

Gold

Technical

Gold markets initially tried to rally during the trading session yesterday but found the downtrend line a bit too stringent to continue. By doing so, the market looks very susceptible to selling pressure. Economists believe that the \$1200 level underneath will continue to be major as far as importance is concerned, but in the short term it's probably a bit of a range bound market with a short-term negative bias. If it can break above the downtrend line that it has marked on the hourly chart, it's possible that it could go much higher. Alternately, if it break down below the \$1200 level on a daily close, then it could open the door for a move down to the \$1140 level. Overall, this is a market that is going to be very noisy and difficult. A break out to the upside could lead this market right back to the \$1225 level. Regardless, expect a lot of noise over the next couple of days.

Pivot:	1,211		
Support	1,208	1,206	1,204
Resistance	1,215	1,218	1,220

Source: FX EMPIRE

Highlights

- Gold prices were steady today, after gaining for two straight sessions
- Dollar hit a three-week high, lost ground versus a basket of currencies
- Gold prices can benefit from uncertainty, as the metal is traditionally seen as a safe place to park assets, alongside the yen
- Gold is expected to remain weak on rising U.S interest rates and strong demand for U.S Treasury bonds as a safe haven from global trade tensions
- The Fed is going to raise rates further this year, that will push up the dollar, a negative for gold

Gold - Technical Indicators

RSI 14	45.94
SMA 20	1,219.5
SMA 50	1,218.0
SMA 100	1,218.2
SMA 200	1,218.3

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices were mostly steady in range-bound Asian trade today, after gaining for two straight sessions, with a strong dollar weighing on upside momentum. Gold prices are down more than 10 percent since April. Higher interest rates raise the opportunity cost of holding gold.
- Spot gold was up 0.1 percent at \$1,214.23 an ounce, having gained 0.2 percent in the previous session. U.S gold futures were up 0.1 percent at \$1,222.2 an ounce.
- The U.S dollar today stabilised versus the yen after earlier in the session dropping to a two-week low ahead of trade talks between the United States and Japan and amid speculation over when the Bank of Japan will exit its ultra-easy monetary policy.
- The greenback was steady versus the yuan and up 0.1 percent against other major rivals. The U.S economy is strong enough to warrant further interest rate increases by the central bank.
- It seems that investors are still thinking the rate hike is going to come, so gold is not really a good investment for now. If there are expectations of faster rate hikes or higher inflation, then gold prices will see further downside pressure.
- The U.S Federal Reserve has raised benchmark interest rates two times so far this year and targets two more hikes in the near-term with the next one slated to come in September. Higher U.S rates tend to boost the dollar and treasury yields, adding pressure on greenback-denominated, non yielding gold.
- Meanwhile, Asian shares edged higher today, as a rally in Chinese stocks helped offset the latest bout of Sino-U.S trade tensions, while Russia's rouble tumbled as the United States slapped fresh sanctions on the country.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market fell rather significantly during the trading session yesterday, reaching down towards the vital \$67 level before finding buyers again. This was after the announcement of a drawdown of inventory, but less of a drawdown than originally thought in America. That \$67 level very closely as it is important support that it has seen more than once. There are more than enough global tensions to keep somewhat of a bid in the crude oil market, so be advised that the \$67 level will be very difficult to break down below. If it bounce from here, that would sustain the range bound action that it has seen between this level and the \$70 level. Otherwise, it probably drop down to \$66 looking for the longer-term trend line. Brent did a very similar thing during the day, reaching down towards the \$72.50 level. It is starting to show signs of life again near this level, and it may see a turnaround.

Pivot:	66.71		
Support	66.30	65.75	65.35
Resistance	67.45	68.00	68.50

Source: FX EMPIRE

Highlights

- Oil prices slumped yesterday after Chinese import data showed a slowdown in demand
- The market is supported by concerns the sanctions on Iran are going to reduce Iranian supply
- The geopolitical risk from Iran is keeping a floor under the price
- The United States reimposed sanctions on Iran, the third-biggest producer in the Organization of the Petroleum Exporting Countries
- The U.S EIA reported that crude oil inventories fell 1.4 million barrels in the latest week, less than half the 3.3 million-barrel

Crude - Technical Indicators

RSI 14	46.01
SMA 20	67.75
SMA 50	67.75
SMA 100	67.83
SMA 200	67.75

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil inched up today, paring some of the previous day's steep price slide, after the first round of U.S sanctions against Iran came into effect, although confidence in crude demand has been hit by the escalating China-U.S trade dispute.
- Brent crude (LCOc1) futures were up 14 cents at \$72.42 barrel, after having dropped by more than 3 percent on Wednesday. U.S crude futures (CLc1) rose 8 cents to \$67.02 a barrel, having closed down 3.2 percent the day before.
- The renewed sanctions won't directly target Iranian oil until November, although U.S President Donald Trump has said he wants as many countries as possible to cut their imports of Iranian crude to zero.
- The impact of it is the greatest known unknown of the year. If worst comes to worst and 1.5-2 million bpd of Iranian disappears from the market. Calculations will go out of the window and oil bears will have to brace themselves for a very rough ride.
- On top of the impact on the broader global economy, there is growing worry in the crude oil market about Chinese demand. Crude imports picked up in July after two months of decline, but were still among the lowest this year due to a drop-off in demand from smaller independent refineries.
- The U.S Energy Information Administration, meanwhile, reported that crude inventories fell 1.4 million barrels in the latest week, less than half the 3.3 million-barrel draw analysts had expected.
- Meanwhile, import data from China highlighted a continuing drop in demand from the world's second-largest economy and one of the biggest importers of crude oil.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets continue to be very noisy. This is the more volatile of the two major precious metals, so it's not a huge surprise but the one thing that it would say about the chart that it is roughly in the middle of the trading range. This always makes for difficult trading, not to mention the fact that it can be dangerous. Economists think at this point, it's very likely that it will see a return to the \$15.25 level, although it recognize that it will probably be extraordinarily noisy in the process. Market players think at this point, it probably comes down to the US dollar and whether it is strengthening or not. Silver is highly sensitive to the greenback, which has seen a bit of a resurgence due to global trade fears. The easiest trade is to simply look at the \$15.25 level as support.

Pivot:	15.36		
Support	15.30	15.26	15.21
Resistance	15.47	15.51	15.55

Source: FX EMPIRE

Highlights

- Silver prices marked up 0.5 percent to \$15.46 an ounce
- World's second-largest silver producer, reported a rise in second-quarter adjusted net earnings as silver output was steady but costs fell
- Silver production during the quarter was roughly steady at around 6.29 million ounces, versus 6.3 million a year ago
- September Comex silver was last up \$0.027 at \$15.405 an ounce
- Silver price fell to \$16.40 an ounce from \$17.19 in the year-ago period

Silver - Technical Indicators

RSI 14	46.94
SMA 20	15.44
SMA 50	15.41
SMA 100	15.41
SMA 200	15.41

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are near steady but have traded on both sides of unchanged in uninspired action yesterday. The precious metals investors are looking for a dose of new fundamental information to provide a spark to the markets.
- Amid the lack of fresh metals-market-moving news recently, the path of least resistance for prices remains sideways to lower because the near-term technical postures for silver remain fully bearish.
- Silver futures tilted higher in Asian trade as the dollar index traded mostly flat, following earlier data from China, the world's largest metals consumer, and ahead of US inflation and labor data later today.
- Silver futures due on September 15 climbed 0.15% to \$15.46 an ounce, while the dollar index inched up 0.04% against a basket of main currencies to 95.13. US unemployment claims are expected to have increased by 2 thousand to 220 thousand in the week ending August 18.
- Earlier Chinese data showed consumer prices rose 2.1% y/y in July, a four-month high, up from 1.9% in June, and beating estimates of 2.0%, while producer prices rose 4.6%, slowing down from 4.7% and beating estimates of 4.4%.
- Markets await US producer prices data, expected to have slowed down in June to 0.2% from 0.3% in May, while core prices are also estimated with 0.2% rise, down from 0.3% in May.
- The wildcard remains the current trade dispute between the US and China as tariffs begin to be initiated. The unknown effects of these actions will probably have a dramatic effect on the economic markets in the weeks and months ahead. If the Fed stays the course and initiates rate hikes based upon its current monetary policy than it could see further weakness in silver 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	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Thursday, Aug 09, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Aug 09	06:30	CNY Consumer Price Index (YoY) (JUL)	High	2.1%	2.0%	1.9%
Thurs Aug 09	17:15	CAD Housing Starts (JUL)	Medium		219.5k	248.1k
Thurs Aug 09	17:30	CAD New Housing Price Index (YoY) (JUN)	Medium		0.7%	0.9%
Thurs Aug 09	17:30	USD Initial Jobless Claims (AUG 4)	Medium		220k	
Thurs Aug 09	17:30	USD Continuing Claims (JUL 28)	Medium		1735k	
Thurs Aug 09	17:30	USD Producer Price Index Final Demand (YoY) (JUL)	Low		3.4%	3.4%
Thurs Aug 09	17:30	USD Producer Price Index Ex Food and Energy (YoY) (JUL)	Low		2.8%	2.8%
Thurs Aug 09	18:00	MXN CPI (YoY) (JUL)	High		4.81%	4.65%
Thurs Aug 09	19:00	USD Wholesale Inventories (MoM) (JUN F)	Low		0.0%	0.0%

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
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