

Gold

Technical

December Comex Gold futures are trading higher shortly before the regular session opening, mostly in response to a weaker U.S. Dollar. However, we could be looking at a short-covering rally being fueled by position-squaring and profit-taking ahead of today's ADP private sector employment report, a service PMI report and Fed Chair Janet Yellen's speech late in the session. Speculation that President Trump may appoint a dovish Fed Chair to replace current Fed Chair Janet Yellen is also underpinning the market. The main trend is down according to the daily swing chart. The early price action has made \$1271.00 a new minor bottom. A trade through \$1271.00 will signal a resumption of the downtrend. The market is currently sitting inside a major retracement zone at \$1286.80 to \$1268.90. Tuesday's low at \$1271.00 stopped just short of the major Fibonacci level at \$1268.90.

Pivot:	1,275		
Support	1,272	1,268	1,262
Resistance	1,281	1,286	1,290

Highlights

- Gold inched up today after hitting a 7-week low in the previous session
- The dollar pulled back from a 1-1/2-month high against a basket of currencies
- U.S yields got a boost off increased expectations that Fed Chairwoman is inclined to lift interest rates once more this year
- From the 12-month peak on Sept. 8, gold has lost roughly 6.5%
- U.S stocks, notably the Dow Jones Industrial Average and the S&P 500 index, were setting more records

Gold - Technical Indicators

RSI 14	78.49
SMA 20	1,205.2
SMA 50	1,174.3
SMA 100	1,198.5
SMA 200	1,225.8

Gold Daily Graph



Fundamentals

- Gold rose today after marking a seven-week low the previous session, as the dollar dipped on talk that a dovish Federal Reserve chair would be appointed next year.
- The greenback eased against a currency basket after a Politico report said Fed Governor Jerome Powell was favoured by U.S. Treasury Secretary Steven Mnuchin over former governor Kevin Warsh. Janet Yellen's term as chair expires in February.
- Powell is seen as more dovish than Warsh, who has criticised the Fed's bond-buying programme in the past. The market is looking at the dollar at the moment, we've seen an unwind of the fear trade linked to North Korea. That trend is likely to continue
- The dollar will grind higher in the next couple of months. ETF sees spot gold edging down to \$1,260 an ounce by the year-end. Having touched its lowest since mid-August on Tuesday, spot gold rose 0.8 percent to \$1,281.30 an ounce. The precious metal is down some 6 percent from a one-year high.
- U.S gold futures for December delivery rose 0.8 percent to \$1,284. Dollar money market futures were pricing in about a 70 percent chance of a rate hike by December, but a more dovish Fed candidate would likely prompt investors to bet on less aggressive retreat from the current loose monetary policy.
- A weaker dollar makes dollar-priced gold cheaper for non-U.S investors. In wider markets, global equities hit a record high with investors in exuberant mood in the United States overnight and in Asia later, but sentiment in Europe was soured by a political crisis gathering steam in Spain.
- Soaring equities tend to dent the appeal of gold, seen as a safe haven. Holdings of the largest gold-backed exchange-traded-fund, New York's SPDR Gold Trust GLD, fell 0.58 percent on Tuesday from Monday.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

November West Texas Intermediate crude oil futures are trading lower shortly before the regular session opening and ahead of today's U.S. Energy Information Administration's weekly inventories report. Traders expected the EIA report to show a draw of about 500,000 barrels. An unexpected build will be bearish for prices. The American Petroleum Institute's weekly inventories report on crude oil showed a draw of 4.079million barrels, compared to analyst expectations for a draw of 756,000 barrels for the week-ending September 29. However, crude oil prices fell after the API report showed gasoline inventories rose 4.19 million barrels for the week-ending September 29. This was against an expected build of only 1.088 million barrels. Traders should pay close attention to today's EIA gasoline inventories number. This could move the market.

Pivot:	50.12		
Support	49.75	49.25	48.90
Resistance	50.75	51.30	51.75

Highlights

- Oil held on to losses after an industry report showed a rise in gasoline supplies
- If EIA data confirms the build in gasoline, it's likely we will see a drop in oil prices
- American Petroleum Institute yesterday showed that U.S gasoline inventories rose by 4.91 million barrels last week
- End-of-year demand for oil typically weakens as refiners shut units for repairs and maintenance
- West Texas Intermediate for November delivery traded at \$50.20 a barrel after settling at \$50.42 a barrel

Crude - Technical Indicators

RSI 14	37.83
SMA 20	46.58
SMA 50	50.15
SMA 100	51.59
SMA 200	49.94

Crude Oil Daily Graph



Fundamentals

- Oil prices fell today in Asian trading session, pulled down by caution that rising U.S. crude output could scupper a rally that lasted for most of the third quarter. U.S. West Texas Intermediate crude futures were at \$50.25 per barrel, down 17 cents from their last close.
- The drop came amid worries that a third-quarter rally that lifted Brent to mid-2015 highs by late September had been overdone. A resumption in output at Libya's Sharara oilfield added to the concerns.
- Fundamentals may not yet be strong enough to support a continued rally, especially in growth-dependent commodities such as oil. The Sharara oilfield restarted on Wednesday. It had been producing more than 230,000 barrels per day (bpd) before armed brigades closed it on Sunday.
- Still, market observers said a so-called rebalancing is well underway, meaning demand is no longer undershooting available supply. The rebalancing is a result of strong consumption and also efforts led by the Organization of the Petroleum Exporting Countries to cut output by around 1.8 million bpd in 2017 and the first quarter of next year.
- In today's session, Russian President Vladimir Putin said he did not exclude an extension of the cuts until the end of 2018. Russia is part of the supply agreement.
- But rising oil production in the United States, which is not involved in the deal, has prevented prices from climbing further. The production growth from non-OPEC countries is still there so I do not expect a price rise in the near future.
- U.S output hit 9.55 million bpd in late September, its highest level since July 2017, and drillers added six oil rigs in the week to Sept. 29, according to energy services firm Baker Hughes. Data yesterday from the U.S American Petroleum Institute showed gasoline stocks rose last 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	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets rose slightly during the Tuesday session, reaching towards the \$16.65 level. I think there is a significant amount of resistance just above for short-term traders, but if we can break above the \$16.75 percent level, then we will probably go looking towards the \$17 level. Alternately, if we break down below the \$16.57 level, the market should then go to the \$16 handle. Silver continues to be very volatile, as which of course is the usual attitude of the markets, so I'm not surprised. I suggest that perhaps trading silver in smaller increments is the best way to go, as there is so much in the way of noise. Keep in mind that Silver does have a certain amount of a safety bid to it, so if things get ugly geopolitically, Silver tends to rally. It also tends to play second fiddle to the gold market, so if gold rallies, silver does as well and of course vice versa.

Pivot:	16.76		
Support	16.65	16.52	16.40
Resistance	16.85	16.90	17.00

Highlights

- Silver prices were a bit weaker yesterday after hitting a seven-week low
- The bulls are working very hard to stabilize this silver market after recent solid selling pressure
- Selling pressure in Silver and Gold has been mainly due to little risk aversion in the world marketplace
- World stock markets were mostly firmer yesterday, with the U.S. stock indexes slightly up in early trading
- The U.S. dollar index was slightly lower but did hit a six-week high earlier

Silver - Technical Indicators

RSI 14	77.87
SMA 20	16.83
SMA 50	16.57
SMA 100	17.06
SMA 200	17.16

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are firmer in early U.S. trading today, on some short covering in the futures markets and perceived value-buying in the cash markets, following recent selling pressure that drove both markets to seven-week lows earlier this week.
- A weaker U.S. dollar index on this day is also a supportive outside market element working in favor of the precious metals bulls. December Comex gold was last up \$6.60 an ounce at \$1,281.30. December Comex silver prices were last up \$0.155 at \$16.805 an ounce.
- The U.S. ADP national employment report for September was just released and showed a gain of 135,000 jobs. This was below the median forecast for a rise of 150,000. The precious metals markets did not show significant reactions to the news.
- Fed Chair Janet Yellen gives a speech Wednesday afternoon. Any comments she makes on the U.S. economy will be closely scrutinized for clues on the timing of future monetary policy moves by the Federal Reserve.
- Traders and investors are looking ahead to Friday's U.S. employment report for September from the Labor Department. The key non-farm payrolls number is expected to come in at up only 80,000, according to a Dow Jones Newswires survey.
- The unusually low non-farm jobs growth estimate is due to two major hurricanes that hit the U.S. mainland in September. The U.S. dollar index is lower in early U.S. trading, on a corrective pullback after hitting a six-week high on Tuesday.
- December silver bears also have the overall near-term technical advantage. Prices have been trending lower for three weeks. The next upside price breakout objective is closing futures prices above solid technical resistance at last week's high of \$17.295 an ounce.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Wednesday, October 04, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Oct 04	05:30	JPY Nikkei Japan PMI Services (SEP)	Medium	51.0		51.6
Wed Oct 04	13:00	EUR Markit Eurozone Services PMI (SEP)	Low	55.8	55.6	55.6
Wed Oct 04	13:30	GBP Markit/CIPS UK Services PMI (SEP)	Medium	53.6	53.2	53.2
Wed Oct 04	14:00	EUR Euro-Zone Retail Sales (YoY) (AUG)	Medium		2.6%	2.6%
Wed Oct 04	16:00	USD MBA Mortgage Applications (SEP 29)	Medium			-0.5%
Wed Oct 04	17:15	USD ADP Employment Change (SEP)	Medium		140k	237k
Wed Oct 04	17:00	USD ISM Services/Non-Manufacturing Composite (SEP)	High		55.5	55.3
Wed Oct 04	17:30	USD DOE U.S. Crude Oil Inventories (SEP 29)	Medium		-456.43k	-1846k
Wed Oct 04	00:15	USD Yellen Gives Welcoming Remarks at Community Banking Event	High			

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- 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