

Gold

Technical

Gold markets rallied slightly during the trading session on Thursday, after using the \$1325 level as support. I think this makes a lot of sense, because the area was previous resistance, so we should see buyers in this area. Gold also should continue to benefit from a softer US dollar, assuming that trend continues. There are other reasons alike although, not the least of which will be geopolitical tensions around the world. Don't forget that the gold markets tend to be sensitive to risk appetite and of course the safety trade. If we do break down below the \$1325 level, I think there is more than enough support below to eventually find a trade to the upside. I don't have any interest in shorting this market, least not until we would break down below the \$1300 level, which was previous resistance in the past. I think that longer-term though, it will be seen as the beginning of a much larger break out.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,332 | | |
| Support | 1,325 | 1,322 | 1,319 |
| Resistance | 1,337 | 1,340 | 1,345 |

Source: FX EMPIRE

Highlights

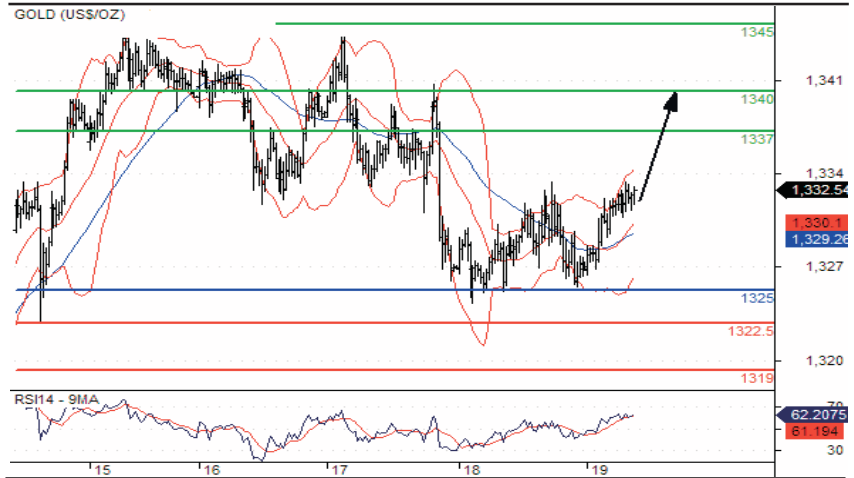
- The recent pull-back from over four-month highs has likely tested speculative longs
- Holdings of SPDR Gold Trust, the world's largest gold-backed ETF, rose 1.42 percent to 840.76 tonnes yesterday
- Gold has declined 0.5 percent so far this week, its worst week since early Dec
- The dollar fell amid concern about a possible US government shutdown
- The US Fed should raise interest rates three to four times in 2018, Cleveland Federal Reserve Bank president Loretta Mester said

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 rose today, supported by a weaker dollar amid worries about a possible U.S government shutdown, but the metal was still on track for its first weekly drop in six weeks.
- Spot gold was up 0.4 percent at \$1,332 an ounce. In yesterday's trading session, it touched its weakest level since Jan. 12 at \$1,323.70, having fallen from recent four-month highs. Spot gold has declined 0.5 percent so far this week, its worst week since early December. U.S. gold futures were up 0.4 percent at \$1,332.
- The U.S. dollar fell amid worries over a possible U.S. government shutdown. The dollar index was down 0.1 percent at 90.406 today. Legislation to stave off an imminent federal government shutdown encountered obstacles in the U.S. Senate late on Thursday, despite the passage of a month-long funding bill by the House of Representatives hours earlier.
- The overall run in gold has been overdone. People have to be careful with further allocations in gold and other asset classes as well for now. The overall weakness in U.S. dollar is over. Investors can't be more cautious on gold prices at the moment.
- The dollar has fallen since 2017 largely on expectations central banks besides the Federal Reserve are seeking to end their policy of ultra low, even negative, rates that they adopted to combat the 2008 global financial crisis and the recession that followed.
- The Fed should raise interest rates three to four times in both 2018 and 2019, Cleveland Fed President Loretta Mester said yesterday, a pace that is a bit faster than many of her fellow policymakers prefer. The fundamentals remain the same with the large trading range remaining intact at \$1,200 to \$1,400, with no major change in global political tensions or rate hike outlook

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 fell towards the uptrend line during the trading session on Thursday, as we have seen massive amounts of support. I believe that the \$63.50 level offers a significant amount of support underneath, and I think that given enough time we could bounce and reach towards the \$64.30 level. Longer-term, I anticipate that the oil markets will probably go looking towards the \$65 level, which of course will be a large, round, psychologically significant barrier. If we break down below the \$63 level, then the market unwinds and goes looking towards the \$60 level next. Overall, the market is very volatile, but one scenario is that the oil markets continue to gain due to the US dollar falling, if nothing else. Brent markets fell as well, bouncing from the uptrend line to form a small hammer on the hourly chart. By bouncing from there, the market should continue to go higher.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 63.23 | | |
| Support | 62.85 | 62.55 | 62.25 |
| Resistance | 64.60 | 63.85 | 64.20 |

Source: FX EMPIRE

Highlights

- Oil prices on both sides of the Atlantic fell more than 1 percent
- In the United States, crude inventories fell 6.9 million barrels in the week to Jan. 12, to 412.65 million barrels
- Rising US shale output could offset the OPEC-led deal to clear a supply glut
- Oil hit 10-day low of \$62.84 and was last seen trading at \$63.10/barrel
- OPEC said rival producers are likely to boost supply by 1.15 million barrels per day (bpd) this year

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 slid today, putting them on course for the biggest weekly falls since October, as a bounce-back in U.S. production outweighed ongoing declines in crude inventories.
- U.S. West Texas Intermediate (WTI) crude futures were at \$63.38 a barrel, down 57 cents from their last settlement. WTI marked a December-2014 peak of \$64.89 a barrel on Tuesday. Brent crude futures were at \$68.70 a barrel, down 61 cents from their last close. On Monday, they hit their highest since December 2014 at \$70.37.
- The International Energy Agency (IEA), in its monthly report, said that global oil stocks have tightened substantially, aided by OPEC cuts, demand growth and Venezuelan production hitting near 30-year lows.
- But it warned that rapidly increasing production in the United States could threaten market balancing. Explosive growth in the U.S. and substantial gains in Canada and Brazil will far outweigh potentially steep declines in Venezuela and Mexico.
- U.S. crude oil production stood at 9.75 million barrels per day (bpd) on Jan. 12, data from the Energy Information Administration showed. The IEA said it expects this to soon exceed 10 million bpd, overtaking OPEC behemoth Saudi Arabia and rivaling Russia.
- Analysts also pointed to an expected demand slowdown at the end of winter in the northern hemisphere and excessive long positions in financial oil markets as a likely brake on any upward momentum in prices.
- The main price driver has been a production cut by a group of major oil producers around the OPEC and Russia, who started to withhold output in January last year. The supply cuts by OPEC and its allies, which are scheduled to last throughout 2018, were aimed at tightening the market to prop up prices.

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

Silver markets rallied slightly during the day on Thursday, breaking above the \$17 level. By doing so, it shows that there is at least some support in this area, as I would have anticipated. However, there are a lot of concerns about the risk appetite of traders after the crypto currency bloodbath that we have seen. Ultimately, this market will eventually find its way higher, if nothing else but for a haven. I believe that if we do break down, it's not until we get below the \$16.75 level that we can be concerned with this market for any length of time. I believe that the market will be very choppy, so I would add slowly to the upside. Short-term pullbacks could give you an opportunity, but be very cautious, and use small amounts as it allows us to take advantage of the overall uptrend, but not get caught up in the dangerous volatility that will undoubtedly be part of this market.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 17.07 | | |
| Support | 16.88 | 16.77 | 16.68 |
| Resistance | 17.20 | 17.29 | 17.42 |

Source: FX EMPIRE

Highlights

- Silver prices ended the U.S day session lower yesterday
- Some normal profit-taking pressure after both gold and silver earlier this week hit multi-month highs
- The precious metals did not show much reaction to growing concerns regarding a potential U.S. government shutdown starting this weekend
- U.S economic data released yesterday included the weekly jobless claims report
- U.S dollar gained slightly on a corrective bounce after hitting a 3.5-year low earlier this week

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 was flat in a narrow range yesterday, first dipping as the dollar rose and then rising as the dollar moved lower, but bullion's gains were limited by higher US Treasury yields.
- Financial market players were concerned about a possible US government shutdown, but this did not move gold very much. We've seen the relationship between dollar and precious metals hold pretty steady.
- In early yesterday's trading session, the US dollar index fell on worries over a possible U.S government shutdown as global investors sought to diversify their holdings into other currencies. Shortly after, the greenback recovered some of the losses.
- The 10-year US Treasury yield hit its highest since March 2017 at 2.61 per cent in European trade, pushing euro zone counterparts higher. Some analysts said gold and silver could draw some support from the current correction in digital currencies.
- Bitcoin fell as much as 20 per cent on Wednesday, dropping below US\$10,000 due to investor fears that regulators could clamp down. Silver gained 0.3 per cent at US\$16.96 per ounce and palladium shed 1.2 per cent at US\$1,101.99 yesterday.
- Platinum added 0.57 per cent at US\$1,002.40 per ounce, after touching its highest since Sept 8 at US\$1,007.60 in the previous session. Over the past 15 years, platinum has largely moved higher in January and February due to seasonally weaker supply from top producer South Africa.
- Industrial demand comprised 60 percent of all silver demand in 2017, and that amount is expected to grow in 2018. The Silver Institute expects the metal to continue to be important for industries moving towards electrification because it is the best conductor of both heat and electricity.

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

Commodity News

Friday, January 19, 2018



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|--|------------|--------|----------|----------|
| Fri Jan 19 | 12:00 | EUR German Producer Price Index (YoY) (DEC) | Low | 2.3% | 2.3% | 2.5% |
| Fri Jan 19 | 13:15 | CHF Producer & Import Prices (YoY) (DEC) | Low | 1.8% | | 1.8% |
| Fri Jan 19 | 14:00 | EUR Euro-Zone Current Account n.s.a. (euros) (NOV) | Low | 37.8b | | 35.4b |
| Fri Jan 19 | 14:30 | GBP Retail Sales Ex Auto Fuel (YoY) (DEC) | Medium | 1.3% | 2.6% | 1.5% |
| Fri Jan 19 | 14:30 | GBP Retail Sales Inc Auto Fuel (YoY) (DEC) | Low | 1.4% | 2.6% | 1.5% |
| Fri Jan 19 | 18:30 | CAD Manufacturing Sales (MoM) (NOV) | Low | | 2.0% | -0.4% |
| Fri Jan 19 | 20:00 | USD U. of Mich. Sentiment (JAN) | High | | 97.0 | 95.9 |
| Fri Jan 19 | 20:00 | USD U. of Mich. Expectations (JAN) | Low | | 85.3 | 84.3 |
| Fri Jan 19 | 23:00 | USD Baker Hughes U.S. Rig Count (JAN 19) | Medium | | | 939 |

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