

Gold

Technical

Gold markets initially fell on Friday, but found enough support below to turn around to form a hammer. We are currently trading around the 100-day exponential moving average, and just above the psychologically important \$1200 level. After the jobs number, the market found a bit of bullish pressure and it looks as if we are ready to continue the move higher. However, I see a significant amount of resistance near the \$1230 level, mainly because of previous action and of course the 50% Fibonacci retracement level. Once we break above there, I feel that the market is free to go much higher, probably the 1250 level next. The gold markets of course are heavily influenced by what's going on with the US dollar, and if it starts rising, that could work against this market. Currently, it looks as if the markets are trying to figure out what to do with the new Donald Trump presidency.

Pivot:	1,222		
Support	1,218	1,214	1,210
Resistance	1,230	1,233	1,241

Highlights

- Gold prices edged up Friday for its best weekly gain in seven months
- The U.S dollar lost some ground following the most recent reading of the closely watched jobs report
- April gold rose \$1.40, or 0.1%, to settle at \$1,220.80 an ounce
- For the week, prices climbed 2.4%, the strongest since the week of June 10
- The U.S created 227,000 new jobs in January to mark the largest gain in four months and the unemployment rate rose to 4.8%

Gold - Technical Indicators

RSI 14	61.47
SMA 20	1,203.9
SMA 50	1,174.3
SMA 100	1,209.3
SMA 200	1,267.4

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold was little changed on Friday's trading session, erasing earlier losses as the dollar came under pressure from a U.S. payrolls report that flagged up weak wage growth last month, weakening the case for near-term interest rate hikes.
- While U.S job growth surged more than expected in January as construction firms and retailers ramped up hiring, wages barely rose. Spot gold was unchanged at \$1,215.75 an ounce off an earlier low of \$1,207.10. U.S gold futures for April delivery settled up 0.1 percent at \$1,220.80 per ounce.
- Markets seem to be looking at the soft wage data, which signal rather weak inflationary pressure, and therefore less need for the Fed to raise interest rates. The U.S dollar and 10-year U.S Treasury yields US10Y were little changed, having come off session highs.
- Gold is on track to rise around 2 percent this week as the dollar headed for a fourth weekly drop on worries about Donald Trump's presidential style and a lack of clarity on rate hikes.
- The yellow metal is highly sensitive to rising U.S. interest rates, which increase the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced.
- Holdings of the world's largest gold-backed exchange-traded fund, SPDR Gold Shares (GLD), rose for a second day on Thursday by 1.5 tonnes to 811.22 tonnes. ETF inflows were the sole driver of demand growth in 2016 – we saw the second highest inflows since 2009.
- A bounce in investment to a four-year high drove a modest gain in precious metal demand last year, data from the World Gold Council showed on Friday, even as use of the metal in jewellery slid to its lowest since 2009 and coin and bar buying slid.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market initially tried to rally on Friday but found resistance above the \$54 level yet again. Because of this, I believe that if we can break down below the bottom of the candle for the Friday session, we will more than likely drop down to the \$52 level underneath. While I don't think that this is can be an easy market the trade, the one thing that I understand is that the overall consolidation is still very much intact. In fact, I'm not comfortable with the longer-term position until we break above the \$55 level, or perhaps breakdown below the \$50 level. Expect a lot of volatility, people are trying to figure out where we go next due to the fact that we have very bearish inventory numbers, but at the same time we have OPEC cutting production. Pay attention to the US dollar as well, it has an inverse correlation to where this market goes.

Pivot:	53.92		
Support	53.62	53.35	53.17
Resistance	54.23	54.50	54.73

Highlights

- U.S government poised to scrap a rule that calls for transparency on payments by energy firms to foreign governments
- Crude futures for delivery in March traded at \$53.97 a barrel, up \$0.14
- Tension between the U.S and Iran is also keeping prices on the rise
- The apparent success of the output-cut agreement forged late last year is also fueling optimism that oil-producing nations are serious
- A downside, however, is the steady improvement in U.S oil drilling

Crude - Technical Indicators

RSI 14	56.38
SMA 20	53.03
SMA 50	52.73
SMA 100	50.30
SMA 200	48.10

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rose today, with traders shifting money into crude futures as the dollar weakened, and as concerns rose that new U.S. sanctions against Iran could be extended to affect crude supplies.
- However, markets were held back by more signs of growing U.S. production as well as worries that import demand in China could slow. International Brent crude futures were trading at \$56.96 per barrel, up 15 cents from their last close.
- U.S. West Texas Intermediate (WTI) futures were up 18 cents at \$54.01 a barrel. Traders said the rising prices were a result of cash being poured into crude futures due to a weakening dollar and because of a generally firm outlook thanks to producer efforts to cut output.
- Investors raised their net long U.S crude futures and options positions in the week to Jan. 31 to a record 412,380 lots, the U.S. Commodity Futures Trading Commission said on Friday. A weaker U.S.-dollar and OPEC news are supporting the base.
- The Dollar has lost almost 4 percent in value against a basket of other currencies since early January, making investments into other products like crude futures more attractive.
- Tensions between Tehran and Washington were also supporting oil. A recent Iranian ballistic missile test prompted U.S. President Donald Trump to impose sanctions on individuals and entities linked to Iran's elite Revolutionary Guards military unit.
- The move by the U.S. to impose new restrictions on Iran does raise the risk of further tensions disrupting (oil) supply. Despite this, crude was held back by rising U.S drilling activity, where 17 oil rigs were added in the week to Feb. 3, bringing the total up to 583, the most since October 2015.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets initially fell on Friday after the jobs report, but found enough support near the \$17.25 level to turn around and formed a hammer. The market is obviously chopping around this area, so I think that more volatility will be the case. However, I recognize that we have recently broken out, so I believe that the buyers are in control. Because of this, if you are patient enough it's probably going to pay off quite well if you can hang onto a long position. Selling is a thought for me until we breakdown below the \$17 level at the very least. We did see a little bit of a push back during the week. Because of this, I believe that the market is going to continue to reach higher, perhaps towards the \$18.50 level. Short-term pullbacks should continue to be buying opportunities, and I have no interest in selling the market currently, as I see the \$17 level as being massively supportive.

Pivot:	17.54		
Support	17.43	17.35	17.25
Resistance	17.73	17.81	17.91

Highlights

- Spot silver today rose 0.4 percent to \$17.53 an ounce
- A bounce in investment to a four-year high drove a modest gain in precious metals demand last year
- Global jewellery demand, the single biggest demand segment for gold, fell 15 percent to 2,042 tonnes
- Mixed U.S jobs data late last week muted expectations for near-term interest rate hikes
- The Dollar Index was down 0.1 percent at 99.736 today in European session

Silver - Technical Indicators

RSI 14	60.04
SMA 20	17.07
SMA 50	16.66
SMA 100	17.04
SMA 200	18.11

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices edged up today, gaining for a third day, on technical buying and a weaker dollar after mixed U.S jobs data late last week muted expectations for near-term interest rate hikes.
- U.S job growth surged more than expected in January as construction firms and retailers ramped up hiring, but wages barely rose, handing the administration under President Donald Trump both a head start and a challenge as it seeks to boost the economy.
- The Dollar Index was down 0.1 percent at 99.736. Silver is pointing to push higher from all fronts on charts. Wall Street's top banks expect just two rate hikes from the Federal Reserve this year and see only a modest risk to the U.S. central bank being pressed into a more aggressive pace of monetary policy tightening.
- It's unlikely there will be a rate hike in March as there is too much political unrest in the United States. At least in the first half of the year, gold and silver should do quite well
- Precious metals are highly sensitive to rising U.S. rates, which increase the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced.
- Gold and silver would continue to move higher in February, largely on account of the continued weakness in the dollar, coupled with geopolitical developments having to do with both Iran and Ukraine.
- The U.S standoff with Iran is the most problematic, since if tensions continued to escalate, it is quite possible that one side of the other could pull out of the nuclear accords, in which case we could see an immediate spike in silver and gold. Spot silver today in European trading session rose 0.4 percent to \$17.53 an ounce.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Monday, February 06, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Feb 06	05:00	JPY Labor Cash Earnings (YoY) (DEC)	Medium	0.1%	0.4%	0.5%
Mon Feb 06	05:30	AUD Retail Sales Ex Inflation(QoQ) (4Q)	Medium	0.9%	0.9%	-0.1%
Mon Feb 06	06:45	CNY Caixin China PMI Services (JAN)	Medium	53.1		53.4
Mon Feb 06	12:00	EUR German Factory Orders n.s.a. (YoY) (DEC)	Medium	8.1%	4.2%	2.0%
Mon Feb 06	14:10	EUR Markit Germany Retail PMI (JAN)	Medium	50.3		52
Mon Feb 06	14:10	EUR Markit Eurozone Retail PMI (JAN)	Low	50.1		50.4
Mon Feb 06	14:10	EUR Markit France Retail PMI (JAN)	Low	53.1		50.4
Mon Feb 06	14:30	EUR Euro-Zone Sentix Investor Confidence (FEB)	Medium	17.4	16.8	18.2
Mon Feb 06	19:00	EUR ECB President Draghi Speaks to Parliament in Brussels	High			

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	(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