

Gold

Technical

Gold prices are consolidating in a relatively tight range with resistance seen near the 10-day moving average at 1,257. Many Fed officials are pushing for a rate hike in December, and the futures markets is forecasting a 65% chance of a hike. This has been offset by weaker than expected data including Monday's Industrials production report along with the NY Empire Manufacturing survey. Support on the yellow metal is seen near the October lows at 1,241. The RSI is beginning to edge slightly higher after tumbling into oversold territory. The current reading of 29, is slightly below the oversold trigger level, and rebounding from a low of 24. Reading on the RSI below 30 are considered oversold and could foreshadow a correction. The MACD (moving average convergence divergence) index is neutral as it is printing in the red with a flattening trajectory that reflects consolidating.

Pivot:	1,261		
Support	1,255	1,252	1,249
Resistance	1,266	1,269	1,277

Highlights

- Gold futures settled with a modest gain as traders looked to coming U.S data
- Gold also gained on comments from various Fed speakers
- Prices salvaged thin weekly gains last week, but short-term selling pressure persists
- An exciting week ahead, with two central bank meetings, European Central Bank and Bank of Canada
- Economic data in the U.S offered a mixed picture yesterday with the Empire State Index fell to negative 6.8 in October

Gold - Technical Indicators

RSI 14	20.47
SMA 20	1,310.07
SMA 50	1,323.72
SMA 100	1,325.99
SMA 200	1,284.98

Gold Daily Graph



Fundamentals

- Gold prices edged up for a second session today in Asian session as the U.S. dollar weakened, but rising equities capped gains amid speculation over when the U.S. Federal Reserve will raise interest rates.
- Spot gold was up 0.2 percent at \$1,258.68 an ounce. U.S. gold futures had risen 0.3 percent to \$1,259.80 an ounce. Fed Vice Chairman Stanley Fischer said on Monday that economic stability could be threatened by low interest rates, but it was "not that simple" for the Fed to hike.
- Gold is riding on the dollar weakness. The U.S will eventually raise interest rates, but investors still feel that central banks across the world will continue to be accommodative.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose for a third straight session yesterday. They were up 0.18 percent at 967.21 tonnes. Markets do not think that the U.S. will continuously raise rates. Maybe that's why they ETF still want to buy gold.
- Gold is highly-sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it is priced. The dollar index, which measures the greenback against a basket of currencies, was down 0.2 percent at 97.691 after touching seven-month highs Monday.
- A stronger greenback makes dollar-denominated gold more expensive for holders of other currencies. Asian stocks crept up today thanks to a rebound in oil prices. Spot gold may test resistance at \$1,266 per ounce, as suggested by its wave pattern and Fibonacci projection.
- Gold is likely to recover to above \$1,300 an ounce next year as a pickup in physical demand counters more potential U.S. rate increases, a Reuters poll at an industry event showed.

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 markets fell yesterday, breaking down below the \$50 level, and of course testing the \$49 level underneath. If we get some type of supportive candle, I would be willing to buy and aim for the \$51 level. Ultimately, I think there is so much in the way of support at \$49 that it extends all the way down to the \$48 level. Below there, the market then can break down significantly to the \$45 level, but at this point in time I think that the longer-term trend should continue and therefore it means that the market will more than likely continue to be very volatile, and given enough time I do think that the sellers take control but we are obviously nowhere near that moment in time as the volatility seems to be very well in in this market, so short-term trades are about all you can do at this point and it does seem as if the buyers are releasing control for the moment.

Pivot:	50.21		
Support	49.35	49.10	48.53
Resistance	50.57	51.10	51.55

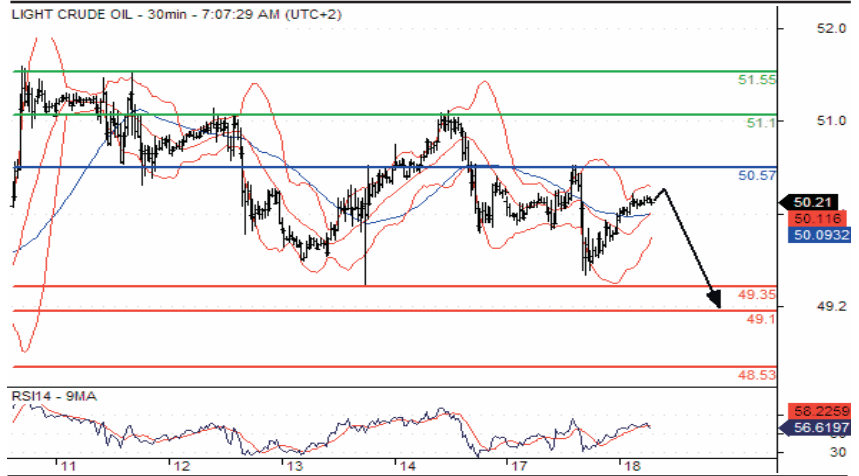
Highlights

- Crude oil prices clawed back minor gains following an yesterday's decline
- Trading is expected to be muted now that the market has priced in a potential production cut
- Oil futures fell yesterday amid growing signs it will be difficult for the OPEC members to cap future production by 1%-2%
- Oil prices have risen since the preliminary deal was announced
- Market watchers say the news has been largely priced in and the market now has little fuel to sustain momentum

Crude - Technical Indicators

RSI 14	69.08
SMA 20	46.54
SMA 50	46.22
SMA 100	45.91
SMA 200	43.50

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rose today, helped by a weaker U.S. dollar and as several analysts said that global markets might not be as oversupplied as flagged by others ahead of a November meeting of OPEC producers that could decide to cut crude production.
- The proposal by the OPEC made at the end of last month to cut or cap production has helped to lift crude prices above \$50, but not much more because of market participants' doubts over the cartel's ability to strike and implement a concrete deal.
- But several analysts have now said that a two-year global supply glut could be receding when oil inventories are taken into account. They say that stocks are not as high as usual ahead of the winter season.
- U.S. West Texas Intermediate (WTI) crude CLc1 was up 49 cents, close to 1 percent, at \$50.43. Traders said a drop in the dollar away from seven-month highs the previous day .DXY supported crude. A lower dollar makes fuel purchases cheaper for countries using other currencies domestically.
- Analysts at Bernstein Energy said that beyond estimating production and consumption, one way to gauge the supply and demand balance is to analyze fuel inventory changes.
- Global oil inventories (industry and government) increased by 17 million barrels to 5.618 billion barrels in 3Q16. This is the smallest build since 4Q14, confirming that inventory builds are slowing as the market comes back into balance.
- OPEC meets on Nov. 30 to discuss a planned production cut of about 1 million barrels per day (bpd) from its record 33.6 million bpd September output. Money managers raising their bullish bets on U.S. crude prices to the highest level since the slump started in 2014.

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 did almost selling during the session on Monday as we continue to meander back and forth. It appears of the market is currently attracted to the \$17.50 level, so therefore I don't think that we do much of the next couple of sessions. However, I have more of an upward bias than anything else, and therefore a supportive candle or better yet, and impulsive positive one, has me jumping into this market and aiming for higher levels such as the \$18.50 level. I have no interest in selling and I believe that the \$17 level is essentially the "floor" at this point. Precious metals remain weak while the US dollar holds strong. Silver prices have meandered in recent trade, an expectation we had given how sharp the drop was from over 20. The period of digestion below resistance sets the metal up for another move lower, but the timing could be tricky.

Pivot:	17.59		
Support	17.44	17.35	17.27
Resistance	17.68	17.82	17.98

Highlights

- The reduction in non-commercial long silver positions helped cushion the dollar from the risk of further underlying selling
- Silver prices consolidated around \$17.45 per ounce
- Silver was able to gain some support from gold's ability to hold above the \$1,255
- US Treasury bonds rallied during the New York session, which provided some support to silver prices
- The latest US CPI data will be watched closely on Tuesday for further evidence

Silver - Technical Indicators

RSI 14	24.68
SMA 20	18.92
SMA 50	19.11
SMA 100	19.18
SMA 200	17.63

Silver Daily Graph



Fundamentals

- Silver prices traded slightly higher in subdued trading in yesterday's session, as investors turned their attention to a deluge of US and global data later in the week.
- December silver futures edged up 4 cents, or 0.2%, to \$17.49 a troy ounce. The grey metal traded within a narrow range of \$17.36 and \$17.52 through the overnight session. As of Monday, silver was still considered oversold on the Relative Strength Index.
- After declining sharply at the beginning of the month, silver futures were little changed last week. The grey metal tread water as demand for the US dollar continued to accelerate. The US dollar index edged down 0.1% yesterday, but was well supported near seven-month highs.
- In economic data, annual Eurozone consumer inflation was confirmed at 0.4% in September, unchanged from the previous month. So-called core inflation came in at 0.8% annually.
- Today, New Zealand, the United Kingdom and United States will each report on consumer inflation – reports that could trigger volatility in the currency markets.
- In tomorrow's trading session, China will release third quarter GDP figures, which will be closely followed by the financial markets. Beijing will also release the latest batches of retail sales, industrial production and fixed-asset investment data.
- There was no significant impact from US economic data releases with a slightly weaker than expected reading for industrial production and capacity use. The latest New York Empire index reading was also weaker than expected at -6.8 for October from -2.0 previously, although the underlying components were firm and there was increased confidence in the six-month outlook.

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, October 18, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Oct 18	02:45	NZD Consumer Prices Index (YoY) (3Q)	High	0.2%	0.1%	0.4%
Tue Oct 18	05:30	AUD RBA Oct. Meeting Minutes	Medium			
Tue Oct 18	13:30	GBP Consumer Price Index (YoY) (SEP)	High	1.0%	0.9%	0.6%
Tue Oct 18	13:30	GBP Retail Price Index (YoY) (SEP)	Low	2.0%	2.0%	1.8%
Tue Oct 18	17:00	NZD Dairy Auction Whole Milk Powder MT (OCT 18)	High			\$2,681
Tue Oct 18	17:30	USD Consumer Price Index (YoY) (SEP)	High		1.5%	1.1%
Tue Oct 18	17:30	USD Consumer Price Index Ex Food & Energy (YoY) (SEP)	High		2.3%	2.3%
Tue Oct 18	17:30	USD Real Avg Weekly Earnings (YoY) (SEP)	Medium			0.4%
Tue Oct 18	19:00	USD NAHB Housing Market Index (OCT)	Medium		63	65

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