

Gold

Technical

Gold prices reversed Tuesday rise, and appear to have held support levels near the 10-day moving average near 1,263. Resistance on the yellow metal is seen near the weekly highs at 1,276. U.S. yields increased on Wednesday, taking the shine off the yellow metal. Momentum has recently turned positive as the MACD 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 MACD index moved from negative to positive territory confirming the buy signal. The index is now printing in the black with an upward sloping trajectory which is pointing to higher prices for gold. The RSI (relative strength index) has moved higher from oversold territory and is printing a reading of 41, which is on the lower end of the neutral range.

Pivot:	1,266		
Support	1,260	1,256	1,252
Resistance	1,276	1,281	1,285

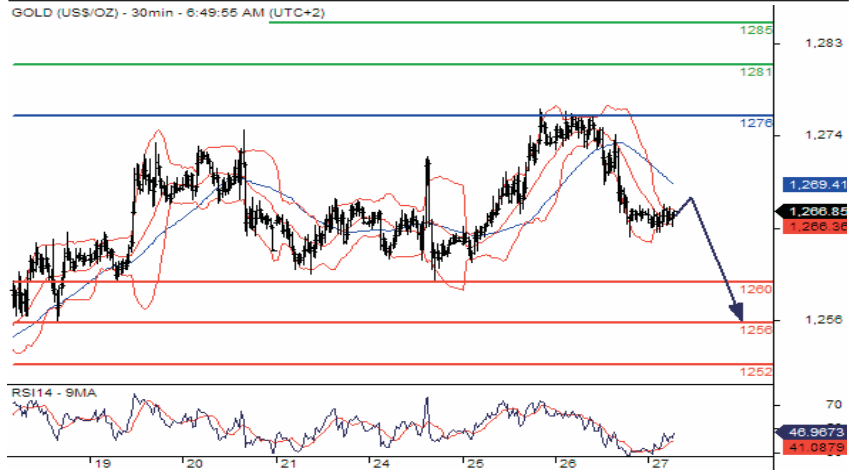
Highlights

- Gold futures retreated from their highest levels in three weeks yesterday, giving back most of what they gained a day earlier
- Prospects for higher U.S interest rates putting pressure on prices
- December gold fell \$7, or 0.6%, to settle at \$1,266.60 an ounce after tapping an intraday high above \$1,277
- A higher Dollar leaves commodities less desirable to purchase using another currency
- Looking ahead, the big data pthis week is Friday's GDP report for the third quarter

Gold - Technical Indicators

RSI 14	46.80
SMA 20	1,361.96
SMA 50	1,299.70
SMA 100	1,320.14
SMA 200	1,287.88

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices stayed held steady in today's trading session. Physical demand ahead of the festival season in India helped gold prices stay afloat today amid a firm dollar, while markets awaited more direction on a rate hike from the U.S. Federal Reserve.
- Gold is expected to gain over the next few days on account of festival buying in India, the world's second-largest consumer of the bullion. The metal is traditionally given as a gift during festivals such as Dhanteras and Diwali.
- Physical demand from Asia continues to underpin the market at present, with gold continuing to consolidate for the time being between \$1,250-75. Spot gold was up 0.2 percent at \$1,268.90 an ounce. U.S gold futures were up about 0.2 percent at \$1,269.60 per ounce.
- While the Indian physical buying is supporting prices, the liquidation of longs last week has put some break on the upside movement and gold prices will stay within \$1,260-\$1,280 range for the time being.
- The dollar is a bit stronger and there is no sign of gold going above \$1,300 and we are seeing some liquidations in the ETFs. SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings fell 1.49 percent to 942.59 tonnes yesterday.
- The markets are waiting for the FOMC meeting next week and (the U.S. presidential) elections. The Federal Reserve is expected to raise interest rates three times by the end of 2017, Chicago Fed President Charles Evans said earlier in the week, which had sent the dollar rallying to nine-month highs on Monday.
- The market will look to the third quarter U.K. GDP data and data from the U.S. due later in the day for the latest economic clues. The Bank of Japan is likely to abstain from expanding stimulus next 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	
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 moved lower on Wednesday following mixed reports on inventories. Prices are poised to test support near the 50-day moving average at 48.31. Resistance is seen near the 20-day moving average at 50.35. Momentum has turned lower as the MACD (moving average convergence divergence) index recently generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread. On the inventory front, U.S. commercial crude oil inventories decreased by 0.6 million barrels from the previous week, which compared to expectations of a 1-million-barrel build. The API reported a 5.2 million build. Ultimately, I think that we will continue to see a lot of volatility regardless what happens if you are going to have to be able to deal with.

Pivot:	49.23		
Support	48.85	48.30	47.62
Resistance	50.35	51.00	51.50

Highlights

- Oil prices are recovering after worse than expected US oil inventories
- US crude fell back below \$50 a barrel yesterday, amid fears that Russia could scupper an OPEC supply cut
- U.S oil inventories showed a 55,000 fall in weekly supply, versus analysts expectations of a 2 million increase
- Investors remain uncertain whether OPEC can implement an agreement to cut production
- U.S crude oil gained 10 cents to \$49.28 today in Asian trading session

Crude - Technical Indicators

RSI 14	50.58
SMA 20	50.32
SMA 50	47.39
SMA 100	46.24
SMA 200	45.08

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil traded higher today in Asian trading session as a further drop in U.S crude inventories countered investor doubts that OPEC will be able to implement a production cut.
- Crude inventories posted an unexpected drop of 553,000 barrels last week, and stocks of gasoline and distillates fell more than expected, raising hopes that a long-awaited market rebalancing is finally under way. U.S crude gained 10 cents to \$49.28.
- The global stock overhang must be reduced in order to see higher prices. Whilst such reduction is largely in the hand of OPEC, the re-balancing is already taking place in the U.S.
- The market was keeping an eye on escalating protests in Venezuela against the rule of President Nicolas Maduro, although there was no sign of any impact on the OPEC member's oil output. Venezuelan production has been falling this year as low prices hit investment.
- Doubts about the Organization of the Petroleum Exporting Countries' supply cut deal weighed on the market. OPEC agreed last month its first deal to restrain output in eight years to boost prices. But Iraq on Sunday called for Baghdad to be exempt, adding to the list of members seeking special treatment.
- Investors remain uncertain as to whether OPEC can implement the tentative agreement to cut production. A technical meeting at OPEC's headquarters on Friday, and with officials from non-OPEC countries on Saturday, is supposed to come up with recommendations on how to implement the supply cutback to the oil ministers' next meeting on Nov. 30.
- The OPEC plan is designed to speed up the removal of a supply glut that is keeping oil prices at less than half their level of mid-2014, cutting exporters' income and leading to investment cuts by oil companies worldwide.

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 tried to rally on Wednesday but turned around and formed a slightly negative candle. Nonetheless, my analysis of silver has not changed at all, as I believe we are simply trying to build up enough momentum to break out to the upside. A move above the \$17.90 level signifies that we are going to grind up towards the \$18.50 level. Supportive candles below could be used as buying opportunities for short-term traders. It is not until we break down below the \$17 level that I am willing to sell silver at this point in time. We will need to wait for the break before running with either side of the tape. A break lower will be in line with the path of least resistance and quickly put pressure on 17.11. A break higher will likely prove difficult until silver can trade above resistance. In the event it does, we would look to the 8/29 low at 18.40 as the next level to achieve.

Pivot:	17.58		
Support	17.50	17.42	17.36
Resistance	17.76	17.88	18.00

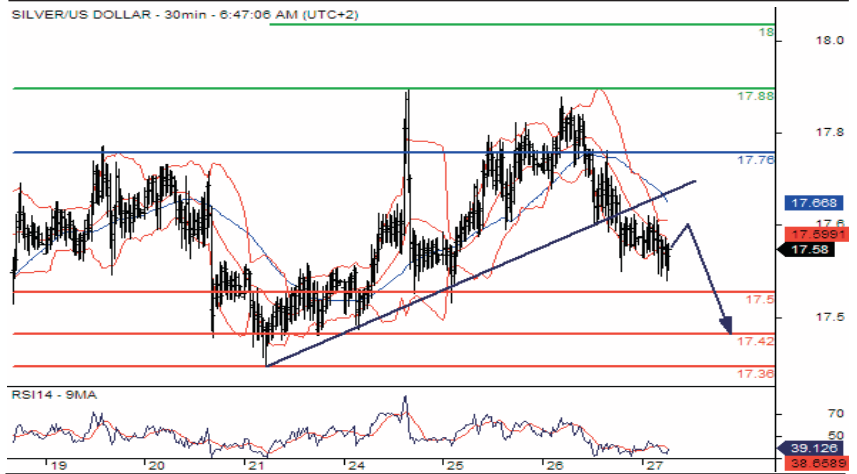
Highlights

- Silver was unable to extend gains with the combination of a Dollar recovery
- Asian demand faded slightly with silver unable to make further headway despite a cautious tone surrounding risk appetite
- The US economic data had a solid tone with the preliminary goods trade deficit declining to \$56.1bn from \$59.2bn the previous month
- The Markit PMI services index was stronger than expected with an increase to 54.8
- The new home sales data was slightly weaker than expected

Silver - Technical Indicators

RSI 14	43.08
SMA 20	17.58
SMA 50	18.56
SMA 100	19.18
SMA 200	17.82

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices reversed course yesterday and were on track to settle lower for the day, as investors geared up for US economic data that could provide clarity around monetary policy.
- December silver futures fell 10 cents, or 0.5%, to \$17.69 a troy ounce, reversing an earlier gain of 0.5%. The grey metal was trading near the session low of \$17.66.
- Silver has regained momentum this week amid signs of improved industrial demand and uncertainty around US monetary policy. This environment could make silver more attractive over the short-term.
- So-called valuation dislocations could also provide short-term opportunities for silver miners, which have recently pulled back from sharp rallies at the start of the year.
- Demand for the US dollar declined slightly, as markets awaited fresh trading catalysts. The dollar index fell 0.2% to 98.57. The US government will release data on durable goods orders and third quarter gross domestic product Thursday and Friday respectively. The GDP report is expected to show stronger economic growth in the September quarter, which could support the case for higher US interest rates.
- The 30-day Fed Fund futures prices, which allow traders to bet on monetary policy, imply a 78.3% chance of a rate hike in December. The US economic data had a generally solid tone with the preliminary goods trade deficit declining to \$56.1bn from \$59.2bn the previous month as exports edged higher over the month and imports declined.
- The Markit PMI services index was stronger than expected with an increase to 54.8 for October from 52.3 and the highest reading since November 2015. The positive sentiment was curbed slightly by a subdued tone in employment.

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, October 27, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Oct 27	02:45	New Zealand Trade Balance (New Zealand dollars) (SEP)	Medium	-1436m	-1123m	-1265m
Thu Oct 27	13:30	U.K Gross Domestic Product (YoY) (3Q)	High	2.3%	2.1%	2.1%
Thu Oct 27	17:30	U.S Durable Goods Orders (SEP)	High		0.1%	0.1%
Thu Oct 27	17:30	U.S Durables Ex Transportation (SEP)	Medium		0.2%	-0.2%
Thu Oct 27	17:30	U.S Initial Jobless Claims (OCT 22)	Medium			260k
Thu Oct 27	17:30	U.S Continuing Claims (OCT 15)	Medium			2057k
Thu Oct 27	19:00	U.S Pending Home Sales (YoY) (SEP)	Medium			4.0%
Thu Oct 27	19:30	U.S EIA Natural Gas Storage Change (OCT 21)	Low			
Thu Oct 27	20:00	U.S Kansas City Fed Manf. Activity (OCT)	Low		3	6

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