

Commodity News

Friday, September 30, 2016



Gold

Technical

Gold prices initially moved lower in yesterday's trading session following the stronger than expected U.S. GDP report, but rebounded during the North American afternoon as renewed concerns over Deutsche Bank appears. U.S. equities moved south, buoying the price of the yellow metal. Resistance is seen near the 10-day moving average at 1,325, while support is seen near the September lows at 1,306. Momentum is neutral as the MACD (moving average convergence divergence) index prints in the black with a flat trajectory that points to consolidation. U.S. revised Q2 GDP growth up to 1.4%, fractionally shy of expectations, versus the prior 1.1% pace and 1.2% in the Advance report. GDP posted growth rates of 0.8% and 0.9% in Q1 and Q4 2015, respectively. For Q2, consumption was nudged down to 4.3% from 4.4% in the second report.

Pivot:	1,325		
Support	1,320	1,315	1,312
Resistance	1,333	1,337	1,342

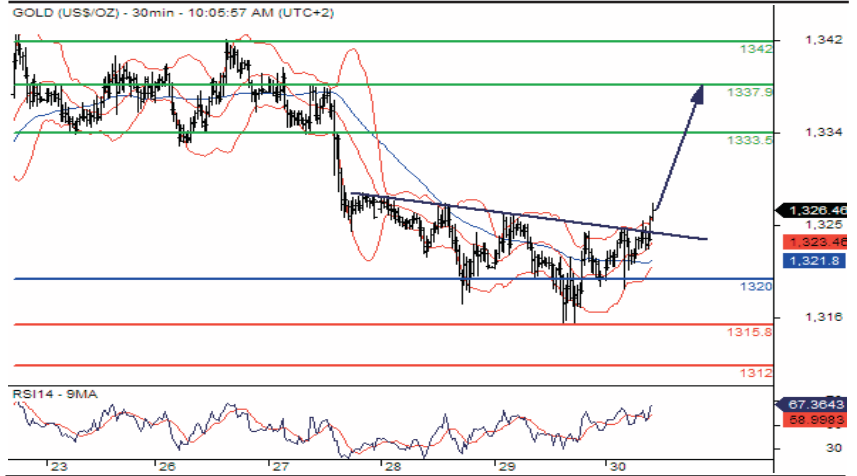
Highlights

- Gold futures staged a turnaround settling higher as a drop in U.S equities boosted the investment appeal of the precious metal
- Gold rose \$2.30, or 0.2% an ounce after tapping earlier lows under \$1,320
- Prices had tallied losses of roughly 1.6% over the past two trading sessions
- The Dollar Index was up 0.2% as markets looked to recent and upcoming commentary from Federal Reserve officials
- Fed remarks so far this week have mostly pointed to a December U.S rate increase

Gold - Technical Indicators

RSI 14	48.82
SMA 20	1,326.07
SMA 50	1,331.72
SMA 100	1,323.99
SMA 200	1,279.98

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold edged up today as equities fell on worries over the stability of Deutsche Bank, but a firmer dollar capped gains. Spot gold rose 0.3 percent to \$1,323.70 an ounce. The yellow metal was however on track to end the week down nearly one percent. Gold has gained one percent so far in the month and is likely to end flat over the three-month period.
- Deutsche Bank shares slumped to a record low after Bloomberg reported that trading clients had withdrawn excess cash and positions held in the largest German lender.
- Concerns over Deutsche Bank are helping to provide an underlying level of support for gold. Asian stocks extended losses on Friday as worries about the health of Deutsche Bank weighed on financial shares and as oil prices inched back from near-one month highs on scepticism over OPEC's new plan to curb output.
- Gold is probably going to trade sideways for some time as the charts were providing mixed signals. If stocks aren't doing well then we might see a little support for gold.
- U.S. economic growth was less sluggish than previously thought in the second quarter as exports grew more than imports and businesses raised their investments.
- However, contracts to buy previously owned U.S homes dropped in August to the lowest level since January. When positive data is released, investors raise bets on a U.S. interest rate hike, which would increase the opportunity cost of holding non-yielding bullion.
- Any downward move in global equity markets in light of higher interest rates and over stretched equity valuations could result in a renewed move higher for gold, a stronger dollar could keep any over sized rallies somewhat in check.

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 higher on Thursday as traders continued to absorb the news that OPEC had agreed on a production cap at 32.5 million barrels a day. This would theoretically reduce the number of barrels produced by 700K barrels a day. If this really occurs, OPEC will have shifted its strategy to one of price protection as opposed to gaining market share. Resistance is seen near a downward sloping trend line that connects the highs in May to the highs in August and comes in near 48.10. Support is seen near the 10-day moving average at 45.29. Momentum has 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 index moved from negative to positive territory confirming the buy signal.

Pivot:	47.24		
Support	46.60	45.95	45.15
Resistance	48.35	49.00	49.50

Highlights

- Crude-oil futures eased today as investors cashed in their recent gains
- Organization of the Petroleum Exporting Countries would carry out a production cut deal it tentatively agreed to on Wednesday
- Crude futures for delivery in November traded at \$47.50 a barrel, down \$0.33, or 0.7%, in the Globex electronic session
- Oil prices have risen more than 7% over the past two sessions
- Russia's willingness to go along with the deal is a wild card factor

Crude - Technical Indicators

RSI 14	58.08
SMA 20	45.35
SMA 50	45.30
SMA 100	45.94
SMA 200	42.95

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices fell today as investors cashed in on a 6-percent rise in just one day after OPEC members agreed to reduce output for the first time in eight years to stifle a two-year price slide.
- U.S crude was down 69 cents at \$47.14 a barrel, but still nearly five percent higher than levels seen before the OPEC agreement on Wednesday. We're seeing some profit-taking because it is a long time until the next OPEC meeting in November when individual quotas have to follow.
- The Organization of the Petroleum Exporting Countries (OPEC) agreed on Wednesday to cut output to 32.5-33.0 million barrels per day (bpd) from around 33.5 million bpd, estimated by Reuters to be the output level in August.
- The details, including the quotas for each member and the implementation data, will be finalized at OPEC's policy meeting in November. The group surprised us in Algiers and we cannot rule out that they will surprise us again. However, we maintain our view that a collective cut will have little impact on a fundamental level.
- A persistent oil supply glut brought prices from mid-2014 highs above \$100 a barrel to below \$50 today, prompting the oil producers' group to find agreement on limiting output.
- The United States, now the world's biggest oil producer but not a member of OPEC, said it had little faith in the deal leading to higher prices in the long term. Amos Hochstein, the U.S. energy envoy, said in a Reuters interview the deal will either lead to higher U.S. production and trigger another price fall or allow U.S. producers to expand market share.
- Investors are bracing for further oil price swings ahead of the organization of petroleum countries in November meeting. We are likely to see some volatility going into November's meeting.

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 went back and forth during the course of the session on Thursday, trying to break down but giving up most of the gains. However, we have clear the top of the hammer that formed a bit of a “higher lows” and as a result it’s likely that the market will continue to grind its way higher, so I am bullish of silver but I also recognize that there is quite a bit of difficulty ahead, but with a slightly bullish bias overall. Selling isn’t even a thought at this point in time I believe that the 18.50 level below is massively supportive, just as the \$19 level is. As the price of silver continues to oscillate back-and-forth between intersecting lines of support and resistance, trading opportunities remain left to only the very short-term minded. If the expected path of further convergence before an upside breakout is to be paved, then the downside in silver from here should be limited.

Pivot:	19.16		
Support	18.96	18.83	18.65
Resistance	19.38	19.55	19.65

Highlights

- After finding support on approach to \$19.00 per ounce in late European trading on Wednesday, silver rallied steadily later
- US data did not have a major impact, with a slightly stronger than expected upwards revision to the final second-quarter GDP
- The jobless claims data was better than expected with a small increase
- Trade account data was also better than expected with a monthly gain in exports
- The US economic data releases will be watched closely today

Silver - Technical Indicators

RSI 14	49.36
SMA 20	19.26
SMA 50	19.36
SMA 100	19.10
SMA 200	17.53

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were little changed yesterday and were on track for a weekly decline, as a firmer US dollar continued to undermine short-term appeal for precious metals.
- December silver futures edged up 2 cents, or 0.1%, to \$19.15 a troy ounce on the Comex division of the New York Mercantile Exchange. Prices fluctuated within a daily range of \$19.05 and \$19.46. The grey metal has already declined more than 3% for the week.
- The US dollar was trading at one-week highs against a basket of other major currencies. The US currency has remained relatively steady since the Fed voted to leave interest rates unchanged last week.
- The greenback rebounded against the Japanese yen, with the USD/JPY advancing 0.8% to 101.47. A stronger dollar lessens the appeal of precious metals, which are priced in greenbacks.
- Precious metals have succumbed to buying fatigue in recent weeks, as investors continue to speculate about monetary policy, economic growth and the upcoming US presidential elections. Without a clear market catalyst, gold and silver are expected to remain within a predictable range.
- In economic data, German inflation rose in September, offering signs that Europe’s largest economy was regaining momentum. The consumer price index (CPI) rose 0.7% in the 12 months through September, preliminary state data showed on Thursday. That followed only a 0.4% pickup the previous month.
- Later in today’s trading session the US Commerce Department will also release core PCE inflation data, the Federal Reserve’s preferred measure of consumer price changes. The European Commission will also report on euro-wide inflation 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, September 30, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Sep 30	10:00	JPY Housing Starts (YoY) (AUG)	Medium	2.5%	7.2%	8.9%
Fri Sep 30	11:00	EUR German Retail Sales (YoY) (AUG)	Medium	3.7%	1.8%	-1.5%
Fri Sep 30	13:30	GBP Gross Domestic Product (YoY) (2Q)	Medium	2.1%	2.2%	2.2%
Fri Sep 30	14:00	EUR Euro-Zone Consumer Price Index - Core (YoY) (SEP)	High	0.8%	0.9%	0.8%
Fri Sep 30	17:30	USD Personal Income (AUG)	Medium		0.2%	0.4%
Fri Sep 30	17:30	USD Personal Spending (AUG)	Medium		0.1%	0.3%
Fri Sep 30	17:30	CAD Gross Domestic Product (YoY) (JUL)	High		1.0%	1.1%
Fri Sep 30	19:00	USD U. of Michigan Confidence (SEP)	Medium		90	89.8
Fri Sep 30	22:00	USD Fed's Kaplan Speaks in Dallas	High			

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