

## Gold

### Technical

Gold prices continued to trade on the defensive on Wednesday piercing through support near the 10-day moving average at 1,325. Broader dollar strength came on the heels of a stronger than expected Durable goods orders release. Support is now seen near the August lows at 1,300. Momentum should turn negative as the MACD (moving average convergence divergence) index is poised to generate a sell signal.

The RSI is printing a reading of 46, which is in the middle of the neutral range and reflects consolidation. U.S. durable goods orders were unchanged in August from a revised 3.6% bounce in July. June orders were bumped down to -4.3% from -4.2%. Transportation orders edged up 0.6% from after the 8.9% gain previously. Excluding transportation, orders slipped 0.4% from the prior 1.1%. Nondefense capital goods orders excluding aircraft rose 0.6% from 0.8%.

Pivot:	1,321		
Support	1,318	1,312	1,307
Resistance	1,328	1,332	1,338

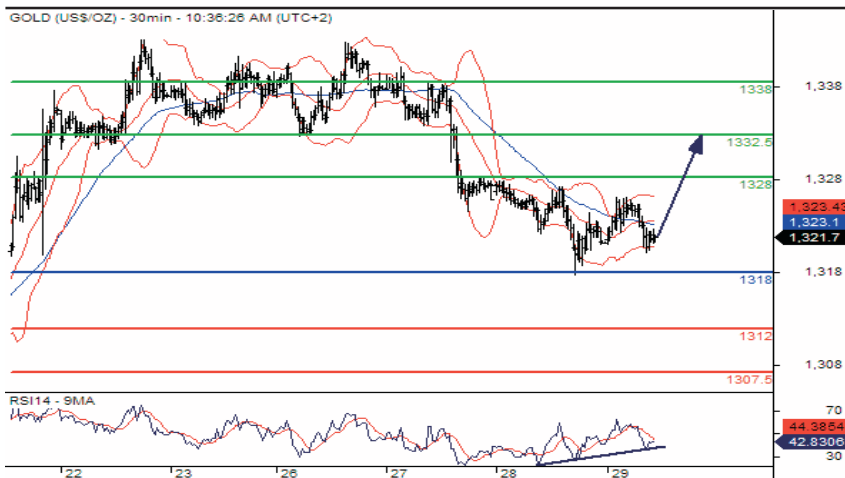
### Highlights

- Gold prices fell to a one-week low yesterday on a stronger dollar and mixed views on the likelihood of a rate increase by the Fed
- Gold for December delivery settled down 0.5% at \$1,323.70 a troy ounce
- The Dollar Index, which measures the dollar against a basket of other currencies, was up 0.1% at 86.35
- Gold traders remain focused on the chances for a rate increase this year
- U.S durable goods data and second quarter GDP figures will be released today

### Gold - Technical Indicators

RSI 14	54.49
SMA 20	1,324.47
SMA 50	1,333.83
SMA 100	1,315.95
SMA 200	1,272.30

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold pared early gains today as the U.S dollar recovered and global stocks rallied after oil producers agreed to curb output. The OPEC yesterday agreed modest oil output cuts in the first such deal since 2008, with the group's leader Saudi Arabia softening its stance on arch-rival Iran amid mounting pressure from low crude prices.
- Once again gold struggled to find direction in low volumes, with regional names happy to sit on the sidelines as gold threatens a test of the 100-day moving average around \$1,310.
- With some time still to pass until the currently expected U.S Federal reserve rate rise in December, gold looks likely to hold range-bound over the short term.
- Division between Federal Reserve policymakers on when to raise U.S. interest rates has sapped investor enthusiasm for trading on comments by officials from the central bank.
- The gold and dollar markets are currently without very strong direction. The mixed views from U.S Fed officials have weakened their credibility and the market has stopped buying on their comments. U.S gold futures were up nearly 0.1 percent at \$1,324.30 an ounce.
- The gold market will absorb another raft of U.S. and European economic data later today. U.S GDP numbers are due, as well as European Union business confidence data.
- Prices may stay on the defensive in the absence of new developments, unless oil prices continue to rise enough to lend support to bullion. The dollar index, which measures the greenback against a basket of currencies, rose 0.1 percent to \$95.520 in today's Asian trading session after touching a low of 95.338 yesterday.

### 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 shot higher late in the North American trading session following a Reuters story that said that OPEC plans to cut production at its November meeting. The deal to curb product would reduce the cap to 32.5 million barrels. Prices were consolidating ahead of the news despite an unexpected draw in crude oil inventories reported on Wednesday by the Department of Energy. Support is seen near the 10-day moving average at 44.96, while resistance is seen near the September highs at 48.10. The Department of Energy reported that U.S. commercial crude oil inventories decreased by 1.9 million barrels from the previous week. Analysts had expected inventories to climb by 2 million barrels in the latest week. Gasoline inventories increased while distillate inventories declines, while demand for products rose 3.2% year over year.

Pivot:	46.71		
Support	46.20	45.48	44.56
Resistance	47.90	48.35	49.00

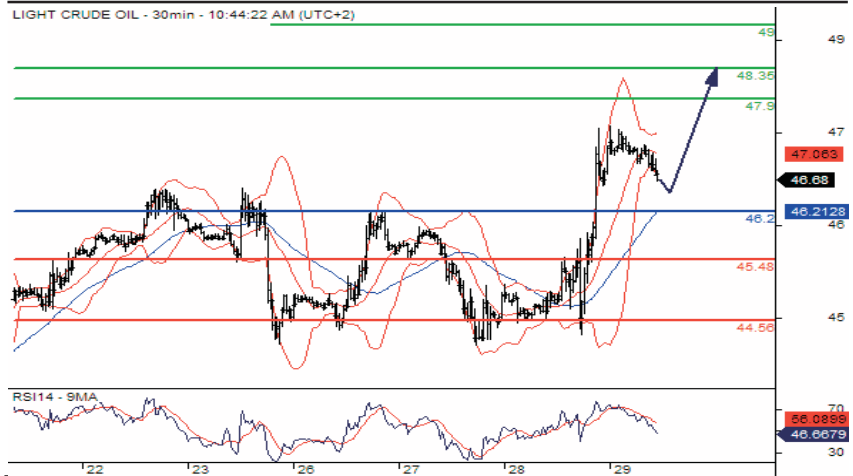
### Highlights

- Oil prices settled up nearly 6 percent after OPEC said the group has struck a deal to limit crude output yesterday
- The OPEC reached agreement to limit its production by nearly a million barrels per day to 32.5 million bpd
- OPEC will agree to concrete levels of production for country at its Nov. 30 meeting in Vienna
- Oil prices have more than halved from highs above \$100 a barrel in mid-2014
- U.S government data showed a surprise drop in crude stockpiles for a fourth week in a row

### Crude - Technical Indicators

RSI 14	53.84
SMA 20	44.86
SMA 50	44.61
SMA 100	46.16
SMA 200	42.47

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices slipped today as investors questioned whether an OPEC agreement to curb oil production - the group's first such deal since 2008 - would be enough to rebalance a heavily over-supplied world market.
- The Organization of the Petroleum Exporting Countries agreed yesterday to cut output to 32.5-33.0 million barrels per day from around 33.5 million bpd, estimated by Reuters to be the output level in August.
- Global benchmark Brent crude oil was down 60 cents a barrel at \$48.09, after earlier climbing to a high of \$49.09, its strongest since Sept. 9. Brent settled up 5.9 percent, yesterday. U.S light crude oil was down 30 cents at \$46.75 a barrel, after first hitting \$47.47, its highest since Sept. 8. WTI rose \$2.38, or 5.3 percent, yesterday.
- While the initial response to the agreement was positive, there are crucial questions to be answered by the organization in the coming weeks. U.S. bank Goldman Sachs said it expected the OPEC deal to add \$7 to \$10 to oil prices in the first half of next year.
- But many analysts said they were concerned that too many details had been left unresolved and that the deal could unravel. How much each country will produce is to be decided at the next formal OPEC meeting in November, when an invitation to join cuts could also be extended to non-OPEC countries such as Russia.
- It is not clear when the agreement would come into effect, how compliance with the agreement will be verified, what new individual quotas for countries would be and how long the deal would remain in effect.
- And a cut in OPEC production might do little to reduce oversupply, given uncertainty about output from Iran, Libya and Nigeria. The problem of surpluses will not be solved if these countries take full advantage of their capacities.

### 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 tried to rally yesterday but fell after initially showing this bullishness. I believe that the market is going to reach down to the \$19 level below, and then perhaps the \$18.75 level below. Ultimately, I think that sooner or later the buyers will return though, so this is more or less a “two speed market”, as short-term sellers are going to get involved, but eventually the longer-term traders will continue to push much higher, as we reach towards the \$20 level given enough time. After putting in a small reversal day off the trend-line running back to the July peak, silver is weakening towards the middle of the narrowing daily range. Broadly speaking, this is setting up nicely so far for the bulls as long as it continues to coil and hold support. Looking at the very short-term, the bias is tilted in favor of shorts with the near-term trend pointing lower following the down lower from resistance.

Pivot:	19.12		
Support	19.00	18.83	18.65
Resistance	19.39	19.55	19.65

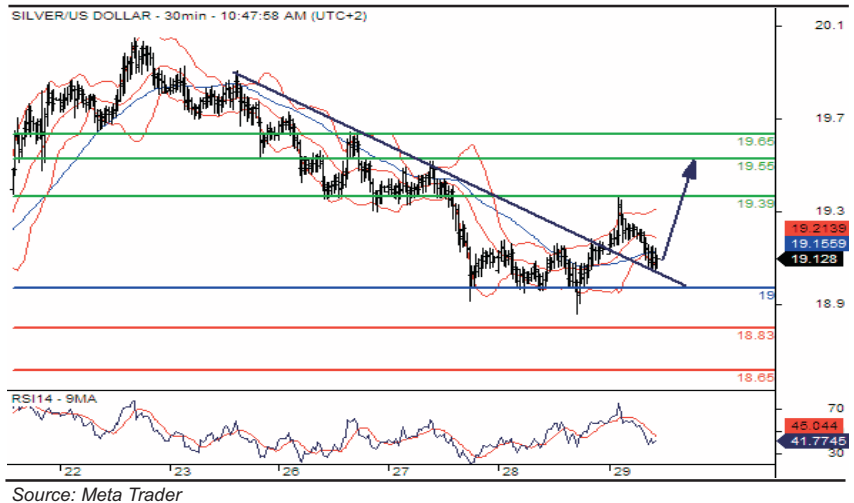
### Highlights

- Silver prices were undermined for the second day running as the dollar was more stable and financial-sector concerns eased
- After finding support above \$19.00 per ounce on Tuesday, silver prices edged higher
- US economic data had little impact with headline durable goods orders unchanged for August
- Fed Chair Yellen testified on regulatory and financial matters with no comments on monetary policy
- The US dollar made some further progress against commodity currencies yesterday

### Silver - Technical Indicators

RSI 14	60.18
SMA 20	19.27
SMA 50	19.48
SMA 100	18.88
SMA 200	17.35

### Silver Daily Graph



### Fundamentals

- Silver prices consolidated near one-week lows yesterday, as investors awaited a fresh batch of US and global economic data. December silver futures edged up 2 cents, or 0.1%, to \$19.19 a troy ounce. The metal traded within a daily range of \$19.06 and \$19.27.
- Silver had declined in each of the past three sessions, losing nearly 5% in the process. Precious metals have fallen with oil this week, as investors tracked a key meeting of major energy producers in Algeria.
- Members of the Organization of the Petroleum Exporting Countries (OPEC) played down a production freeze on Tuesday, as Iran and Saudi Arabia remained at odds about ways to support the market. Saudi officials said they remained hopeful that a deal would materialize at OPEC’s official meeting in November.
- Investors’ attention shifts back to the economic data in the remainder of the week. The US Commerce Department will release revised second quarter GDP figures on Thursday. Separately, the National Association of Realtors will release its monthly pending home sales report.
- The Commerce Department will also report on personal incomes and outlays on Friday, including fresh core PCE inflation figures that are closely monitored by the Federal Reserve.
- Japan is also set to release new batches of inflation, industrial production and employment figures on Friday. Meanwhile, Germany and the Eurozone will each post preliminary September CPI data on Thursday and Friday, respectively. The UK Office for National Statistics will also release revised second quarter GDP in the final session of the week.
- Fed Chair Yellen testified on regulatory and financial matters with no comments on monetary policy limited to the fact that she expects rates to rise over time and that there is no set time to raise 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

Thursday, September 29, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Sep 29	12:55	EUR German Unemployment Change (SEP)	High	1k	-5k	-6k
Thu Sep 29	13:30	GBP Mortgage Approvals (AUG)	Medium	60.1k	60.2k	60.9k
Thu Sep 29	17:00	EUR German Consumer Price Index (YoY) (SEP)	High		0.6%	0.4%
Thu Sep 29	17:30	USD Advance Goods Trade Balance (AUG)	Medium		-\$62.3b	-\$59.3b
Thu Sep 29	17:30	USD Wholesale Inventories (AUG)	Medium		0.0%	0.0%
Thu Sep 29	17:30	USD Gross Domestic Product (Annualized) (2Q)	Medium		1.3%	1.1%
Thu Sep 29	17:30	USD Initial Jobless Claims (SEP 24)	Medium		260K	252K
Thu Sep 29	17:50	USD Fed's Lockhart Speaks at Florida Forum	Medium			
Thu Sep 29	19:00	USD Pending Home Sales (YoY) (AUG)	Medium			-2.2%

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