

## Gold

### Technical

Gold markets rallied significantly during the trading session on Wednesday, reaching towards the \$1360 handle. We are starting to show signs of weakness though, so I think a pullback could be coming. The pullback should be thought of as a buying opportunity though, because we have seen so much in the way of bullish pressure. Selling certainly would be folly, and dangerous to say the least. I think that the \$1325 level should be support, but I would be surprised if we go that low. In fact, at one point I thought the \$1350 level would be more resistive than it ended up being. Because of this, I think that is a significant amount of interest in gold, and I think we should continue to see buyers flood towards it. The longer-term charts look healthy as well, and I think that the \$1400 level above will be a significant target, and perhaps even a barrier. The US dollar has been beaten up for some time.

Pivot:	1,359		
Support	1,355	1,349	1,342
Resistance	1,366	1,371	1,375

Source: FX EMPIRE

### Highlights

- Gold prices closed at its highest level since August 2016 yesterday
- Gold was pressured by statements from the US Treasury secretary that a weaker dollar is 'good for trade.'
- The Yellow metal has rallied 9 percent since mid-Dec on the back of a weaker dollar
- The dollar index fell to a fresh three-year low against a basket of six currencies
- Holdings of gold ETFs have risen to their highest level since May 2013, according to data compiled by Bloomberg

### Gold - Technical Indicators

RSI 14	45.44
SMA 20	1,267.2
SMA 50	1,252.1
SMA 100	1,256.3
SMA 200	1,277.8

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices today edged up to their highest since August 2016, buoyed as the U.S. dollar hit three-year lows after comments by U.S. Treasury secretary Steven Mnuchin that he welcomed a weaker currency.
- Spot gold had risen 0.2 percent to \$1,360.56 per ounce, after hitting its highest since Aug. 3, 2016 at \$1,366.07. U.S gold futures were up 0.3 percent at \$1,359.70 per ounce.
- The Dollar slumped after Mnuchin told the World Economic Forum in Davos on Wednesday that "obviously a weaker dollar is good for us as it relates to trade and opportunities". His comments were seen by markets as a departure from traditional U.S. currency policy.
- "Investors were more than willing to pay hefty insurance premia as a hedge against the inflationary impacts from a hapless dollar," said Stephen Innes, APAC head of trading at OANDA.
- With traders' base case scenario to sell the dollar at all costs, gold prices should remain well supported on dips and could be poised to move even higher on the next U.S dollar wobble.
- The dollar index, which measures the greenback against a basket of currencies, was down 0.1 percent after hitting its weakest since December 2014 at 88.805. "We suspect the greenback could move lower still. Conversely, gold's charts look increasingly constructive and could likely push higher on technicals alone," said INTL FCStone analyst Edward Meir.
- The immediate focus was on the European Central Bank's policy setting meeting later in the day as markets look for any signs it is worried about the appreciating euro. The euro zone economy may be roaring ahead but a rapidly strengthening euro may see ECB President Mario Draghi pour cold water on the view the bank is speeding towards an interest rate hike.

### 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 rallied during the trading session on Wednesday, reaching towards the \$65 level above. That's an area that has a certain amount of psychological resistance to it, but I think eventually we will break out to the upside, and what should be a very noisy move. Pullbacks should offer value, at least for the short-term traders, but longer-term there are a lot of concerns when it comes to the oil markets, because quite frankly these higher prices will attract American drillers. The markets are likely to see pullbacks as short-term value, unless of course we were to break down below the \$63 level, which of course would show significant weakness. Brent markets were very noisy during the day, as we bounced around the \$70 level. It's a large, round, psychologically significant number, so of course it attracts a lot of attention.

Pivot:	66.23		
Support	65.40	64.90	64.30
Resistance	66.50	66.90	67.50

Source: FX EMPIRE

### Highlights

- Crude oil prices peaked to a three-year high today due to a weakening United States dollar and lower US inventories
- Continued cuts by the Organization of the Petroleum Exporting Countries (OPEC) and Russia also help the gain
- US West Texas Intermediate (WTI) increasing from \$60.63 per barrel up to \$66.35
- The dollar hit its lowest level in foreign exchange markets since 2014
- US crude inventories fell to 411.58 million barrels, declining for 10 straight weeks

### Crude - Technical Indicators

RSI 14	55.83
SMA 20	48.93
SMA 50	46.53
SMA 100	47.26
SMA 200	51.85

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil hit \$66 a barrel today for the first time since 2014, supported by OPEC-led supply curbs, a record-breaking run of declines in U.S crude inventories and a weaker U.S dollar.
- The Organization of the Petroleum Exporting Countries and allies including Russia began to curb supplies in 2017. An involuntary drop in Venezuela's output in recent months has deepened the impact of the curbs.
- Brent crude, the international oil benchmark, hit \$71.20 a barrel - the highest since early December 2014. Brent eased to \$70.81, still up 28 cents. U.S. crude climbed to \$66.44, also the highest since early December 2014, before dipping to \$66.11, up 50 cents.
- The continuous fall in U.S. oil inventories and the prolonged weakness in the U.S. dollar have done the trick. The supply cuts led by OPEC and Russia started a year ago and are aimed at getting rid of excess supply that had weighed on prices. They are set to last throughout 2018.
- In a further sign the glut is clearing, U.S. crude inventories fell for a record 10th straight week to the lowest since February 2015, official figures showed on Wednesday.
- Also supporting oil, the U.S. dollar hit its lowest since December 2014 against a basket of other currencies .DXY. U.S. Treasury Secretary Steven Mnuchin said on Wednesday a weaker dollar was "good for us". A falling dollar makes dollar-denominated commodities cheaper for other currency holders and tends to support oil prices.
- U.S crude oil production is expected to surpass 10 million barrels per day (bpd) in February, on the way to a record ahead of previous forecasts, according to the U.S.government's EIA.

### 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 rather significantly during the trading session on Wednesday, breaking above the \$17.50 level. I think that we will probably get short-term pullbacks, but that should give us an opportunity to pick up Silver "on the cheap." I like the idea of buying dips as it offers an opportunity to dollar cost average, in a market that is obviously trying to break out to the upside. Eventually, I anticipate that the market will probably go looking towards the \$18.50 level, the top of the overall long-term consolidation that we are currently trading in. A break above there sends the market much higher, looking towards the \$20 handle. Pullback should find plenty of support underneath, especially near the \$17 handle, and I think it's going to offer a bit of a "floor" in the market, and therefore it be surprised if we break down below there. If we did, that would be a very negative sign.

Pivot:	17.52		
Support	17.40	17.25	17.15
Resistance	17.73	17.87	18.00

Source: FX EMPIRE

### Highlights

- Silver was down 0.1 percent at \$17.56 an ounce after touching \$17.69, its highest since mid-September
- Silver had jumped by 3 percent yesterday for the biggest daily gain since July 2016
- The market is looking ahead to a European Central Bank interest rate decision and a news conference by its chief, Mario Draghi
- Draghi is expected to pour cold water on any view that the bank is speeding towards a rate increase
- The lower Dollar could also drive prices higher in the United States

### 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 the U.S. day session sharply higher and near their daily highs yesterday. Silver notched a nine-week high. A sharply lower U.S Dollar index that slumped to a 3.5-year low today, and rallying crude oil prices that hit a 2.5-year high, are providing the precious metals bulls with rocket fuel.
- Helping sink the U.S dollar index yesterday were comments from U.S Treasury Secretary Steven Mnuchin, who said in Davos, Switzerland that a weaker U.S. dollar is beneficial for the U.S economy.
- Some upbeat economic data coming out of the European Union yesterday helped to lift the Euro currency to a more-than-two-year high. The silver bulls have quickly regained their overall near-term technical advantage. Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at \$18.00 an ounce.
- Silver is on track to close at its highest level since August 2016 yesterday following statements from the US Treasury secretary that a weaker dollar is 'good for trade.'
- The dollar was pushed lower following remarks by US Treasury secretary Steven Mnuchin at Davos that a weaker dollar is good for US trade in the short term.
- The Greenback will remain a key driver of sentiment for traders of the yellow metal ahead of President Trump's visit to the World Economic Forum in Davos on Friday.
- March Comex silver was last up \$0.587 at \$17.495 an ounce. Other precious metals have also benefited from dollar weakness this year. Platinum, a metal used in jewellery and catalytic converters for diesel cars, is up 9 per cent year-to-date to trade at \$1,011.83 a troy ounce.

### 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

Thursday, January 25, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jan 25	12:00	EUR German GfK Consumer Confidence (FEB)	Medium	11.0	10.8	10.8
Thu Jan 25	14:00	EUR German IFO Business Climate (JAN)	Medium	117.6	117	117.2
Thu Jan 25	14:30	GBP BBA Loans for House Purchase (DEC)	Medium	36115	39800	39507
Thu Jan 25	17:45	EUR European Central Bank Rate Decision (JAN 25)	High		0.00%	0.00%
Thu Jan 25	18:30	EUR ECB President Draghi holds press conference in Frankfurt	High			
Thu Jan 25	18:30	USD Advance Goods Trade Balance (DEC)	High		-\$68.6b	-\$69.7b
Thu Jan 25	18:30	USD Initial Jobless Claims (JAN 20)	Medium		235k	220k
Thu Jan 25	20:00	USD New Home Sales (MoM) (DEC)	Medium		-7.9%	17.5%
Thu Jan 25	20:00	USD Leading Index (DEC)	Medium		0.5%	0.4%

Source: Forex Factory, DailyFX

**Disclaimer:** This document has been prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. This document and the information may not be reproduced, distributed or published by any recipient for any purpose.

## 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