

## Gold

### Technical

Gold prices tumbled as traders sold the yellow metal ahead of the Yellen speech that is scheduled for Friday in Jackson hole Wyoming. Traders are leery that the Fed Chair will give a hawkish speech setting the stage for a rate hike later in 2016. Higher rates are generally good for the dollar and negative for gold, which trades like a currency relative to the U.S. dollar. Prices tested resistance early near the 10-day moving average at 1,340, and then dropped 18 dollars per ounce. Support is seen near the August lows near 1,311. Momentum has turned negative as the MACD (moving average convergence divergence) index 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. The index is printing in the red with a downward sloping trajectory which points to lower prices.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,326 |       |       |
| Support    | 1,321 | 1,315 | 1,310 |
| Resistance | 1,335 | 1,340 | 1,345 |

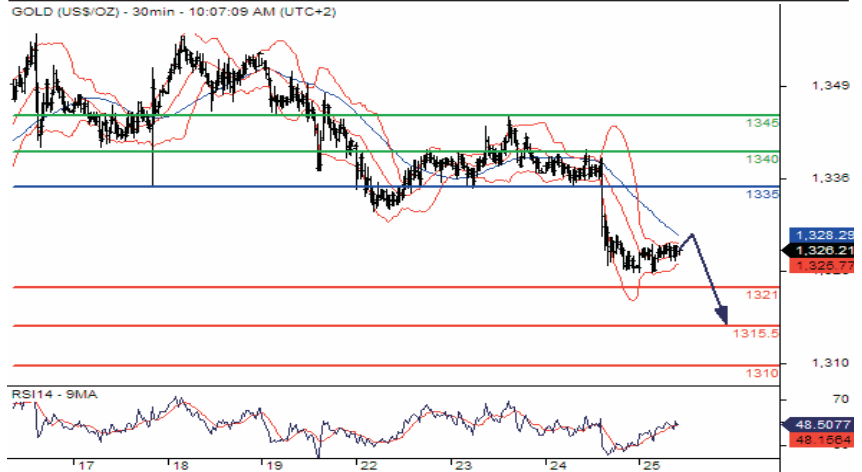
### Highlights

- Gold fell 1 percent to a four-week low yesterday as the dollar strengthened
- Markets looking ahead to a speech by Fed Chair Janet Yellen that will be closely watched for further clues on U.S. interest rate policy
- Yellen is scheduled to address a meeting of central bankers in Jackson Hole tomorrow
- Rising U.S. interest rates increase the opportunity cost of holding non-yielding bullion and boost the dollar, in which gold is priced
- U.S gold futures for December delivery settled down 1.2 percent at \$1,329.70

### Gold - Technical Indicators

|         |          |
|---------|----------|
| RSI 14  | 52.45    |
| SMA 20  | 1,346.70 |
| SMA 50  | 1,336.18 |
| SMA 100 | 1,298.07 |
| SMA 200 | 1,236.30 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold today held slightly above a four-week low touched in the previous session as the dollar lost some strength ahead of a speech by Federal Reserve Chair Janet Yellen that may yield clues on U.S. interest rate policy.
- Yellen is scheduled to address a meeting of central bankers in Jackson Hole, Wyoming, on Friday, and recent comments from Fed policymakers have raised investors' expectations that she might adopt a less cautious tone on rates.
- Investors are positioning themselves largely on Yellen's speech with expectations that her message would be quite hawkish in terms of the outlook for the U.S. economy and the possibility of a rate hike.
- Gold will be in a defensive mode for today and tomorrow as there aren't many market-moving data points apart from what Yellen is going to say. Any hawkish comments could turn gold prices bearish next week.
- Rising U.S. interest rates typically increase the opportunity cost of holding non-yielding bullion and boost the dollar, which makes it more expensive to buy gold for those holding other currencies.
- Spot gold was up nearly 0.2 percent at \$1,325.30 an ounce. The metal touched a 4-week low of \$1,323.20 yesterday on a firm dollar. U.S. gold was nearly flat at \$1,328.90 an ounce.
- The dollar index, which tracks the greenback against a basket of six major currencies, was down slightly at 94.754. The dollar has swayed back and forth over the past week as investors have gauged the chances of a near-term Fed rate hike.
- U.S. home resales gave a mixed picture on the world's largest economy, falling more than expected in July after four straight months of strong gains, as a lack of inventory limited choice for buyers. But further price gains also suggested the housing market remained on solid ground.

### 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

Crude oil prices dropped on Wednesday following larger than expected builds in crude oil inventories reported by both the Department of Energy and the American Petroleum Institute. Brent crude prices were also lower on the day. Prices fell to support levels near the 10-day moving average at 46.73. Resistance is seen near the August highs at 49.35. Momentum has turned negative as the MACD trajectory turned negative despite a reading from the index that is in positive territory. U.S. commercial crude oil inventories increased by 2.5 million barrels from the previous week, compared to expectations of a 0.5-million-barrel increase. Gasoline inventories remained unchanged last week, and while most analysts expected a small draw. Distillate fuel inventories increased by 0.1 million barrels last week and are near the upper limit of the average range for this time of year.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 46.85 |       |       |
| Support    | 45.81 | 45.00 | 44.00 |
| Resistance | 47.70 | 48.34 | 49.35 |

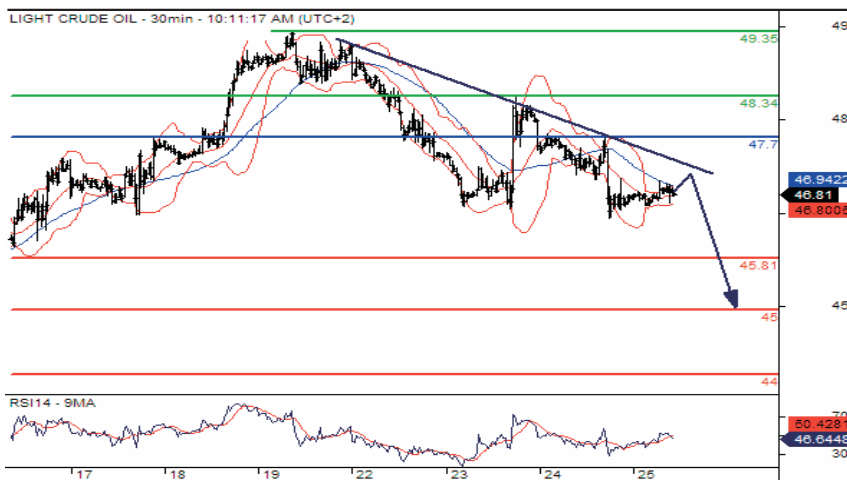
### Highlights

- Oil prices slid after inventory data showed U.S. stockpiles of oil at a record high
- U.S. commercial stockpiles of crude oil increased by 6.6 million barrels in the week ended Aug. 19 to a record 1.4 billion barrels
- The global glut of oil that has weighed on prices for two years has yet to fully shrink
- U.S. crude for October delivery fell \$1.33, or 2.8%, to \$46.77 a barrel
- Oil prices are up more than 10% this month, buoyed by anticipation on a deal to freeze production

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 67.33 |
| SMA 20  | 43.27 |
| SMA 50  | 45.27 |
| SMA 100 | 46.36 |
| SMA 200 | 40.76 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices slipped today U.S. light crude oil CLc1 was unchanged at \$46.77 a barrel, after dropping 2.8 percent on Wednesday, as the market focused on oversupply and fading hopes of a production freeze.
- Oil prices rose more than 20 percent in the first three weeks of August on talk of a potential deal by oil exporters to freeze production levels to try to support prices.
- Members of the Organization of the Petroleum Exporting Countries will meet on the sidelines of the International Energy Forum, which groups producers and consumers, in Algeria on Sept. 26-28. But hopes of a deal have been dampened by record OPEC output and few analysts see the prospect of voluntary restrictions.
- Speculators pushed the price up on expectations of an output freeze, which is unlikely to happen. U.S. investment bank Jefferies agreed, telling clients on Thursday that even if a freeze was agreed, "the effects on the physical market would appear to be minimal".
- With output near record levels from many of the top producers, and demand shaky, there seems little prospect of an end to the glut which has pulled down crude prices from over \$100 a barrel in 2014 to their current sub-\$50 levels. High storage levels are also weighing on the market.
- In the United States, commercial crude oil stocks rose by 2.5 million barrels to 523.6 million barrels, 16 percent higher than a year ago. In refined products, stocks around the world are also brimming as demand slows while refinery output remains high.
- Ample inventories were due to weaker demand in Asia, but more generally were driven by excess supply generated by refiners maximizing runs, notably to produce gasoline in the U.S.

### 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 during the course of the day on Wednesday, but turned right back around and fell towards the \$18.50 level. With this being the case, the market looks as if it is try to reach towards the \$18 level, which of course is an area that we broke out from several months ago. With this being the case, I think that market memory will come in the place and we should now form a bit of a supportive candle near that area that we can buy. In the meantime, I believe that silver drops to that region. Silver prices came under pressure at the start of the week as the US dollar stabilized ahead of a speech by Federal Reserve Chairwoman Janet Yellen on Friday. Yellen will make her speech at the annual Jackson Hole Symposium of central bankers and other policymakers, which begins today. Traders will sift through a deluge of economic reports today.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 18.62 |       |       |
| Support    | 18.26 | 18.00 | 17.85 |
| Resistance | 18.93 | 19.12 | 19.45 |

### Highlights

- A slightly firmer dollar maintained a negative tone surrounding silver with prices also pulled lower by a sharp dip in gold prices
- Silver prices were unable to make any fresh impression on resistance levels
- Overall sentiment remained cautious ahead of Friday's Fed Chair speech
- Dallas Fed President Kaplan stated that a rate increase was warranted if the favourable job trend continues
- Despite the relatively hawkish tone of Fed rhetoric, there was no significant shift in Fed Funds futures

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 42.18 |
| SMA 20  | 20.04 |
| SMA 50  | 19.61 |
| SMA 100 | 18.29 |
| SMA 200 | 16.62 |

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices traded near eight-week lows yesterday, as the market succumbed to renewed selling pressure. Silver for December delivery was trading near daily lows, falling 13 cents or 0.7% to \$18.94 a troy ounce. The futures price is on pace for another weekly decline.
- Since August 1, silver futures have plunged 8%. Precious metals were consolidating lower, as investors turned their attention to the economic data and an upcoming speech by Fed Chair Janet Yellen. December gold was also down \$4.40 or 0.3% at \$1,341.70 a troy ounce.
- The gold/silver ratio used by investors to determine when to buy and sell precious metals reached a daily high of 71.12. Gold's premium over silver is currently at its highest level since mid-July.
- The US dollar strengthened yesterday after trading sideways at the beginning of the week. The dollar index was up 0.1% at 94.66. In economic data, Germany's GDP growth was confirmed at 0.4% in the second quarter and 1.8% annually, the Federal Statistics Office said in a revised estimate. The economy had expanded 0.7% quarter-on-quarter in the first three months of the year.
- The United States and United Kingdom will each issue revised Q2 GDP figures on Friday. Another high profile release on the docket is US durable goods orders, which measures demand for manufactured goods meant to last three years or more. The Commerce Department today is expected to show a rebound in durable goods orders in July.
- U.S existing home sales data was slightly weaker than expected with an annual rate of 5.39mn for July from 5.57mn previously, although the slowdown appeared to be related to a lack of supply and contractual problems rather than a shortage of demand. Markets will be braced for volatile trading conditions on Thursday given the low level of trading volumes with position adjustment also likely to be important ahead of Fed's Yellen speech on Friday.

### 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, August 25, 2016



## Data Calendar

### Economic Data

| Date       | Time  | Event                                     | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Thu Aug 25 | 13:00 | EUR German IFO - Business Climate (AUG)   | Medium     | 106.2  | 108.5    | 108.3    |
| Thu Aug 25 | 13:00 | EUR German IFO - Current Assessment (AUG) | Medium     | 112.8  | 114.9    | 114.8    |
| Thu Aug 25 | 13:00 | EUR German IFO - Expectations (AUG)       | Medium     | 100.1  | 102.4    | 102.2    |
| Thu Aug 25 | 15:00 | GBP CBI Retailing Reported Sales (AUG)    | Low        | 9      | 0        | -14      |
| Thu Aug 25 | 17:30 | USD Durable Goods Orders (JUL)            | High       |        | 3.4%     | -3.9%    |
| Thu Aug 25 | 17:30 | USD Initial Jobless Claims (AUG 20)       | Medium     |        | 265k     | 262k     |
| Thu Aug 25 | 17:30 | USD Continuing Claims (AUG 13)            | Medium     |        | 2155k    | 2175k    |
| Thu Aug 25 | 18:45 | USD Markit US Services PMI (AUG)          | Medium     |        | 51.8     | 51.4     |
| Thu Aug 25 | 18:45 | USD Markit US Composite PMI (AUG)         | Medium     |        |          | 51.8     |

Source: *Forex Factory, DailyFX*

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