

## Gold

### Technical

Gold prices advanced toward the top of their two-week trading range in yesterday's trading session, peaking at 1,360.75 per ounce, up 20 from Monday's close. The rally came on the back of broad dollar weakness, which has seen the Dollar index fall to levels last seen on June 24. As the markets dial back expectations for Fed tightening, and as global central banks keep the easing spigots wide open, gold prices should continue to move higher in coming trading sessions. Resistance on the yellow metal is seen near the August highs at 1,370, while support is seen near the 10-day moving average at 1,344. Momentum remains neutral as the MACD (moving average convergence divergence) index prints in the red with a flat trajectory. The RSI (relative strength index) is hovering near the 55 level in the middle of the neutral range which reflects consolidation.

Pivot:	1,344		
Support	1,334	1,329	1,325
Resistance	1,355	1,360	1,365

### Highlights

- Spot gold was nearly flat at \$1,345.80 an ounce today, it rose 0.5 percent yesterday
- The Fed is raising expectations for an interest rate rise this year, even as early as next month
- Two policymakers said the economic stars now appear to be aligning despite weak U.S economic growth in the first half of 2016
- Fed President William Dudley said a rate hike in September was possible
- U.S consumer prices were unchanged in July as the cost of gasoline fell for the first time in five months

### Gold - Technical Indicators

RSI 14	50.77
SMA 20	1,337.02
SMA 50	1,324.64
SMA 100	1,287.92
SMA 200	1,223.47

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold cut its gains yesterday after mixed U.S. economic data failed to give clarity on the prospects for a U.S interest rate rise this year and the U.S. dollar pared losses from a seven-week low.
- U.S consumer prices were unchanged in July as the cost of gasoline fell for the first time in five months and underlying inflation moderated, while U.S. housing starts unexpectedly climbed and industrial production rose more than forecast in the same month.
- Spot gold was up 0.7 percent at \$1,347.95 an ounce today, retreating from an earlier 1.3-percent gain. U.S gold settled up 0.7 percent at \$1,356.90. The CPI initially drove the gold price higher but then NY Federal Reserve President (William) Dudley hinted that interest rate hikes could come as early as this September.
- Federal funds futures fell in the wake of comments from New York's Dudley, who said the U.S. central bank could possibly raise interest rates in September if the economy improves further.
- This suggested that traders saw a 55 percent chance for the Fed to raise rates in December, up from 42 percent on Monday. Atlanta Fed President Dennis Lockhart later said the U.S. economy is likely strong enough for at least one interest rate increase before the end of 2016, and possibly two.
- The dollar was down 0.9 percent against a basket of currencies, after falling to the lowest since June 24, when the United Kingdom voted to leave the European Union. High on the U.S calendar also are the minutes of the Fed's July meeting, due for release today.
- The Fed should reiterate their data dependency, that in the uncertainty they would want to see inflation and wage targets given that the data has been lukewarm. December now seems the only opportunity for this year

### 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 hit a fresh on month high closing on its highs in tandem with Brent crude oil. Iraq's newly installed oil minister, Jabbar al-Luaibi, pledges to boost production, saying there will be no production deal without Iran's participation. Iran indicated earlier it had not decided if it would attend the informal meeting set for late September. Trader had a few hurdles ahead including Tuesday's API inventory report and Wednesday's EIA inventory report. Support is seen near the 10-day moving average at 43.24, while resistance is seen near the June highs near 50 per barrel. Momentum remains positive as the MACD (moving average convergence divergence) index prints in the black with an upward sloping trajectory after recently generating a buy signal. Additionally, the RSI (relative strength index) moved higher with price action reflecting accelerating positive momentum.

Pivot:	46.21		
Support	45.51	44.40	43.80
Resistance	47.20	47.70	48.30

### Highlights

- Oil prices rose to a fresh one-month high yesterday as news that Russia plans to meet with the OPEC in October
- Statements by Iran cast doubts on whether OPEC will be able to agree at a separate meeting next month
- U.S. crude for September delivery settled up 84 cents, or 1.8%, to \$46.58 a barrel
- Crude prices have rallied for four straight trading sessions
- OPEC members are set to meet informally in Algeria in September.

### Crude - Technical Indicators

RSI 14	38.63
SMA 20	42.96
SMA 50	45.89
SMA 100	46.02
SMA 200	40.31

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil fell for the first time in a week on Wednesday, but remained in sight of six-week highs, as investors weighed up how successful potential talks among producers to rein in ballooning oversupply would be.
- U.S. West Texas Intermediate (WTI) crude CLc1 was at \$46.13 a barrel, down 45 cents on the day. Prices have risen by nearly 20 percent in just two weeks to their highest since early July, after speculation surfaced that top producers within and outside of OPEC could finally reach a deal on freezing output.
- The market is totally dominated by short speculators facing OPEC talk. The 'pain trade' is probably still to the upside. And now we are a dollar away from \$50 so it seems almost unavoidable that we're at least going to take that (level) out.
- The fight for market share among some OPEC producers has made market watchers doubtful that talks to rein in oversupply by freezing output levels would be successful.
- Given the dismal track record when it comes to recent producer cooperation, we are not holding our breath for an eventual freeze in output and even less so for a much-needed reduction in production to help re-balance the oil market. An OPEC meeting in June failed to reach an agreement to limit production, and the group's output has since reached new record highs.
- A Reuters survey at the end of July showed OPEC's oil output was likely to have reached its highest in recent history last month, led by increases in Iraq and as Nigeria managed to export additional crude despite militant attacks on oil installations.
- Traders said weekly U.S. EIA oil inventory data due on Wednesday could show the glut in crude and oil products supplies had widened and this expectation may have triggered Wednesday's profit-taking.

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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 during the course of the day on Tuesday, but found quite a bit of resistance at the \$20 level. By doing so, we turned right back around to form a bit of a shooting star. However, I do think that there is quite a bit of support near the \$19.25 level below, and therefore we could find buyers in that general region going forward. I have no interest in selling, and as a result I feel that it is only a matter of time before you get a signal to start going long again. However, we don't have it right now. Silver remains almost smack-dab in the middle of the range which began back in the very beginning of July. The range is likely to continue barring a major catalyst. Silver may still present a good trade or two within the range if it can move to the upper and/or lower bounds and exhibit clean signs of turning back in the opposite direction.

Pivot:	19.70		
Support	19.47	19.32	19.19
Resistance	19.94	20.11	20.22

### Highlights

- A turn in the Greenback would put the trade setup at risk
- Silver prices had reached a high of \$20.08 earlier yesterday, prior to turning lower on Dudley's remarks.
- A further decline in the global equity markets can still trigger further upside for metals, despite a recovery in the US Dollar
- Silver for September delivery was down as much as 24 cents
- Gold's premium over silver widened to 68.55 yesterday

### Silver - Technical Indicators

RSI 14	61.11
SMA 20	20.08
SMA 50	19.01
SMA 100	17.87
SMA 200	16.27

### Silver Daily Graph



### Fundamentals

- Silver prices failed to register gains Tuesday despite a sharp slump in the US dollar that catapulted gold to nearly two-week highs. Silver for September delivery was little changed at \$19.84 a troy ounce after a volatile session on the Comex division of the NYMEX.
- The futures price traded as high as \$20.12 in the early morning before plunging to a session low of \$19.72. The grey metal continues to trade in the middle of a range that began in early July, as the market struggled to extend June's massive 23% rally.
- Risk-sentiment was muted on Tuesday and sharp declines in the US dollar lifted gold to its highest level in nearly two weeks. Comex gold for December delivery reached a session high of \$1,364.30 a troy ounce. The yellow metal would later pare gains to settle up \$6.30 or 0.5% at \$1,353.80 a troy ounce.
- Gold's premium over silver widened to 68.55 on Tuesday. This essentially states that 68.55 ounces of silver are needed to buy one ounce of gold. The ratio closed at 67.62 on Monday.
- The US dollar, which normally trades inversely with precious metals, plunged nearly 1% against a basket of currencies Tuesday. The bulk of the declines occurred overnight, as the Japanese yen surged to five-week highs. The USD/JPY briefly broke below 100.00.
- The dollar was unable to break higher ground after the Federal Reserve reported a much bigger than expected rise in industrial production. Weak consumer inflation data also added to the decline.
- Gains in precious metals have slowed considerably over the past four weeks, as the market has failed to achieve fresh highs. While the outlook on gold and silver remain generally favourable, analysts warn of choppy trading conditions for the foreseeable future.

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	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, August 17, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 17	03:45	NZD Unemployment Rate (2Q)	High	5.1%	5.3%	5.2%
Wed Aug 17	13:30	GBP Claimant Count Rate (JUL)	Medium	2.2%	2.2%	2.2%
Wed Aug 17	13:30	GBP Jobless Claims Change (JUL)	Medium	-8.6k	9.0k	0.4k
Wed Aug 17	13:30	GBP Average Weekly Earnings (3M/YoY) (JUN)	Medium	2.4%	2.4%	2.3%
Wed Aug 17	13:30	GBP ILO Unemployment Rate (3M) (JUN)	Medium	4.9%	4.9%	4.9%
Wed Aug 17	13:30	GBP Employment Change (3M/3M) (JUN)	Medium	172k	153k	176k
Wed Aug 17	14:00	CHF ZEW Survey (Expectations) (AUG)	Medium			5.9
Wed Aug 17	19:30	USD DOE U.S. Crude Oil Inventories (AUG 12)	Medium			1163k
Wed Aug 17	23:00	USD U.S. Fed Releases Minutes from July 26-27 FOMC Meeting	Medium			

Source: Forex Factory, DailyFX

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## Contact Details

### IGI Commodity Team

#### Karachi Office

Tel: (+92-21) 35301392      Cell: 0321-4499228      igi.commodity@igi.com.pk

#### Lahore Office

Zaeem Haider Khan      Tel: (+92-42) 35777863-70      Cell: 0321-4772883      zaeem.haider@igi.com.pk  
 Syed Zeeshan Kazmi      Tel: (+92-42) 35777863-70      Cell: 0321-4499228      zeeshan.kazmi@igi.com.pk  
 Ehsan Ull Haq      Tel: (+92-42) 35777863-70      Cell: 0321-4861015      ehsan.haq@igi.com.pk

#### Islamabad Office

Muhammad Naveed      Tel: (+92-51) 2604861-62      Cell: 0345-5599900      muhammad.naveed@igi.com.pk

#### Faisalabad Office

Gul Hussain      Tel: (+92-41) 2540843-45      Cell: 0344-7770878      gul.hussain@igi.com.pk

#### Rahim Yar Khan Office

Laiq Ur Rehman      Tel: (+92-68) 5871653-55      Cell: 0300-8670967      laiq.queshi@igi.com.pk

#### Multan Office

Mehtab Ali      Tel: (+92-61) 4512003      Cell: 0300-6348471      mahtab.ali@igi.com.pk

#### Abbotabad Office

Zeeshan Kayani      Tel: (+92-992) 408243-44      Cell: 0333-5061009      zeeshan.kayani@igi.com.pk

#### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Karachi  
 Stock Exchange Limited and Lahore 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) 5871653-6, 5871652  
 Fax: (+92-68) 5871651

##### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road, Multan  
 Tel: (+92-992) 408243-44  
 Fax:

##### Abbotabad Office

Ground Floor, Al Fatah Shopping Center,  
 Opp. Radio Station, Mandehra Road, Abbotabad  
 Tel: (+92-99) 2408243-44  
 Fax: