

Gold

Technical

Gold markets continue to look very soft, but it is approaching a major support level in the \$1200 level. At this point, it's a bit difficult to decide where it is going next, but if it can break above the \$1215 level, it may get a nice snapback. Otherwise, it's all about the US dollar. It has lost over \$100 an ounce since the beginning of summer, and there's no signs of it letting out quite yet. However, if it can break above the \$1215 level, it could get a snapback rally to the \$1250 level. Right now, it has been relentless and there's no reason to think it's going to change in the short term. Because of this, it could break down to a fresh low again. Economists believe that a fresh new low would send this market towards the \$1100 level, and then possibly even the \$1000 level. However, if it get that rally, it could get a nice buying opportunity, it leads to the \$1250 level.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,201 | | |
| Support | 1,198 | 1,195 | 1,192 |
| Resistance | 1,204 | 1,209 | 1,212 |

Source: FX EMPIRE

Highlights

- Gold inched lower as the dollar stayed firm on expectations of rising interest rates amid lingering Sino-U.S trade tension
- The yellow metal was headed for its fifth straight monthly decline
- The dollar was boosted by data that showed U.S consumer spending increased in July
- The U.S Mint sold 21,500 ounces of American Eagle gold coins in August, down 38.6 percent from the previous month
- Greenback also tends to attract safe haven bids in times of market turmoil and political tensions,

Gold - Technical Indicators

| | |
|---------|---------|
| RSI 14 | 45.94 |
| SMA 20 | 1,219.5 |
| SMA 50 | 1,218.0 |
| SMA 100 | 1,218.2 |
| SMA 200 | 1,218.3 |

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold edged lower today, with prices breaking back below the psychological \$1,200 level as the dollar rose on the back of worries about escalating global trade tensions.
- Spot gold was down 0.3 percent at \$1,196.93 an ounce. U.S gold futures were down 0.4 percent at \$1,202.50 an ounce. The dollar index, which measures the greenback against a basket of currencies, was up 0.1 percent at 95.204.
- Markets are nervous about the escalating trade conflict between the United States and China, after U.S President Donald Trump said last week that he wanted to move ahead on a plan to impose tariffs on Chinese imports worth \$200 billion.
- Gold prices have fallen about 8 percent so far this year amid rising U.S interest rates, international trade disputes and the Turkish currency crisis, with investors preferring the dollar as a safe-haven.
- Hedge funds and money managers cut their net short positions in COMEX gold contracts in the week to Aug. 28 for the first time in more than a month, U.S Commodity Futures Trading Commission (CFTC) data showed on Friday.
- The U.S and China slapped 25% tariffs on \$16 billion worth of products on each other in late August, rattling markets, while Reports suggested that the Trump administration was prepared to impose tariffs on an additional \$200 billion of Chinese goods as soon as this week.
- Trump said on Saturday there was no need to keep Canada in the North American Free Trade Agreement and warned Congress not to meddle with the trade negotiations or he would terminate the trilateral trade pact altogether.

US Commodity Futures Trading Commission (CFTC) Data

| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|-------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/01/2017 | 337251 | 72353 | 82% | 120854 | 284003 | 30% | 49448 | 31277 | 61% | 384,974 |
| 12/08/2017 | 340748 | 74460 | 82% | 115571 | 287002 | 29% | 51148 | 36,819 | 61% | 450555 |
| 12/15/2017 | 291266 | 84634 | 77% | 116493 | 311865 | 27% | 53520 | 32958 | 62% | 499110 |
| 12/12/2017 | 274589 | 77454 | 77% | 118610 | 304141 | 28% | 49810 | 33791 | 60% | 493086 |
| 12/29/2017 | 295688 | 67069 | 82% | 127081 | 327075 | 28% | 51562 | 30399 | 63% | 510579 |

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market pierced the \$70 level but gave back the gains towards the end of the week. There is still significant resistance closer to the \$71 level, so at this point it will need to make some type of decision once we get there. One of the main problems with this market right now is US dollar strength and of course the negotiations between the United States and Canada, which are taking longer than most people thought. However, looking at this chart it certainly looks as if there is an upward proclivity, so it's only a matter of time before it do break out. Brent markets struggled to break above the \$78 level but did finish the week bullish. The market looks as if it is trying to reach towards the \$79 level, and then by extension the \$80 handle. The uptrend line underneath continues to support this market, and although things have been a bit choppy as of late.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 69.88 | | |
| Support | 69.55 | 69.35 | 68.95 |
| Resistance | 70.00 | 70.30 | 70.50 |

Source: FX EMPIRE

Highlights

- Oil prices dipped today on rising output from OPEC, while looming U.S sanctions on Iran also remained in focus
- Iran is the third-biggest producer in the OPEC, supplying around 2.5 million barrels per day
- Oil investors are likely to stay focused on potential disruptions to global crude supplies in the upcoming week
- Market believes, escalating trade dispute is likely to become more intense in the coming months
- U.S may eventually target the entire \$500 billion in Chinese exports to the U.S

Crude - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 46.01 |
| SMA 20 | 67.75 |
| SMA 50 | 67.75 |
| SMA 100 | 67.83 |
| SMA 200 | 67.75 |

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices steadied today, weighed down by rising supply from OPEC and the United States but supported by concerns that falling Iranian output will tighten markets once U.S sanctions bite from November.
- Brent crude oil was up 20 cents at \$77.84 a barrel. U.S crude was unchanged at \$69.80. The two benchmarks have risen strongly over the last two weeks with Brent gaining around 10 percent on expectations.
- Output from the OPEC rose 220,000 barrels per day (bpd) in August to a 2018 high of 32.79 million bpd. Production was boosted by a recovery in Libyan production and as Iraq's southern exports hit a record.
- U.S drillers added oil rigs for the first time in three weeks, energy services firm Baker Hughes reported on Friday, increasing the rig count by 2 to 862. The high rig count has helped lift U.S crude oil production by more than 30 percent since mid-2016 to 11 million bpd.
- Investors are looking ahead to later this year when U.S sanctions are expected to curb exports from Iran, the third biggest producer in OPEC. Brent was supported by the notion that U.S sanctions on Iranian crude oil exports will eventually lead to constricted markets.
- Meanwhile, trade disputes between the United States and other major economies including China and the European Union are expected to hurt oil demand if they are not settled soon.
- China's manufacturing activity grew at the slowest pace in more than a year in August, with export orders shrinking for a fifth month and employers cutting more staff.

US Commodity Futures Trading Commission (CFTC) Data

| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/01/2017 | 458,206 | 105,441 | 81% | 560,983 | 925,531 | 38% | 82,700 | 70,917 | 54% | 1,598,935 |
| 12/08/2017 | 462,028 | 106,739 | 81% | 557,217 | 927,085 | 38% | 85,279 | 70,700 | 55% | 1,615,844 |
| 12/15/2017 | 454,829 | 123,816 | 79% | 571,328 | 916,651 | 38% | 87,594 | 73,282 | 54% | 1,619,796 |
| 12/12/2017 | 463,186 | 135,835 | 77% | 560,029 | 897,400 | 38% | 87,590 | 77,633 | 53% | 1,623,027 |
| 12/29/2017 | 473,506 | 133,457 | 78% | 558,910 | 898,363 | 38% | 79,121 | 79,717 | 50% | 1,613,293 |

Source: CFTC

Silver

Technical

Silver markets have broken decidedly below the \$15 level again, and now it looks as if it is testing the \$14.50 level. Beyond that, they are flat-out expensive. The \$14.50 level has been support more than once, so if it break down below there, it is going towards the next significant level, the \$14 handle. However, if it can break above the \$15 level, it could gain \$0.50, and then perhaps even move all the way to the \$17 level longer-term. However, this will not happen until it get the strength in the US dollar rolling over, something that doesn't look ready to happen quite yet. However, losing a dollar on 10 contracts is an entirely different conversation. Silver is a very dangerous market to play in large quantities. \$14 has caused a major bounce recently, so it has to see whether or not history repeats itself.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 14.51 | | |
| Support | 14.44 | 14.37 | 14.26 |
| Resistance | 14.60 | 14.70 | 14.75 |

Source: FX EMPIRE

Highlights

- Silver prices settled down 0.13% at \$14.575 a troy ounce
- Higher U.S rates raise the opportunity cost of holding silver, which yields no interest and can cost money to store and insure
- A rise in U.S rates lifts the opportunity cost of holding silver as it pays no interest
- Dollar-priced silver often trades inversely with the dollar, as moves in the U.S unit can influence the attractiveness of the commodities to holders
- A stronger dollar makes silver more expensive for holders of foreign currency

Silver - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 46.94 |
| SMA 20 | 15.44 |
| SMA 50 | 15.41 |
| SMA 100 | 15.41 |
| SMA 200 | 15.41 |

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver futures declined off August 15 highs for the fourth session out of five, as the dollar index traded mostly flat in Asia while the US market shuts down for the Labor Day bank holiday.
- Silver futures due in December shed 0.39% to \$14.50 an ounce, while the dollar index barely inched down to 95.13 against a basket of major currencies. Concerns over trade tensions and emerging market turmoil will also remain in focus.
- Concerns over the global trade dispute triggered by the US administration's protectionism are still weighing on metals and various commodities, with President Donald Trump threatening last week to leave the World Trade Organization.
- Markets are also pricing in the impending end of the public comment period on US proposals to impose 25% additional tariffs on \$200 billion worth of Chinese products, to be imposed by the end of the month if nothing changes.
- It's worth mentioning that US-China trade talks conducted last week failed to stop new 25% US tariffs on \$16 billion worth of Chinese imports, with Chinese retaliating with similar measures, escalating a long-standing trade dispute between the world's two largest economies.
- The non-farm payrolls report for August is due out on Friday and is expected to show that the economy added 190,000 jobs while the unemployment rate ticked lower.
- Investors have also shunned the precious metal despite an escalation in global trade tensions, indicating that gold may be losing its safe haven status. While US negotiators didn't manage to reach a free trade deal with their Canadian counterparts last week as hoped.

US Commodity Futures Trading Commission (CFTC) Data

| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/01/2017 | 42,097 | 29,999 | 58% | 56,157 | 75,843 | 43% | 23,121 | 15,533 | 60% | 132,501 |
| 12/08/2017 | 42,083 | 27,402 | 61% | 54,280 | 79,052 | 41% | 24,963 | 14,872 | 63% | 132,475 |
| 12/15/2017 | 41,285 | 23,950 | 63% | 53,875 | 79,404 | 40% | 23,378 | 15,184 | 61% | 131,294 |
| 12/12/2017 | 41,287 | 24,798 | 62% | 58,869 | 83,678 | 41% | 21,523 | 13,203 | 62% | 136,158 |
| 12/29/2017 | 41,334 | 26,466 | 62% | 60,600 | 84,551 | 42% | 21,666 | 13,583 | 61% | 139,468 |

Source: CFTC

Commodity News

Monday, Sep 03, 2018



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Mon Aug 03 | 03:30 | AUD AiG Performance of Manufacturing Index (AUG) | Medium | 56.7 | | 52 |
| Mon Aug 03 | 03:45 | NZD Terms of Trade Index (QoQ) (2Q) | Medium | 0.6% | 1.0% | -1.9% |
| Mon Aug 03 | 06:00 | AUD TD Securities Inflation (YoY) (AUG) | Medium | 2.1% | | 2.0% |
| Mon Aug 03 | 06:30 | AUD Retail Sales (MoM) (JUL) | Low | 0.0% | 0.3% | 0.4% |
| Mon Aug 03 | 06:45 | CNY Caixin China PMI Manufacturing (AUG) | Medium | 50.6 | 50.7 | 50.8 |
| Mon Aug 03 | 10:40 | JPY BOJ Kuroda Speaks at Stock Future 30 Years Anniversary in Tokyo | High | | | |
| Mon Aug 03 | 12:15 | CHF Retail Sales Real (YoY) (JUL) | Medium | -0.3% | | 0.3% |
| Mon Aug 03 | 12:30 | CHF PMI Manufacturing (AUG) | Medium | 64.8 | 61 | 61.9 |
| Mon Aug 03 | 13:30 | GBP Markit UK PMI Manufacturing s.a. (AUG) | Medium | 52.8 | 53.9 | 53.8 |

Source: Forex Factory, DailyFX

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