

## Gold

### Technical

Gold prices continue their retreat today in Asian session, falling 1% to 1,337.00/ounce lows. The much improved risk backdrop has been the major driver so far this week, as the U.S. equity markets including the S&P 500 index posts all-time highs, and as yields recover some from their post-Brexit swoon. Support now comes in at Friday's post-jobs report low of 1,335. Additional support is seen near the June lows at 1,250. Resistance is seen near the 10-day moving average at 1,347. Momentum is poised to turn negative as the MACD (moving average convergence divergence) index is about to generate 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 RSI (relative strength index) moved lower with price action reflecting accelerating negative momentum.

Pivot:	1,341		
Support	1,327	1,320	1,312
Resistance	1,350	1,363	1,375

### Highlights

- Gold climbed, snapping a two-day loss, as investors took advantage of a decline to boost positions
- Bullion for immediate delivery climbed 0.7 percent to \$1,341.71 an ounce
- Gold has rallied this year as the U.K.'s Brexit vote roiled markets and spurred haven demand.
- The gains were trimmed as global stocks erased losses
- Holdings in gold-backed exchange-traded funds fell from a three-year high, down 10.6 metric tons to 2,002 tons

### Gold - Technical Indicators

RSI 14	66.40
SMA 20	1,280.60
SMA 50	1,265.06
SMA 100	1,253.98
SMA 200	1,182.28

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold today in Asian trading session hovered near its lows from the previous session, when it suffered its biggest fall in seven weeks, with global equities rallying on easing political uncertainty as Britain looks set to get a new prime minister.
- Spot gold had edged up 0.2 percent to \$1,333.45 per ounce. It fell 1.7 percent on Tuesday in its biggest one-day drop since May 24, touching a near two-week low of \$1,329.75. U.S gold inched down 0.1 percent to \$1,334.10, an ounce, after falling 1.5 percent in the previous session.
- Asian shares came within reach of testing their 2016 peak today in European session as prospects of solid U.S. growth and accommodative economic policy in major countries whet investors risk appetite damaged by uncertainty from Brexit.
- The Federal Reserve should be in no rush to raise U.S. interest rates despite a surge in June hiring and low inflation, two senior Fed officials said. The U.S economy likely expanded at a 2.3 percent annualized rate in the second quarter following the latest data on wholesale trade, the Atlanta Federal Reserve's GDPNow forecast model showed on Tuesday.
- Theresa May, who will take over as Britain's prime minister on Wednesday, has said she plans to set up a new government department to lead the process of withdrawing the country from the European Union.
- Japan's government is expected to cut its consumer inflation forecast for the current fiscal year and produce an estimate for fiscal 2017 that is much lower than the central bank's 2 percent target, government sources told Reuters.
- Holdings in gold-backed exchange-traded funds fell from a three-year high, down 10.6 metric tons to 2,002 tons on Tuesday, data compiled by Bloomberg show.

### 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 rallied to \$46.65 mid-day, after touching two-month 44.43 lows after the Monday close. The improved risk backdrop, along with better U.S. growth sentiment following last Friday's solid jobs report, have given oil prices a new lease on life, as has the latest OPEC report, which forecast solid demand growth in 2017. OPEC sees emerging markets accounting for much of its expected 1.2 million barrels increase in demand. Support on crude oil prices are seen near the July lows at 44.43, while resistance is now seen near the 20-day moving average at 47.85. The RSI (relative strength index) moved higher with price action reflecting accelerating positive momentum, after testing support near 38. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red, but the trajectory is beginning to flatten reflecting consolidation.

Pivot:	46.23		
Support	45.40	44.70	44.40
Resistance	47.33	48.25	48.85

### Highlights

- The oil price was falling today following reports that US crude inventories recorded a surprise surplus last week
- Weekly data by the API showed a 2.2 million barrel build in US reserves
- OPEC saw its output rising 400,000 barrels a day in June to an eight-year high of 33.21 million barrels
- Saudi Arabia ramped up production to a near-record rate of 10.45 million barrels a day
- The IEA said it expects non-OPEC production to fall by 900,000 barrels a day this year

### Crude - Technical Indicators

RSI 14	45.96
SMA 20	48.86
SMA 50	47.93
SMA 100	43.61
SMA 200	40.09

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil fell today as the International Energy Agency (IEA) warned that a global supply glut continued to weigh on prices and data showed an unexpected weekly gain in U.S. crude stocks.
- The IEA, which advises industrialized nations on energy policies, said crude inventories kept rising last month and pushed floating storage, one of the most expensive methods of stockpiling, to the highest level in seven years.
- Stocks are at such elevated levels, especially for products for which demand growth is slackening, that they remain a major dampener on oil prices. Stocks of U.S. crude and refined products rose unexpectedly last week by 2.2 million barrels, data from the American Petroleum Institute, an industry group, showed late yesterday.
- This provided further bearish impetus to the market a day after prices had risen 5 percent, giving investors a chance to lock in gains. The U.S government's Energy Information Administration (EIA) releases official weekly inventory data today.
- U.S crude traded at \$46.20 a barrel, down 60 cents in yesterday's close. The U.S dollar .DXY rose, making dollar-denominated oil less attractive for holders of other currencies.
- The IEA also raised its forecasts for 2016 and 2017 oil demand growth by 0.1 million barrels per day to 1.4 million bpd and 1.3 million bpd, respectively. Therefore any weakness based on the IEA report should be short-lived.
- Credit Suisse raised its 2016 oil price forecasts on Wednesday. The bank forecast U.S. crude would average \$43.59 per barrel this year versus \$36.91 in its earlier forecast, and \$55.00 for 2017, versus \$52.88 earlier. Estimates for the global oil demand were raised by 100,000 barrels a day in 2016 to 96.1 million barrels a day.

### 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 rallied during the course of the day on Tuesday but found the \$20.50 level to be resistive. We turn right back around from a bit of a shooting star, just as we did during the Monday session. With this, I believe that the market should continue to go much higher eventually, but with this being the case we also have to worry about all of the volatility that is undoubtedly above. With this being the case, the market should go higher but find quite a bit of choppiness. Ultimately though, I think pullbacks offer plenty of buying opportunities all the way down to at least the \$19.50 level. A decline back towards the 19.20/19 area and hold of support could present another shot at buying with overbought conditions alleviated. In the very short-term, silver has support on the intra-day charts at 20.09 and resistance around 20.65.

Pivot:	20.34		
Support	19.93	19.78	19.56
Resistance	20.41	20.75	21.13

### Highlights

- September silver pulled back, losing 13 cents, or 0.7%, to settle at \$20.17 an ounce
- Silver had traded as high as \$20.595 an ounce, buoyed by hedging demand and for its use as an industrial commodity
- The gold-silver spread was trading at 67.4 as of July 12, 2016
- Silver is used as a safe haven during times of uncertainty, and it's also used as an industrial metal
- In 2016, there was both a safe-haven bid for silver and an industrial demand

### Silver - Technical Indicators

RSI 14	65.08
SMA 20	17.49
SMA 50	17.00
SMA 100	16.39
SMA 200	15.45

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver futures turned lower yesterday, surrendering what would have been a nearly two-year settlement high as a rally in U.S. equities tarnished the appeal of precious metals, including gold.
- September silver pulled back, losing 13 cents, or 0.7%, to settle at \$20.17 an ounce. Silver had traded as high as \$20.595 an ounce, buoyed by hedging demand and for its use as an industrial commodity.
- Prices for the white metal have posted gains in eight of the last nine trading sessions. Prices finished Monday at \$20.304, the highest since August 2014, according to FactSet.
- Silver's been holding strong compared to its more precious cousin on hopes of new central-bank stimulus, but gold's sharp drop was sure to dent the grey metal too.
- Declines for precious metals came as U.S. stocks soared to new heights on Tuesday, dulling interest in the shiny metals. Silver will likely follow gold, but the strong correlation between the two metals doesn't always match up on a day-to-day basis.
- Expectations for even more money-printing is exciting stock market investors and may be reducing some interest in precious metals. Gold and silver's advances had been supported by accommodative central-bank policies, including ultralow interest rates throughout much of the developed world.
- Lower rates make precious metals, which don't bear yield, relatively more attractive. Precious metals also serve as a hedge against inflation. After the Brexit shock and Italian banking scare, inflation is suddenly the big trade today, because central banks everywhere are doing just what the markets hoped, and are vowing to fight off any slump with yet more quantitative easing and still-lower 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	
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

Wednesday, July 13, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jul 13	05:30	AUD Westpac Consumer Confidence (JUL)	Medium	-3.0%		-1.0%
Wed Jul 13	12:34	CNY Trade Balance (JUN)	Medium	\$48.11b	\$45.65b	\$49.98b
Wed Jul 13	14:00	EUR Euro-Zone Industrial Production w.d.a. (YoY) (MAY)	Medium	0.5%	1.3%	2.2%
Wed Jul 13	16:00	USD MBA Mortgage Applications (JUL 8)	Medium	7.20%		14.20%
Wed Jul 13	17:30	USD Import Price Index (YoY) (JUN)	High		-4.6%	-5.0%
Wed Jul 13	19:00	CAD Bank of Canada Rate Decision (JUL 13)	High		0.50%	0.50%
Wed Jul 13	19:00	CAD Bank of Canada Releases Monetary Policy Report	High			
Wed Jul 13	19:30	USD DOE U.S. Crude Oil Inventories (JUL 8)	Medium			-2223k
Wed Jul 13	23:00	USD Monthly Budget Statement (JUN)	Medium		\$24.0b	

Source: Forex Factory, DailyFX

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