

## Gold

### Technical

Gold prices moved lower yesterday and are poised to test support levels near the August lows at 1,302. Resistance is seen near the 10-day moving average at 1,325. A break of the 1,302 level would likely lead to a test of the late June lows at 1,250. The RSI is testing support levels near 39, and a break would reflect accelerating negative momentum. Momentum on gold prices has turned negative as the MACD (moving average convergence divergence) index recently generated 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 index is now printing in the red with a downward sloping trajectory which points to lower prices. A break above the \$1320 level would of course be a very bullish sign, perhaps reaching towards the \$1340 level above.

Pivot:	1,307		
Support	1,304	1,302	1,300
Resistance	1,313	1,318	1,322

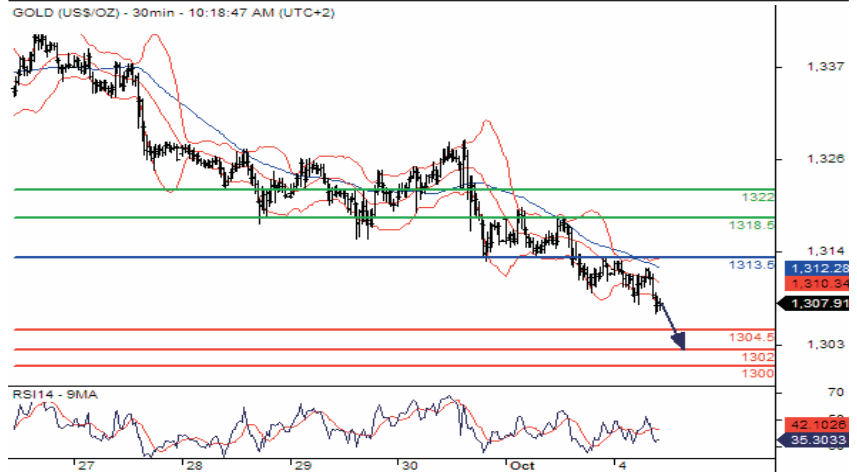
### Highlights

- Gold prices slipped yesterday as the dollar gained on stronger-than-expected U.S. manufacturing data
- Spot gold reversed gains to fall 0.3 percent, with volumes muted as China markets were closed for the National Day holidays
- Prices are slowly drifting lower but may not come down too much, particularly ahead of Friday
- Investors will look to the U.S non-farm payrolls report on Friday
- This week there are plenty of U.S macro data to look forward to which could have a big impact

### Gold - Technical Indicators

RSI 14	48.82
SMA 20	1,326.07
SMA 50	1,331.72
SMA 100	1,323.99
SMA 200	1,279.98

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold fell to its lowest in over two-weeks today as the dollar gained strength after upbeat U.S. economic data. Spot gold edged down nearly 0.2 percent to \$1,309.45 an ounce. Bullion earlier fell to as low as \$1,307.85, its lowest since September 16.
- U.S. factories ramped up activity in September, shaking off a one-month contraction in a sign the United States was resisting the downward pull of the sluggish global economy.
- The dollar index, which measures the greenback against a basket of currencies, nudged up over 0.2 percent to 95.903. Gold prices at this moment are under pressure.
- Despite the fact that we saw different types of crisis from Deutsche Bank to Brexit, we can see that prices haven't gone beyond the resistance at \$1,350. It is a pessimistic sign that even the speculators could not capitalise on the so-called bad news.
- Positive economic data usually puts pressure on gold prices as it increases expectations of a U.S. interest rate hike that would increase the opportunity cost of holding non-yielding bullion. Analysts will look to the U.S. non-farm payrolls report on Friday for more clarity on whether the U.S. Federal Reserve is on track to tighten credit by December.
- Still, the U.S. Federal Reserve remains cautious about raising rates since it would not be able to cut them back as aggressively as it did before the recession of 2007 in the event of a new recession in the next few years, New York Fed President William Dudley said yesterday.
- Chinese markets being shut for the Chinese National Day holidays from Oct. 1-9 will mean gold markets will be quiet. Lack of Chinese participation will likely keep the metal in a consolidation phase this week.

### 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

WTI crude oil prices broke out closing yesterday's trading session above trend line resistance for a second straight trading session and poised to test the August highs near 50. Support on crude oil is seen near the 10-day moving average at 46.26. Traders and investors continue to absorb last week's announcement by OPEC that they would agree to cap output at 32.5 million barrels of crude production per day. Momentum has turned positive as the MACD (moving average convergence divergence) index recently generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal. The RSI (relative strength index) pushed above resistance reflecting accelerating positive momentum.

Pivot:	48.52		
Support	47.75	47.10	46.20
Resistance	49.30	49.75	50.23

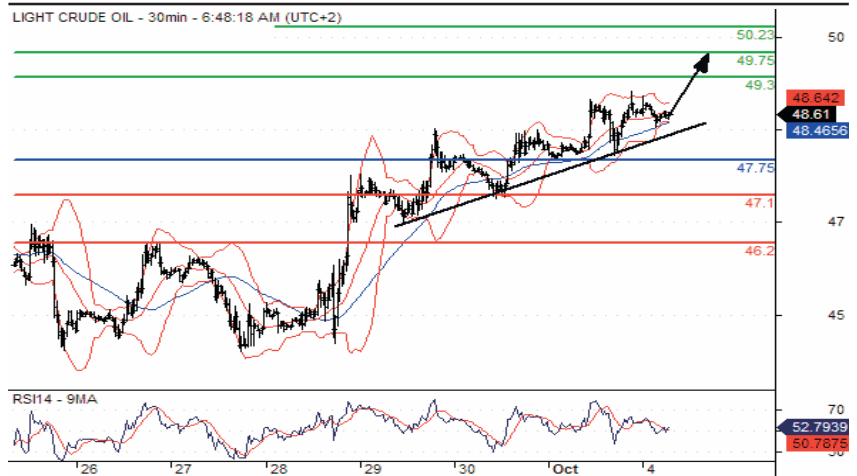
### Highlights

- Oil futures pulled back from three-month highs in today, following a rally fueled by rising optimism over a possible OPEC supply deal
- Crude futures for delivery in November traded at \$48.55 a barrel, down 25 cents
- Oil prices have rallied sharply in the last week following a much-touted agreement at an informal meeting in Algiers
- Indications that Russia, which is not in OPEC, plans to join any supply agreement
- Analysts expect a 2.7 million-barrel rise in stocks in the week ending Sept. 30

### Crude - Technical Indicators

RSI 14	58.08
SMA 20	45.35
SMA 50	45.30
SMA 100	45.94
SMA 200	42.95

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell nearly one percent today in Asian trading session on news that Iran and Libya have continued to increase production, overshadowing an OPEC agreement struck last week to freeze output levels in a bid to stem a two-year price rout.
- U.S. West Texas Intermediate (WTI) crude was down 42 cents, or 0.9 percent, at \$48.39 a barrel. Today's losses should come as no surprise as Libyan production is climbing higher and Iranian exports are on the rise too. Add to these that the dollar is strengthening and you have a bearish cocktail.
- Iran's crude oil and condensate sales have likely approached levels last seen at peak time in 2011 before western sanctions were imposed, sources with knowledge of the matter said.
- Iran, which is allowed to produce "maximum levels that make sense" as part of an output limit agreed by the OPEC last week, likely sold 2.8 million bpd of crude and condensate in September, the sources said.
- At the same time, production is also rising in Libya, which is also exempt from an output freeze. The country's Arabian Gulf Oil Company said its production had risen to 320,000 bpd, up from about 290,000 bpd late last week, helping to push the country's production above 500,000 bpd.
- Focus is now shifting to the end of November when OPEC will decide individual members' output ceilings. Oil prices also took a knock from a stronger dollar, which reached a 13-day high again a basket of major currencies after a positive U.S. economic survey increased investors' confidence in a rise in U.S. interest rates by the end of the year.
- Oil investors are also keenly awaiting the latest U.S. commercial crude oil stocks data, which has surprised the market over the past four weeks with unexpected drawdowns.

### 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 did initially try to rally during the course of the session on Monday, but turn right back around to form a bit of a shooting star. However, there is a significant amount of support just below so I think it's only a matter of time before the buyers return. It's not until we break down below the \$18.50 level that I would consider selling. I am looking for a bounce or some type of supportive candle in order to go long. On the other hand, a break above the top of the shooting star from Friday would of course be very bullish sign as well. In the week ahead, traders will be focusing their attention on Friday's nonfarm payrolls report, seen by many as the clearest sign on the health of the labor market, amid ongoing speculation over whether U.S. interest rates will rise this year. Investors currently price a 55.7% chance of a rate hike at the Fed's December meeting.

Pivot:	18.81		
Support	18.65	18.55	18.42
Resistance	19.12	19.30	19.53

### Highlights

- Silver prices registering net losses on solid risk appetite and a firmer dollar following the US ISM manufacturing data
- Volatility has remained a key feature in silver following the substantial spike and reverse seen on Friday
- Silver prices retreated as activity was curbed by the Chinese market holiday
- US ISM manufacturing data was stronger than expected with a recovery to 51.5
- Trends in silver will be influenced strongly by developments in risk appetite and the Dollar

### Silver - Technical Indicators

RSI 14	49.36
SMA 20	19.26
SMA 50	19.36
SMA 100	19.10
SMA 200	17.53

### Silver Daily Graph



### Fundamentals

- Silver prices were little changed yesterday, as markets consolidated after quarter-end positioning and investors turned their attention to a deluge of economic reports later in the week.
- December silver futures was virtually unchanged at \$19.21 a troy ounce on the Comex division. The grey metal traded within a daily range of \$19.07 and \$19.39. The futures price declined 2.4% last week, erasing 60% of the previous week's gains.
- The US dollar index, which often tracks inversely with precious metals, rose 0.1% to 95.53. The greenback consolidated higher last week, recouping some of its post-FOMC loss.
- The dollar approached seven-week highs against the British pound in yesterday's trading session, as Brexit fears resurfaced after Prime Minister Theresa May targeted end of March 2017 as the date for beginning the process to exit the European Union.
- Much stronger than expected UK manufacturing PMI was unable to lift sterling at the start of the week. The Markit UK manufacturing PMI rose to 55.4 in September from 53.3 the previous month, the highest level in more than two years. Anything above 50 signals expansion in economic activity.
- The UK Office for National Statistics will release a series of economic reports on Friday, including data on trade, manufacturing and broader industrial production.
- The US Labor Department will also report on nonfarm payrolls in the final session of the week. US employers are forecast to have added around 170,000 workers to payrolls in September after a gain of 151,000 the previous month. The unemployment rate is expected to hold at 4.9%.

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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

Tuesday, October 04, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Oct 04	05:30	AUD Building Approvals (YoY) (AUG)	Medium	10.1%	5.1%	4.2%
Tue Oct 04	08:30	AUD Reserve Bank of Australia Rate Decision (OCT 4)	High	1.5%	1.5%	1.5%
Tue Oct 04	10:00	JPY Consumer Confidence Index (SEP)	Medium	43.0	41.5	42.0
Tue Oct 04	13:30	GBP Markit/CIPS UK Construction PMI (SEP)	Medium		49	49.2
Tue Oct 04	14:00	EUR Euro-Zone Producer Price Index (YoY) (AUG)	Low		-2.1%	-2.8%
Tue Oct 04	17:00	NZD Dairy Auction Whole Milk Powder MT (OCT 4)	High			\$2,782
Tue Oct 04	18:45	USD ISM New York (SEP)	Low			47.5
Tue Oct 04	19:00	USD IBD/TIPP Economic Optimism (OCT)	Low			46.7
Tue Oct 04	20:30	USD U.S. to Sell 4-Week Bills	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	(Assistant 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