

Gold

Technical

Comex Gold futures are attempting to rebound after early session weakness. This should come as no surprise since today is the 11th day down from the July 6 top, putting the market in the window of time for a potentially bullish closing price reversal bottom. The main trend is up according to the daily swing chart. However, momentum has been down for 11 days or since July 6. The main range is \$1252.80 to \$1377.50. Its retracement zone is \$1315.20 to \$1300.40. This zone is the primary downside target. The market tested this zone earlier today and started an intraday turnaround after holding \$1310.70. Since the main trend is up, buyers may show up on a test of the retracement zone. Bullish traders will be defending the trend. Counter-trend sellers may use the zone as a profit-taking area. Sellers are going to try to take out this zone.

Pivot:	1,321		
Support	1,310	1,304	1,299
Resistance	1,323	1,330	1,336

Highlights

- Gold prices fell to a three-week low yesterday, pulled down by an increasingly optimistic economic picture
- There is a looming possibility that Federal Reserve may raise interest rates this year
- Gold for August delivery settled down 1% at \$1,319.30 a troy ounce on the Comex division of the New York Mercantile Exchange
- In June, Britain's decision to leave the EU sent gold prices soaring
- In the past week, gold prices have been weighed down by increasing risk appetite

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 to its lowest in three weeks in yesterday's trading session on higher equities and as the dollar hit a four-month high following strong US economic data, which raised expectations that the Federal Reserve may raise rates before the end of the year.
- Spot gold fell as much as 1 percent to \$1,317.86 an ounce earlier and was down 0.9 percent at \$1,318.40. The dollar was up 0.1 percent against a basket of six currencies, after hitting its highest for four months on data showing US housing starts surged more than expected in June, underpinning a theme of strength in the US economy.
- The probability of a US 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.
- The metal was also dragged lower by advancing European equities, which increased investor appetite for risk. There is a return in risk sentiment across the market in general right now, as you have more monetary stimulus packages from central banks.
- Although more stimulus would also favour no-yielding gold, when there's pro-risk trading, there's also a retreat of some of those safe-haven elements that have supported the metal. The International Monetary Fund, however, cut its global growth forecasts for the next two years on Tuesday, citing uncertainty over Britain's looming exit from the EU.
- Bullion gained \$100 in the two weeks following Britain's vote to leave the European Union, as worried investors started putting their cash into safe-haven assets, before falling back. There are still some headwinds to growth and this may lift safe-haven demand should the implications of Brexit start to unwind.

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 rebounded from below \$43 dollars a barrel in tandem with Brent oil prices, following a mixed inventory report released by the Department of Energy. Prices skidded but remain below resistance which was former support created from an upward sloping trend line that connects the lows in April to the lows in July and comes in near 45 per barrel. Additional resistance is seen near the 20-day moving average near 46.78. The EIA reported on Wednesday that U.S. commercial crude oil inventories decreased by 2.3 million barrels, which was largely expected. Crude oil inventories remain at record highs for this time of year. Gasoline inventories increased by 0.9 million barrels last week, and are at the upper end of the average range, while distillate fuel inventories decreased by 0.2 million barrels. Total commercial inventories increased by 2.6 million barrels last week.

Pivot:	45.84		
Support	45.50	45.25	44.56
Resistance	46.45	46.80	47.06

Highlights

- Oil traded near a two-month low as total U.S. oil inventories climbed to a record
- WTI futures for September delivery fluctuated near \$46 a barrel
- EIA report yesterday showed that crude inventories fell by 2.34 million barrels last week to 519.5 million
- Oil has fluctuated between about \$44 and \$52 a barrel since early June
- Gasoline stockpiles rose for the fourth time in five weeks to 241 million barrels as refinery utilization climbed to 93.2 percent of capacity

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 moved slightly higher today after the U.S. Energy Department reported a ninth consecutive weekly drawdown of crude stocks, although an overall build in oil inventories capped gains.
- U.S. West Texas Intermediate crude for September delivery was up 15 cents at \$45.90 a barrel. U.S. crude inventories fell 2.3 million barrels in the week ending July 15, data from the U.S. Energy Information Administration showed. But at 519.5 million barrels, inventories are at historically high levels for this time of year, the EIA said.
- This week's report was moderately bullish for crude, which drew slightly more than expected. Gasoline stocks rose 911,000 barrels, against a forecast for unchanged, and are well above the upper limit of the average range, the EIA said.
- July is the peak of summer when Americans traditionally take to the road, driving up gasoline demand. A glut of refined products has worsened an already-grim outlook for U.S. crude oil for the rest of the year and the first half of 2017, traders warned this week, as the spread between near-term and future delivery prices reached its widest in five months.
- A glut in oil products threatens to spill back into oil prices, depressing crude. An abundance of fuels threatens to dampen crude demand. Overall, U.S oil inventories are at a record high, reflecting a very well supplied global market. That should undermine prices.
- Oil has fluctuated between about \$44 and \$52 a barrel since early June after almost doubling from a 12-year low in February as supply disruptions and falling U.S. output trim a global surplus. Saudi Arabian Oil Co., known as Aramco, is maintaining drilling activities and its sales to buyers in East Asia are rising, Chief Executive Officer Amin Nasser told reporters Wednesday.

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

The silver markets fell slightly, as it ended up testing the \$19.50 region. There is quite a bit of support below though, and quite frankly I feel that this is a market that you cannot short. There is more than enough support down at the \$18 level in my opinion to continue to push this market higher. That's essentially the "floor" in the summer market, so I believe that sooner or later the buyers will return. With this, signs of support or a bounce higher is reason enough to start going long. Silver had been channeling itself lower since the 7/10 peak, giving the bears a slight upper hand with lower lows and lower highs on the intra-day time-frames, but never really gaining any momentum until yesterday. The sharp decline and overnight weakness led to the NFP-Friday day low. Almost to the penny, buyers were found at this level. The NFP low was 19.208, today's low – 19.198.

Pivot:	19.44		
Support	19.19	19.05	18.90
Resistance	19.68	19.85	20.10

Highlights

- Silver futures for September delivery declined 2 percent, the biggest loss for a most-active contract since May 19
- Prices are down for a fifth straight session, the longest streak since Nov. 13
- Silver extended its longest run of losses in eight months, and shares of miners slid the most since November
- The U.S Dollar Index touched a seven-week high yesterday
- The dollar's strength continues to pressure most commodities

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

- Silver futures settled yesterday at their lowest levels in about three weeks, as the dollar found traction on rate-hike expectations and U.S stocks gained on the back of mostly upbeat earnings results.
- For now, strength in the U.S Dollar contributed some pressure to silver, which is priced in the greenback, though the relationship between the two has shifted recently. The U.S dollar index edged up by 0.1% as of gold's settlement. It's up 0.5% for the week and 1.3% for the month so far.
- The economic data in the U.S. is supporting the argument that another rate hike could be a possibility by the end of this year and this is fueling the dollar rally.
- Federal Reserve officials are looking more confidently toward an interest-rate increase before year-end, possibly as early as September, The Wall Street Journal reported Tuesday. Higher interest rates lift demand for the dollar, which can undermine dollar-priced silver's appeal to would-be foreign buyers.
- Moreover, prospects for higher rates can turn off investors toward precious metals, which don't offer a yield, in favor of higher yields elsewhere. September silver tumbled 39.4 cents, or 2%, to finish at \$19.613 an ounce. That was the lowest settlement since July 1.
- Silver is correcting "more violently as gold, as the white metal historically trades more volatile than its yellow counterpart. Economists don't see precious metals entering a big correction, but mostly consolidation over the summer months, so this counts for silver too.
- Silver prices, which are supported by hedging and industrial-use demand, are still up about 5.1% month to date, while gold has seen a 0.2% decline for the month so far. Based on the current gold/silver price ratio, Pantelis believes that the price of silver is still acting in favor of gold.

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 21, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jul 21	09:30	JPY All Industry Activity Index (MoM) (MAY)	Medium	-1.0%	-1.1%	0.8%
Thu Jul 21	11:00	JPY Machine Tool Orders (YoY) (JUN)	Medium	-19.9%		-24.7%
Thu Jul 21	13:30	GBP Retail Sales (YoY) (JUN)	Medium	3.9%	4.8%	5.2%
Thu Jul 21	13:30	GBP Public Sector Net Borrowing (Pounds) (JUN)	Medium		9.3b	9.1b
Thu Jul 21	13:30	GBP PSNB ex Banking Groups (JUN)	Medium		9.5b	9.7b
Thu Jul 21	16:45	EUR European Central Bank Rate Decision (JUL 21)	High		0.00%	0.00%
Thu Jul 21	17:30	USD Initial Jobless Claims (JUL 16)	Medium		265k	254k
Thu Jul 21	17:30	USD Philadelphia Fed. (JUL)	Medium		4.5	4.7
Thu Jul 21	19:00	USD Existing Home Sales (MoM) (JUN)	Medium		-0.9%	1.8%

Source: Forex Factory, DailyFX

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