

Gold

Technical

Gold prices edged lower on Thursday as the dollar gained traction following the ECB meeting. Gold is priced in US dollars, so a stronger dollar usually leads to lower gold prices. Support on the yellow metal is seen near the 10-day moving average at 1,258, while resistance is seen near the September lows at 1,304. Momentum has turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal. The index is printing in the black with an upward sloping trajectory which points to higher prices. With this, a pullback very well could come, but there should be plenty of support just below to continue to trying to push this market higher.

Pivot:	1,268		
Support	1,264	1,260	1,256
Resistance	1,277	1,281	1,290

Highlights

- Gold futures settled lower yesterday after posting gains over the past three sessions
- Prices were under pressure in the wake of the ECB's decision to leave its monetary policy unchanged
- Gold had climbed earlier, following a round of fresh U.S economic data
- December gold fell \$2.40, or 0.2%, to settle at \$1,267.50 an ounce
- Gold futures are up roughly 1% week to date with the dollar index trading below the multimonth highs hit earlier this month

Gold - Technical Indicators

RSI 14	39.53
SMA 20	1,371.34
SMA 50	1,303.72
SMA 100	1,322.99
SMA 200	1,287.05

Gold Daily Graph



Fundamentals

- Gold fell slightly today as the dollar strengthened, but was on track for its first weekly gain in four weeks on steady physical buying from China and exchange-traded funds.
- Spot gold was down 0.2 percent at \$1,263.36 an ounce. It was headed for a weekly gain of 1 percent. U.S gold futures fell 0.2 percent to \$1,264.40. Gold is well supported at \$1,250 and everyone is waiting for the elections and the prices are just moving according to the dollar.
- An interest rate hike by the U.S. Federal Reserve has been already factored in the prices. Even if they raise rates gold will not go down steeply. Fed policymakers have heavily tipped that the central bank will raise U.S. rates in December.
- The dollar index, which measures the greenback against a basket of currencies, was up 0.2 percent at 98.505. It touched a new seven-month high of 98.564 today. 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.
- Meanwhile, the European Central Bank on Thursday left interest rates unchanged, maintaining the parameters of its 1.74 trillion euro (\$1.95 trillion) asset buying scheme. Ultra-low rates tend to support gold, though that is often offset by a weaker euro. The single currency fell to its lowest since March against the dollar today.
- Data on Thursday appeared to indicate an improving U.S. economy that would support a rate hike later this year. Home resales surged in September after two straight months of declines. Other data showed a bigger-than-expected increase in the number of Americans filing for unemployment benefits last week, but the trend continued to suggest that the labour market remains strong.

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 dropped approximately 2% on Thursday giving back nearly all of Wednesday's gains in the wake of the larger than expected draw reported by both the EIA and API on Wednesday. Prices settled off their lows, after testing the 52 level on Wednesday.

Support is seen near the 10-day moving average at 49.55, while resistance is seen near Wednesday's highs at 52.22. Momentum is flat as the MACD (moving average convergence divergence) index prints near the zero index level with a flat trajectory which reflects consolidation. The RSI (relative strength index) is reflecting divergence. As prices hit a fresh high, momentum did not. This is a reflection of decelerating positive momentum, and could foreshadow a correction in price action. I believe that this market probably continues to be very difficult to trade from a longer-term perspective.

Pivot:	51.15		
Support	50.88	50.53	50.11
Resistance	51.60	51.92	52.17

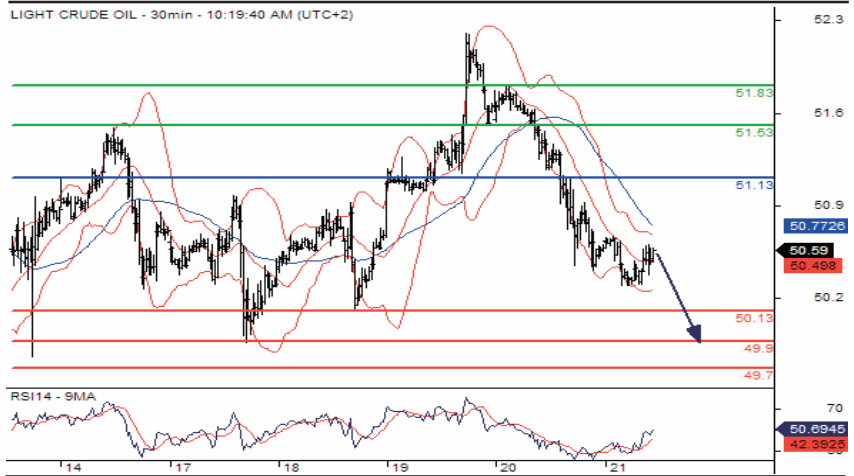
Highlights

- Crude futures fell today in Asian session, weighed down by a strengthening dollar
- Russia said that it could increase its production if demand requires
- Crude futures for delivery in November was last traded at \$50.36 a barrel, down \$0.57 in the Globex electronic session
- The Dollar Index, was last up 0.16% at 88.49 today in Asian trading
- Oil prices have fallen for the past two days after U.S oil prices hit a fresh one-year high in Wednesday

Crude - Technical Indicators

RSI 14	59.85
SMA 20	49.94
SMA 50	47.17
SMA 100	46.15
SMA 200	44.74

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices settled down more than 2 percent yesterday, as a resurgent dollar encouraged players to take profit on the previous day's rally that sent U.S. crude to 15-month highs.
- The dollar hit seven-month highs against a basket of currencies .DXY and a three-month peak versus the euro EUR= after the European Central Bank kept interest rates unchanged and U.S. data showed home resales surged in September.
- WTI's December contract, slid \$1.19 to settle at \$50.63. On Wednesday, oil rallied after the U.S. government reported an unexpected drawdown of more than 5 million barrels in weekly crude stockpiles that drove WTI's November contract to a 15-month high of \$51.93.
- This is predominately being driven by the dollar's strength. It's also to do with the dust settling on yesterday's report and the realization that it wasn't quite as bullish.
- Some market participants noted that despite the crude drawdown, the EIA also reported an unexpected build of 2.5 million barrels in gasoline stockpiles instead of the drop that was forecast.
- There was also growing skepticism about the Organization of the Petroleum Exporting Countries' (OPEC) upcoming plan to limit production. The comments Organization of the Petroleum Exporting Countries talking with Russia about whether they can increase their production levels, is putting into doubt whether there is going to be an agreement.
- Despite yesterday's drop, oil prices are still up about 13 percent since OPEC announced on Sept. 27 its first planned output cut in 8 years to rein in a global glut that halved prices from mid-2014 highs above \$100 a barrel. Looking ahead, attention turns towards the rigs count report for fresh insights oil prices.

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 during the course of the session on Thursday, as we continue to bounce around in a fairly consolidative area. I believe that the \$18 level will continue to be massively resistive, but I also recognize that the \$17 level below is massively supportive. Ultimately, I believe that the market looks as if it is fairly well supported underneath, so I think that we are about to bounce and the perhaps what we are seeing right now is a bit of stabilization in a market that has been oversold recently. Putting the dollar to the side, silver has a lot of resistance to contend with before it can be considered in the clear for a move higher. It's presently attempting to trade above the lower parallel we have been discussing. The 10/14 swing low could be a higher low situation from the 10/7 swing low, but, again, silver has its work cut out with levels coinciding above.

Pivot:	17.63		
Support	17.48	17.35	17.27
Resistance	17.82	18.00	18.18

Highlights

- Unlike gold, silver looks as though both its near and long-term bias could be rather bearish going forward
- The ECB left all main interest rates on hold following the latest policy meeting, which had little overall market impact
- U.S jobless claims were higher than expected at 260,000 in the latest week
- Philadelphia Fed index reading was above expectations at 9.7 from 12.8 the previous month
- Silver moved back above \$17.70 before encountering further renewed selling interest

Silver - Technical Indicators

RSI 14	35.67
SMA 20	17.86
SMA 50	18.66
SMA 100	19.15
SMA 200	17.77

Silver Daily Graph



Fundamentals

- Silver consolidated in relatively narrow ranges during the Asian and early European sessions yesterday with resistance on approach to \$17.70. There were choppy trading conditions surrounding the ECB press conference on with fresh 3-month lows for EUR/USD proving decisive in dragging silver prices lower during the US session.
- As expected, the ECB left all main interest rates on hold following the latest policy meeting, which had little overall market impact. The US data releases failed to provide any major momentum with jobless claims higher than expected at 260,000 in the latest week from 247,000 previously.
- While the September Philadelphia Fed index reading was above expectations at 9.7 from 12.8 the previous month with robust confidence in the six-month outlook.
- There was high volatility during ECB President Draghi's press conference with EUR/USD initially rallying strongly on his comments that an extension of the bond-buying programme had not been discussed. As the dollar lost ground, there was fresh support for precious metals as gold tested daily highs.
- Silver moved back above \$17.70 before encountering further renewed selling interest. Subsequent comments from Draghi that an abrupt tapering of bond purchases was unlikely triggered a reversal with markets then switching to deciding that the ECB would announce further stimulus measures at the December meeting.
- There was choppy trading in bond markets, but the weaker Euro was a key negative factor for precious metals. As gold moved significantly lower, silver also rapidly lost support. There was a slide to below the \$17.50 level before stabilisation with sellers still struggling to gain the upper hand. Calendar events will probably not have a major impact today.

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

Friday, October 21, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Oct 21	06:45	China MNI October Business Indicator	Medium	52.2		55.8
Fri Oct 21	07:00	New Zealand Credit Card Spending (YoY) (SEP)	Medium	8.2%		2.0%
Fri Oct 21	13:30	U.K Public Finances (PSNCR) (Pounds) (SEP)	Medium	13.3b		0.7b
Fri Oct 21	13:30	U.K Public Sector Net Borrowing (Pounds) (SEP)	Medium		8.5b	10.1b
Fri Oct 21	13:30	U.K PSNB ex Banking Groups (SEP)	Medium	10.6b	8.5b	10.5b
Fri Oct 21	17:30	Canada Retail Sales (MoM) (AUG)	Medium			-0.1%
Fri Oct 21	17:30	Canada Consumer Price Index (YoY) (SEP)	High		1.4%	1.1%
Fri Oct 21	19:00	Euro-Zone Consumer Confidence (OCT)	Medium		-8	-8.2
Fri Oct 21	22:00	Baker Hughes U.S Rig Count (OCT 21)	Medium			

Source: Forex Factory, DailyFX

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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