

Gold

Technical

Gold markets should continue to be very volatile, and I think we may drift a bit lower in the short term as the \$1325 level has been resistance. I believe that the market should give us an opportunity to sell the rallies in the short term, but longer-term I think that there are plenty of buyers underneath, especially near the \$1300 level, and then after that the \$1275 level. Ultimately, I think that longer-term traders will continue to pick up gold, but short-term traders are obviously playing in concert with what happens with the US dollar. The higher the US dollar, the lower the gold market. Eventually though, I anticipate that the market breaks above the \$1325 level, and then sends the market to the \$1350 level. If we break down below the \$1300 level, I think it's an opportunity to short for a very small trade. Ultimately, this is a market that I think is going to be very noisy in the range.

Pivot:	1,321		
Support	1,314	1,307	1,302
Resistance	1,327	1,332	1,339

Source: FX EMPIRE

Highlights

- Gold prices edged up as the Dollar eased a touch after last week's rally
- U.S gold futures were up 0.5 percent at \$1,321.70 per ounce today
- Investors will be watching for U.S consumer price data on Wednesday given it was fears of faster inflation
- Last week, the U.S Dollar recorded its strongest week against the currency basket in nearly 15 months
- Holdings of SPDR Gold Trust fell 0.68 percent to 820.71

Gold - Technical Indicators

RSI 14	45.56
SMA 20	1,268.2
SMA 50	1,251.1
SMA 100	1,268.3
SMA 200	1,278.8

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose today in European trading session as the U.S dollar slipped after last week's rally though investors are watching for inflation data from the United States later this week for signs of the intensity of expected U.S. interest rate increases.
- Spot gold was up 0.6 percent at \$1,323.63 per ounce. Last week, the precious metal fell 1.2 percent for its second consecutive weekly decline. U.S. gold futures for April delivery rose 0.8 percent to \$1,325.60 per ounce.
- Gold has picked up a little in the last 24 hours, as a hint of dollar weakness creeps back into markets. The dollar index, a measure of the greenback against a basket of six major currencies, dropped 0.38 percent to 90.096. Last week the index rose 1.4 percent because of a flight to safer assets amid a rout in global equity markets.
- A weaker greenback makes dollar-denominated gold less expensive for holders of other currencies. U.S. consumer price data will be released on Wednesday that should give clearer signs on the pace of inflation and with it the frequency of the anticipated interest rate rises. Concerns of rising inflation triggered the global equity drop last week.
- After last week's sell off in risk assets, we expect gold to be well supported, especially if volatility in financial markets persists. Last week, the benchmark S&P 500 fell 5.2 percent, its biggest decline since January 2016.
- The uptick in prices today is not so much safe-haven buying, but more so potential short covering behaviour by market watchers. It's just common sense for some portfolio managers to exhibit some short-covering behaviour especially after the sell-off we saw last week. Gold prices slipped 2.5 percent in the prior two weeks before today. Hedge funds and money managers slashed their net-long position in COMEX gold for the first time in eight weeks in the week to Feb. 6.

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 has broken down significantly during the day on Friday, losing over 2% as I record this. The market looks as if it is ready to go much lower as we have broken a major uptrend line, and therefore think that rallies will be selling opportunities. The market will probably go looking towards the \$57.50 level next, and then eventually the \$55 level. Currently, I look at the \$62 level above as massive resistance, and a break above there would be a massive side of bullishness. I highly doubt this is going to happen though, and I continue to look at rallies as selling opportunities. Brent markets also fell significantly during the trading session on Friday, clearing the \$63 level. We are now well below the weekly uptrend line, and I think that the bearish pressure will continue. Because of this, I am a seller on rallies.

Pivot:	59.81		
Support	58.75	58.05	57.25
Resistance	60.75	61.35	62.10

Source: FX EMPIRE

Highlights

- U.S West Texas Intermediate futures gained \$1.03 to \$60.23, up 1.8 percent
- U.S energy companies added 26 oil rigs looking for new production last week, boosting the count to 791, the highest since April 2015
- The increase over the last month has been driven primarily from private producers
- A weaker dollar helped to boost oil by making dollar-priced crude cheaper for holders of other currencies
- Rising U.S crude production has knocked oil off its 2018 highs above \$70

Crude - Technical Indicators

RSI 14	70.56
SMA 20	48.54
SMA 50	46.40
SMA 100	47.24
SMA 200	52.06

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil rose 2 percent today in Asian session, recovering some of last week's steep losses as global equities steadied after their largest one-week slide in two years.
- Brent crude futures rose 95 cents to \$63.74 a barrel today, up nearly 2 percent, while U.S West Texas Intermediate futures gained \$1.03 to \$60.23, up 1.8 percent.
- A weaker dollar helped to boost oil by making dollar-priced crude cheaper for holders of other currencies. European shares took their lead from Friday's rise on Wall Street, while other commodities including copper and gold also strengthened.
- Consumption remains robust, even though rising U.S. crude production has knocked oil off its 2018 highs above \$70 and threatened the efforts of the Organization of the Petroleum Exporting Countries to prop up prices by reining in supply.
- Demand growth is very strong and with declines in places like Venezuela, is helping the situation. If demand stays strong, it still looks like OPEC will be in control in 2019.
- If global growth does slow down and oil demand starts to slow, then production growth in the U.S. becomes a problem, because OPEC's cake starts to shrink and that will be the line in the sand.
- U.S. oil production has risen above 10 million barrels per day (bpd), overtaking top exporter Saudi Arabia and coming within reach of top producer Russia. OPEC and partners including Russia have agreed to cut their crude output by 1.8 million bpd for a second year, but U.S. production looks set to continue to grow.

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 rolled over during the trading session on Friday, breaking down towards the \$16.25 level. If we can break down below there, the market will probably go down to the \$16 level next. A breakdown below that level sends the market looking for the \$15.75 level, and then eventually a massive support level at the \$15.50 level. Alternately, if we can rally above the \$16.50 level, I think the market probably goes looking towards \$17 next. Longer-term, I am bullish on silver, but I recognize that the volatility is mainly due to the US dollar strengthening in a bit of a "risk off" type of situation that we see in the other markets. Silver markets are notoriously volatile, so I would be very cautious about jumping in with both feet, so adding slowly to a position that works out in your favor is the best way to deal with this type of market.

Pivot:	16.41		
Support	16.30	16.16	16.07
Resistance	16.55	16.65	16.77

Source: FX EMPIRE

Highlights

- Silver prices gained 0.6 percent to \$16.44 an ounce
- Gains are expected to be capped ahead of inflation data from the U.S this week
- U.S inflation data for January is due on Wednesday and the U.S Federal Reserve next meets on March 20-21
- The U.S Dollar slipped against a basket of six major currencies
- platinum was flat at \$964.50 an ounce and palladium was up 0.7 percent at \$983.33 an ounce.

Silver - Technical Indicators

RSI 14	19.80
SMA 20	17.27
SMA 50	16.72
SMA 100	16.85
SMA 200	16.87

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices ended Friday's trading session not far from an early morning dealings Friday. The metals are pausing in keen anticipation of the opening of the U.S stock market.
- U.S stock indexes late Thursday took a nosedive, so many look for very volatile trading on Friday, which is likely to spill over into other markets. April Comex gold futures were last down \$0.30 an ounce at \$1,318.70. March Comex silver was last down \$0.051 at \$16.29 an ounce.
- World stock markets were mixed to lower, following sharp losses in the U.S. stock indexes Wednesday. U.S stock indexes are pointing toward mixed to lower openings when the New York day session begins.
- The U.S government briefly shut down overnight but lawmakers quickly reached another continuing resolution deal to reopen it. Markets showed very little reaction to the news.
- In other news, it was reported that China will launch its new crude oil futures contract on March 26. China, the world's largest oil importer, is aiming to grab a share of the world oil pricing market.
- The key "outside markets" on Friday see the U.S. dollar index modestly higher on some more safe-haven demand. There are early technical clues that USDx has put in a market bottom.
- Still, benchmark yields have been climbing to their highest level in around four years, with the 10-year benchmark yield hitting a high of 2.88% yesterday, with Treasuries under pressure after the BoE signaled the possibility of rate hikes.
- Silver has also held up on a relative basis, last trading at \$16.21 an ounce, down almost 3% from the previous week. Federal Reserve committee members were out in full force this past week talking up the idea of "gradual increases" in interest rates.

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, February 12, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Feb 12	02:45	New Zealand Card Spending Retail (MoM) (JAN)	Low	1.4%	0.5%	0.6%
Mon Feb 12	05:30	Australia Credit Card Purchases (DEC)	Low	A\$27.9b		A\$27.9b
Mon Feb 12	13:15	Switzerland Consumer Price Index (YoY) (JAN)	Medium	0.7%	0.8%	0.8%
Mon Feb 12	13:15	Switzerland CPI EU Harmonized (YoY) (JAN)	Medium	0.8%		1.1%
Mon Feb 12	14:00	Switzerland Total Sight Deposits CHF (9 FEB)	Low	574.7b		574.7b
Mon Feb 12	14:00	Switzerland Domestic Sight Deposits CHF (9 FEB)	Low	466.4b		465.4b
Mon Feb 12	14:30	BOE's Vlieghe Speaks at Resolution Foundation Event in London	Low			
Mon Feb 12	21:30	U.S to Sell USD48 Bln 3-Month Bills	Low			
Mon Feb 12	21:30	BOE Policy Maker Ian McCafferty Speaks on LBC Radio	Low			

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	(Deputy 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