

Gold

Technical

Gold markets pulled back slightly during the Tuesday session as traders came back from the Martin Luther King Jr. holiday. Ultimately, I believe that the \$1325 level is an area where you would expect to see a lot of support based upon previous resistance, and of course a massive candle on the hourly chart from a couple of sessions ago. I believe that the \$1350 level above is significant resistance, but I also believe that we will eventually break above there. I believe in buying on the dips, and I also believe in adding slowly as the volatility in the precious metals markets will almost undoubtedly pick up. The markets continue to be an opportunity just waiting to happen, as the US dollar in general has been beaten up. During the Tuesday session, the US dollar did rally a bit, and that's part of what's causing this pullback. Once we get above the \$1350 level, the market then goes to the \$1375 level.

Pivot:	1,335		
Support	1,332	1,322	1,315
Resistance	1,340	1,345	1,350

Source: FX EMPIRE

Highlights

- Gold fell yesterday as the dollar clawed back some lost ground after hitting a three-year low against a currency basket
- Gold's move lower snapped four straight days of gains
- Dollar weakness has calmed down that is one reason why gold is retracing lower
- In general the precious metals complex and other commodities are facing downwards
- Gold remained relatively firm in the face of three US interest hikes in 2017, but could suffer if these continue

Gold - Technical Indicators

RSI 14	39.50
SMA 20	1,240.7
SMA 50	1,252.8
SMA 100	1,256.3
SMA 200	1,272.0

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices reversed early gains to trade slightly lower today in Asian trading session as the U.S. dollar recovered from a three-year low against a basket of currencies.
- Spot gold prices were down 0.3 percent at \$1,334.86 an ounce, after rising to \$1,343.91 earlier in the session. It touched its strongest since Sept. 8 at \$1,344.44 on Monday. U.S. gold futures were down 0.1 percent at \$1,335.40 an ounce
- The dollar index was up 0.3 percent at 90.684, after dropping to its lowest since December, 2014 to 90.113 early in the session. Most of the move in gold has been dollar denominated ... We have seen very little change in ETF holdings. There is very little change in perception of gold in terms of safe haven demand.
- The outlook for gold in our view is down due to the lack of physical demand in Asia and the outlook for rate hikes this year is a headwind for gold. The U.S. Federal Reserve is widely expected to raise interest rates multiple times this year, although at a gradual pace.
- Gold is highly sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- Asian stocks stepped back from a record high on Wednesday as the region's resource shares were hit by falling oil and commodity prices while digital currencies tumbled on worries about tighter regulations.
- While the U.S. dollar remains the most prominent driver of momentum, we cannot overlook the meltdown in Bitcoin on the back of regulatory oversight adding to the gold risk premium. Spot gold targets its Sept. 8, 2017 high of \$1,357.54 per ounce, according to Reuters technical analyst Wang Tao.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market pulled back during the trading session on Tuesday, as traders came back from the Martin Luther King Jr. holiday. The uptrend line on the hourly chart shows signs of support, but I think we will probably find even more support at the \$63.50 level. Bouncing from here will probably send the market looking towards the \$65 level above, which has offered resistance based upon the large, round, psychological aspect. Otherwise, if we break down below the \$63 level, I think the market then drops to the \$62.50 level next. Brent markets gapped lower at the open, and then broke below the \$70 level. I have an uptrend line on the hourly chart, and if we can break down below the \$68.75 level, I think the market continues to go lower, perhaps reaching towards the \$67.50 level. The \$70 level above is going to continue to offer plenty of selling pressure.

Pivot:	63.82		
Support	63.40	63.05	62.65
Resistance	64.30	64.90	65.55

Source: FX EMPIRE

Highlights

- Oil prices rose early today on tightening supply and strong global demand
- Some analysts warned of a downward correction after a more than 13-percent price rise in a month
- Prices have been driven up by production curbs in OPEC nations and Russia, as well as by healthy demand-growth
- U.S crude futures were at \$63.93 a barrel, up 20 cents, or 0.3 percent
- U.S crude stocks fell by 11.2 million barrels in the week to Jan. 5 to 416.6 million barrels, industry group the API said yesterday

Crude - Technical Indicators

RSI 14	40.97
SMA 20	48.10
SMA 50	46.65
SMA 100	47.01
SMA 200	50.60

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices gave up some early gains today as analysts warned of a downward correction, but remained well supported on the back of tightening supply and strong global demand
- Tighter fundamentals have lifted both crude futures benchmarks about 13 percent above levels in early December, helped by production curbs by OPEC and Russia, as well as by healthy demand growth.
- Brent crude futures were at \$69.23 a barrel, up 8 cents from their last close, but down from a high of \$69.37 earlier in the day. Brent on Monday rose to \$70.37 a barrel, its highest since December 2014, the start of a three-year oil price slump.
- U.S. West Texas Intermediate (WTI) crude futures were at \$63.84 a barrel, down from a high of \$63.89 earlier, but up 11 cents from their last settlement. WTI hit \$64.89 in yesterday's trading session, also the highest since December 2014.
- Money managers have raised the bullish positions in WTI and Brent crude futures and options to a record, according to data from the U.S. Commodity Futures Trading Commission and the Intercontinental Exchange.
- The Organization of the Petroleum Exporting Countries (OPEC) and Russia have been withholding production since January last year and the cuts are set to last through 2018. This restraint has coincided with healthy oil demand.
- Oil remains underpinned by the solid economy with strong oil demand tightening global oil inventories. The past years' surplus supplies are slowly disappearing. One factor that in 2017 prevented crude prices from rising further was a surge in U.S. production. Despite a recent drop due to extreme cold, U.S. crude output is expected to soon break through 10 million barrels per day (bpd), challenging top producers Russia and Saudi Arabia.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	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 continue to be very noisy, and although we broke down rather significantly during the trading session on Tuesday, but then turned around to show signs of bullish pressure again. The market looks likely to continue to be very loud, but I think that the US dollar continues to struggle overall, and that should provide a bit of a boost for silver. Judging by the massive reaction that we have seen over the last several hours, it's likely that the participants will continue to look at dips as buying opportunities, and perhaps add a bit. I believe that physical silver is probably the best way going forward, as there is much volatility. However, if you choose to use CFD markets, those can help mitigate some of the losses, because at this point, with this type of volatility I would be very leery of trading in actual futures markets, as the contracts can be rather expensive.

Pivot:	17.17		
Support	17.03	16.93	16.84
Resistance	17.29	17.42	17.53

Source: FX EMPIRE

Highlights

- Silver prices were slightly up and hit a two-month high overnight
- The precious metals markets are being supported by a plunging U.S dollar index and a soaring Euro currency
- The key outside markets yesterday saw the U.S. dollar index lower and not far above Monday's 3.5-year low
- U.S data released yesterday was light. However, the report pace picks up today
- World stock markets were mostly higher boosted by increasing optimism on global economic growth

Silver - Technical Indicators

RSI 14	87.17
SMA 20	16.70
SMA 50	16.89
SMA 100	16.71
SMA 200	16.82

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices edged up today, as the U.S. dollar slumped to three-year lows against a basket of currencies. The dollar index was down 0.1 percent at 90.373, after dropping to its lowest since December, 2014 to 90.113.
- Most of the move in gold has been dollar denominated. We have seen very little change in ETF holdings. There is very little change in perception of gold in terms of safe haven demand.
- The outlook for precious metals in economists view is down due to the lack of physical demand in Asia and the outlook for rate hikes this year is a headwind for gold and silver.
- The U.S. Federal Reserve is widely expected to raise interest rates multiple times this year, although at a gradual pace. Gold and Silver are highly sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- Asian stocks stepped back from a record high on Wednesday as the region's resources shares were dented by falling oil and commodity prices, while digital currencies tumbled on worries about tighter regulation.
- While the U.S. dollar remains the most prominent driver of momentum, we cannot overlook the meltdown in Bitcoin on the back of regulatory oversight adding to the gold risk premium.
- Digital currencies tumbled, with bitcoin falling to a six-week low of \$10,162 after reports said South Korea and China could ban trading, which intensified fears of a wider regulatory crackdown.
- Spot silver was mostly unchanged at \$17.20 per ounce in today's session and Spot platinum rose 0.3 percent to \$1,002, after touching its highest since Sept.8 at \$1,006.60.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 17	04:50	JPY Machine Orders (YoY) (NOV)	Medium	4.1%	-0.5%	2.3%
Wed Jan 17	05:30	AUD Home Loans (MoM) (NOV)	Medium	2.1%	0.0%	-0.6%
Wed Jan 17	15:00	EUR Euro-Zone Consumer Price Index (YoY) (DEC)	Medium	1.4%	1.4%	1.5%
Wed Jan 17	17:00	USD MBA Mortgage Applications (JAN 12)	Medium			8.3%
Wed Jan 17	19:15	USD Industrial Production (MoM) (DEC)	Medium		0.4%	0.2%
Wed Jan 17	19:15	USD Capacity Utilization (DEC)	Low		77.3%	77.1%
Wed Jan 17	19:15	USD Manufacturing (SIC) Production (DEC)	Medium		0.3%	0.2%
Wed Jan 17	20:00	CAD Bank of Canada Rate Decision (JAN 17)	High		1.25%	1.00%
Wed Jan 17	20:00	USD NAHB Housing Market Index (JAN)	Medium		72	74

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