

Gold

Technical

Gold markets initially fell on Tuesday, but found enough support at the \$1230 level to turn around and continue showing signs of strength. A break above the top of the candle should send this market looking for the \$1250 level, which is just below the 61.8% Fibonacci retracement level from the Donald Trump election surprise. If we can break above there, then the market could go much higher. Either way, it looks as if there is plenty of buying pressure overall, so I have no interest in selling currently, and believe that the buyers are going to take control. The RSI has created a divergence as it did not make a higher high along with prices, which means that momentum did not climb as prices shot higher. This divergence is not confirmed with the MACD (moving average convergence divergence) index which is accelerating higher after the index recently generated a crossover buy signal.

Pivot:	1,236		
Support	1,230	1,227	1,221
Resistance	1,240	1,244	1,248

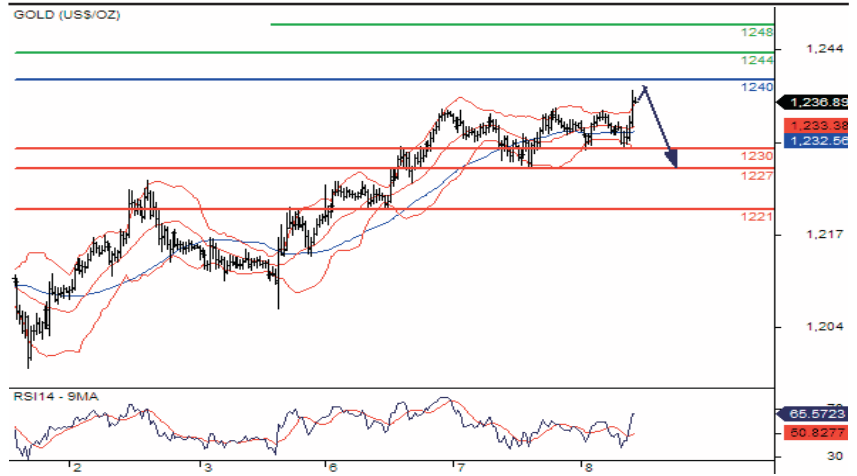
Highlights

- Gold futures posted a modest gain yesterday for a fourth session in a row
- Geopolitical uncertainty kept prices near their highest level in about three months
- April gold rose \$4, or 0.3%, to settle at \$1,236.10 an ounce, holding ground at its highest settlement since Nov. 10
- Market participants attributed the climb to worries about instability in Europe and uncertainty about President Trump's political agenda
- Year to date, gold has gained more than 7%, while the U.S. Dollar Index has lost around 1.9%

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 yesterday held near three-month highs hit the session before, buoyed as political and economic uncertainty in the United States and Europe stoked safe-haven demand.
- Spot gold was largely flat at \$1,233.06 per ounce. Yesterday, the metal touched its highest since Nov. 11 at \$1,235.78. U.S. gold futures were little changed at \$1,236.30 an ounce.
- The biggest momentum behind gold is the fact that the U.S. Federal Reserve did not raise rates in the recent meeting, some uncertainties brought by U.S. President Donald Trump's policies and a weaker dollar
- Gold prices will continue to rise until mid-February on uncertainties in the U.S. and Europe. But, once January CPI data is released, it will give an idea about the possibility of a rate hike in March
- Controversy over Trump's temporary travel ban on people from seven Muslim-majority countries has recently boosted appetite for bullion as a safe-haven asset, while political uncertainty in Europe amid upcoming elections has buoyed the dollar.
- Given the absence of significant data this week, the market's attention may be squarely on politics. It is likely that at least some gold buying is the result of uncertainty over U.S. policy, but also investor reaction to the possibility that the far-right, eurosceptic candidate in the French presidential election this year.
- Investors are concerned that the far right could win France's presidential vote and take it out of the European Union. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, climbed 1.01 percent to 826.95 tonnes on Tuesday from Monday. Holdings rose for a fifth straight session. The rise in holdings, along with recent data from U.S. CFTC, show an increase in long positions for managed money and a decrease in short holders.

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 fell on Tuesday, as we continue to see the volatility pick up in this market. This has been a very choppy affair as of late, and with the Crude Oil Inventories announcements coming out of the United States today, I think you can count on more of the same. However, breaking towards the \$52 level was significant, and if we can break down below the bottom of the range for the session on Tuesday, we will more than likely reach towards the \$51 level, and then the \$50 level. Alternately, if we find support or some type of shock bullish announcement, the market will probably be capped somewhere around the \$54 handle. Either way, you can expect quite a bit of noise in this market as we have seen traders argue between production cuts and lack of demand driving price overall. Resistance is seen near the 10-day moving average 53.16.

Pivot:	51.70		
Support	50.90	50.50	50.00
Resistance	52.00	52.30	52.70

Highlights

- Oil prices extended losses after an industry group reported a far larger rise in weekly U.S crude stockpiles than anticipated
- U.S. crude oil in storage rose by 14.2 million barrels last week, according to the American Petroleum Institute
- Crude was trading at \$51.72 after ending down 84 cents, or 1.6 percent, at \$52.17
- The U.S Dollar rose 0.4 percent against a basket of currencies
- U.S rig counts are increasing at an accelerating pace data showed Friday

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 fell to the lowest in more than two weeks after industry data showed a surge in U.S. crude stockpiles, undermining OPEC's efforts to re-balance global markets. Futures slid as much as 1.8 percent in New York after falling 3.1 percent the previous two sessions. Crude supplies rose by 14.2 million barrels last week, the API said yesterday.
- Government data later in today's session is forecast to show stockpiles climbed for a fifth week. Oil output from the U.S. will surge next year to the highest level since 1970, according to updated estimates from the Energy Information Administration.
- Oil has fluctuated above \$50 a barrel since a deal to trim output between the Organization of Petroleum Exporting Countries and 11 other nations took effect on Jan. 1. While OPEC members implement pledged cuts and Russia says its own reductions are ahead of schedule, U.S. production has edged higher as drillers targeting crude boosted the rig count to the most since October 2015.
- An inventory build-up like this one is going to be OPEC's biggest nightmare. Demand is simply just too weak to consume the current glut that exists. West Texas Intermediate for March delivery lost as much as 95 cents to \$51.22 a barrel on the NYMEX and traded at \$51.56.
- Brent for April settlement dropped as much as 61 cents, or 1.1 percent, to \$54.44 a barrel on the London-based ICE Futures Europe exchange. The contract fell 67 cents to \$55.05 yesterday. The global benchmark crude traded at a premium of \$2.43 to April WTI.
- U.S. crude inventories probably rose by 2.5 million barrels last week, according to the median estimate before an EIA report today. American oil output will average 9.53 million barrels a day in 2018, up from 9.3 million projected in January, the EIA said in its monthly Outlook 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	
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 Tuesday but found support near the \$17.50 level to turn things around and show signs of strength. A break above the top of the hammer should signal that the markets ready to continue going higher, and I believe that the market is going to reach towards the \$18.50 level above. Every time we pull back, I believe that the buyers will be interested in going long as precious metals in general look very healthy. If industrial demand picks up, Silver markets could explode to the upside. I have no interest in shorting into we break down below the \$17 level. Provided that silver starts rising and doesn't drop swiftly back below the trend-line, we will have our eyes on the 200-day and top-side parallel; both not far ahead around the 17.87 mark. If the inverse H&S is to play out, this should only prove to be a minor bump in the road, if it is one at all.

Pivot:	17.75		
Support	17.61	17.53	17.43
Resistance	17.90	18.00	18.13

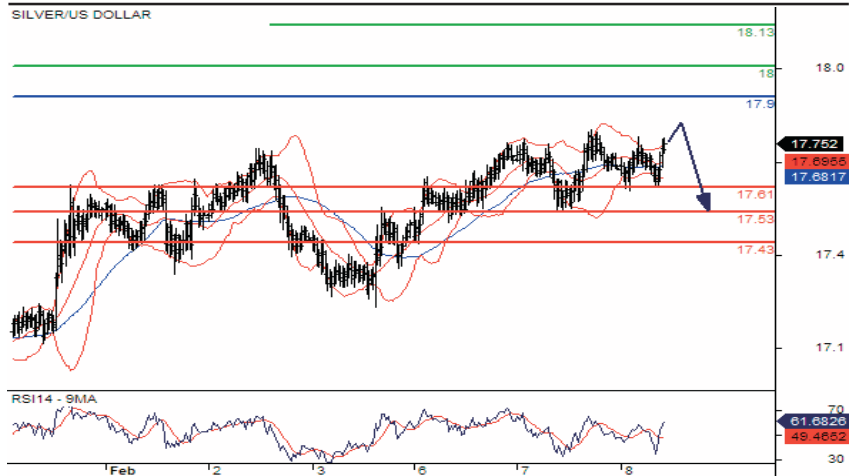
Highlights

- The dovish rhetoric from Mr. Trump would keep the pressure on the dollar
- Silver slipped from a near three-month peak pressured by a strong dollar
- A decision in federal court over Trump's executive order on immigration "will have a big impact on U.S. dollar
- A pause for what had been rising interest rates also been a factor in lifting metal's appeal
- Silver edged up by 6.3 cents, or 0.4%, to \$17.756 an ounce, also hovering around its highest settlement in about 12 weeks

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



Fundamentals

- Silver prices drifted lower yesterday, as the U.S dollar rebounded sharply against a basket of other major currencies. March silver futures slipped 8 cents, or 0.5%, to \$17.61 a troy ounce. Prices traded within a narrow band of \$17.56 and \$17.78.
- Despite the slight drop, silver continues to trade near three-month highs. The technical indicators are also supportive of further gains over the short term. After falling to three-month lows, the U.S. dollar is consolidating higher and as of Tuesday was on track for its fifth consecutive advance.
- The dollar index, which tracks the buck's performance against a basket of six other currencies, rose 0.7% to 100.65. That was the highest level in nearly three weeks.
- The dollar, which has long been expected to outperform other currencies in 2017, has declined since U.S. President Donald Trump took office. Trump has said the dollar's strength has undermined U.S. export competitiveness, especially as China continued to devalue its yuan currency.
- Precious metals are priced in U.S. dollars and therefore heavily influenced by movements in the currency. In economic data, German factory orders surged in December, a sign Europe's largest economy had regained momentum at the end of 2016.
- Factory orders climbed at a seasonally adjusted 5.2% in December, following a revised drop of 2.5% the previous month. A median estimate of economists forecast a monthly gain of only 0.5%
- Meanwhile, Eurozone investor sentiment wavered slightly in the month of February due to concerns about U.S economic policy under President Donald Trump. The Sentix Eurozone sentiment index fell to 17.4 from 18.2 in January data showed in the previous trading session.

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

Wednesday, February 08, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Feb 08	01:00	USD Consumer Credit (DEC)	Medium	\$14.160b	\$20.000b	\$25.205b
Wed Feb 08	04:50	JPY Trade Balance - BOP Basis (Yen) (DEC)	Medium	¥806.8b	¥751.1b	¥313.4b
Wed Feb 08	09:30	JPY Bankruptcies (YoY) (JAN)	Medium	-10.37%		1.57%
Wed Feb 08	10:00	JPY Eco Watchers Survey Current SA (JAN)	Medium	49.8	51.8	51.4
Wed Feb 08	17:00	USD MBA Mortgage Applications (FEB 03)	Medium			-3.20%
Wed Feb 08	18:00	GBP BOE Deputy Governor Jon Cunliffe speaks in Birmingham	Low			
Wed Feb 08	18:15	CAD Housing Starts (JAN)	Low		200.0k	207.0k
Wed Feb 08	20:30	USD DOE U.S. Crude Oil Inventories (FEB 03)	Medium			6466k
Wed Feb 08	20:30	USD DOE U.S. Gasoline Inventories (FEB 03)	Low			3866k

Source: Forex Factory, DailyFX

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