32
SMA 200	1,203.66

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell today finding little impetus from easing equities as the dollar rose to a four-month high on the back of better-than-expected U.S housing data. The dollar firmed on Wednesday, as strong U.S. data and rising expectations that the Bank of Japan will muster additional easing steps sent the dollar index to four-month highs.
- Profit-taking weighed on Asian stocks today after a record run on Wall Street showed signs of petering out. Spot gold fell 0.5 percent to \$1,324.83 an ounce. It closed at \$1,331.73 yesterday. U.S gold was down 0.5 percent at \$1,325.60 an ounce.
- Because gold prices have risen so quickly between February and June, I suppose it is taking a breather at the moment. Generally, economists do see global environment being relatively supportive of gold at the current level in the next three months at least.
- Spot gold is biased to fall to \$1,313 per ounce after completing its consolidation within a small wedge, as per Reuters technical analyst Wang Tao. There are still some headwinds to growth and this may lift safe-haven demand should the implications of Brexit start to unwind.
- U.S. housing starts rose more than expected in June as construction activity increased broadly, but downward revisions to the prior months' data pointed to a sector treading water in the second quarter. There is talk of some further accommodation being doled out, in which gold moving a little higher from here but if the ECB holds back, the selling could resume, with a test at \$1,308.
- The probability of a U.S Federal rate hike has increased as of today. Some expectations of a rate hike have come back. Gold, which has risen 25 percent this year, is highly sensitive to rising rates, which increase the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it 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	
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 has rallied in early N.Y. trade, topping at 45.67 but was unable to hold up above resistance near the 10-day moving average at 45.58. Short covering ahead of API inventory data, which is due after the close Tuesday, has reportedly been the driver of the most recent rally. Expectations are for a 2.5-million-barrel draw in stocks. Brent oil prices followed suit moving lower into the NY close. Bigger picture however, it appears U.S. production may be poised to rise, as Baker-Hughes rig count data has shown an increase in operating rigs in six of the past seven reporting weeks. That and a firmer dollar may result in selling into strength in the coming sessions. Support is seen near the June lows at 44.55. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices for crude oil.

Pivot:	44.59		
Support	44.24	43.85	43.34
Resistance	45.50	45.75	46.30

Highlights

- Oil prices fell as for a second day in a row yesterday following a rallying dollar
- A global fuel glut offset forecasts for lower U.S. crude stockpiles that typically would have been bullish for the market
- U.S. crude stockpiles fell by 2.3 million barrels last week, trade group American Petroleum Institute reported
- The U.S. government's EIA will issue inventory data later today
- U.S. crude WTI crude fell 59 cents, or 1.3 percent, to settle at \$44.65

Crude - Technical Indicators

RSI 14	43.57
SMA 20	46.74
SMA 50	48.10
SMA 100	45.51
SMA 200	40.28

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices edged higher today in muted trading as investors awaited a clearer signal from weekly U.S. crude inventory data on whether a glut was easing in the world's largest oil-consuming nation.
- U.S. West Texas Intermediate crude was up 3 cents at \$44.68 a barrel. It fell 59 cents, or 1.3 percent, in the previous session. The front-month August contract will expire at the end of session. The U.S. government's Energy Information Administration (EIA) will issue stockpile data later today.
- If the EIA confirms a drawdown, it will be the ninth straight week in which U.S. crude stockpiles have fallen. Unless the weekly report can show some larger stock changes we expect a low-volume environment to continue tomorrow and Friday.
- The American Petroleum Institute, an industry group, reported on Tuesday that crude stockpiles fell by 2.3 million barrels last week. That was just above a 2.1-million-barrel draw forecast in a Reuters poll. For distillate inventories including diesel, API reported a surprise draw of 484,000 barrels. But it also showed an unexpected gasoline build of 805,000 barrels.
- Some bearish news capped gains on Wednesday as Russia's energy minister dashed any hope that the world's biggest oil producers could coordinate on output to stem global oversupply.
- Also weighing on oil was the dollar's rally to a four-month high, making greenback-denominated oil less affordable for holders of the euro and other currencies. Libya's eastern oil export terminal of Hariga resumes operations on Wednesday after a protest by guards over pay ended.
- The market's attention has gravitated more toward the glut in fuels. Weak prices have prompted traders to store diesel on tankers at sea for later delivery, as storage on land tightens.

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 to form a bit of a hammer. This is much like the Monday hammer that we had formed the day before, and as a result it looks as if the buyers are ready to continue to push market higher given enough time as it appears that we are building up momentum to finally go higher. Even if we break down below here, the \$18 level should be the absolute “floor” in the marketplace. Ultimately, I am long only when it comes to silver but recognize that we may have to bounce around in the short-term. Confidence is slippery, even when you are a metals investor sitting atop the best performing assets of 2016. It doesn’t help when 4 years of a miserable bear market remains fresh in memories. Any weakness in prices and it can feel like markets are getting ready to plunge. That feeling is called the Wall of Worry.

Pivot:	19.76		
Support	19.68	19.56	19.43
Resistance	19.98	20.10	20.24

Highlights

- Silver prices have maintained most of their gains over the past two weeks
- Silver prices have settled below \$20 an ounce today in European trading session for the first time since July 7
- US stock markets staged consecutive record highs
- A stronger Dollar adds to the long list of challenges currently limiting Silver’s continued upside
- At the moment, for every one ounce of gold nine ounces of silver are mined

Silver - Technical Indicators

RSI 14	57.02
SMA 20	19.73
SMA 50	18.01
SMA 100	17.25
SMA 200	15.89

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Lately, gold and silver have been hot commodities, and for good reason. Both of these commodities are considered to be safe haven investments. Investors and consumers alike are looking to precious metals as a way to keep their money safe.
- The largest and most heavily traded fund in this space is the iShares Silver Trust (SLV), which tracks the daily price movement of silver bullion. SLV has over \$7 billion in total assets and charges an expense ratio of 0.50%.
- The prices of the metals were down this week, -\$29 in gold and -\$0.05 in silver. However, the gold to silver ratio dropped another fraction of a point. It’s that allure of risk-on environment what is weighing on prices.
- Unlike gold, silver prices have maintained most of their gains over the past two weeks, even going as far as setting new two-year highs during that period. Silver prices settled below \$20 an ounce on Wednesday for the first time since July 7.
- Silver has steadily outperformed gold over the past 30 days. The gold/silver ratio that is used by investors to determine entry into precious metals has declined nearly 10% over the past month and at one point reached its lowest level in nearly two years. As of July 19, gold’s premium over silver was 65.64.
- Gains in precious metals have been difficult to come by in recent weeks as US stock markets staged consecutive record highs, a clear sign that post-Brexit jitters had faded.
- A stronger dollar adds to the long list of challenges currently limiting gold’s continued upside. The dollar index, which tracks the performance of the US currency against a basket of six rivals, traded above 97.00 this week for the first time since early March. Monetary policy developments and economic data will continue to drive currency and commodities.

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, July 20, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jul 20	11:00	EUR German Producer Prices (MoM) (JUN)	Low		0.2%	0.4%
Wed Jul 20	13:30	GBP Claimant Count Rate (JUN)	Low		2.2%	2.2%
Wed Jul 20	13:30	GBP Jobless Claims Change (JUN)	Low		3.5k	-0.4k
Wed Jul 20	13:30	GBP Average Weekly Earnings (3M/YoY) (MAY)	Medium		2.3%	2.0%
Wed Jul 20	13:30	GBP ILO Unemployment Rate (3M) (MAY)	Medium		5.0%	5.0%
Wed Jul 20	13:30	GBP Employment Change (3M/3M) (MAY)	Medium		73k	55k
Wed Jul 20	14:00	CHF ZEW Survey (Expectations) (JUL)	Medium			19.4
Wed Jul 20	16:00	USD MBA Mortgage Applications (JUL 15)	Low			
Wed Jul 20	19:30	USD DOE U.S. Crude Oil Inventories (JUL 15)	Medium		-2000k	-2546k

Source: Forex Factory, DailyFX

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