

Gold

Technical

Gold markets initially fell yesterday, but found the 100-day exponential moving average to be supportive enough to keep the market afloat. If we can break above the top of the candle for the day, we should then reach towards the \$1250 level. I believe that this market has plenty of support all the way down to the \$1200 level, so I have no interest in shorting. We are currently hovering the 50% Fibonacci retracement level, and thus it's likely that the market will see participants interested in both directions. Prices initially slid below support near the 10-day moving average but was able to recapture that level which is support near 1,228. Prices generated an outside day which is a higher high and a lower low and a higher close, which is usually a reversal pattern. Momentum is neutral as the MACD prints near the zero index level, with a flat trajectory, which reflects consolidation.

Pivot:	1,229		
Support	1,228	1,224	1,221
Resistance	1,234	1,237	1,244

Highlights

- Gold prices rose as the dollar drifted down from one-month highs hit in the previous session on upbeat U.S. economic data
- Upbeat U.S. economic data boosted the prospects of an interest rate hike by the Federal Reserve next month
- U.S. retail sales rose more than expected in January
- Gold is approaching a turning point and the upward trend in prices could end in the near future
- The dollar index fell 0.3 percent to 100.91, with traders booking profits

Gold - Technical Indicators

RSI 14	72.56
SMA 20	1,213.0
SMA 50	1,180.5
SMA 100	1,208.2
SMA 200	1,266.3

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold rose as the dollar came off its highs yesterday, shrugging off earlier pressure from stronger-than-forecast U.S. inflation and retail sales that added to expectations for near-term U.S. interest rate rises.
- U.S. Federal Reserve Chair Janet Yellen said on Tuesday that delaying increases could leave the Fed's policymaking committee behind the curve. On Wednesday, Philadelphia Fed President Patrick Harker repeated his view that the central bank should continue to raise interest rates this year.
- Gold is highly sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- Spot gold was up 0.2 percent at \$1,231.06 an ounce. Given all that news about rates, the market has pretty much shrugged that off. I think the market could easily absorb a quarter-point hike.
- The dollar index was flat as investors took profits after it reached a one-month high early in the session against a basket of currencies, retreating as Yellen offered no additional insight on the timing of the central bank's next rate hike.
- Yellen has highlighted a lot of risks around the Trump presidency, but nevertheless her foot is firmly poised over the accelerator. The world's largest physically-backed gold fund, SPDR Gold Shares, has seen inflows of 18 tonnes so far this year, well below the pace of increases a year ago.
- Heightened geopolitical uncertainty has spurred fresh safe-haven demand, but the market refocusing on U.S. interest rates will test the 'stickiness' of recent investor inflows.
- U.S. gold futures for April delivery settled up 0.6 percent at \$1,233.10. Regulatory filings showed late Tuesday that Paulson & Co cut its stake in gold while Soros Fund Management LLC got out of gold in the fourth quarter of 2016.

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 Crude Oil market initially tried to rally yesterday, but pulled back as we ended up forming a neutral candle. This is a market that looks like it is trying to roll over though, so given enough time I believe we reach towards the bottom of the consolidation area that is marked on the chart. Because of this, I believe that the market will probably reach towards the \$51 level over the next several sessions. I believe that there is a massive amount of resistance above at the \$54 level, and it extends all the way to the \$55 level. If we can break above the \$55 level that would obviously be bullish, but right now I don't think the markets are ready to make any serious moves. There are a lot of moving parts are and on the oil markets, so choppiness should be a mainstay. Momentum is neutrals as the MACD prints near the zero-index level with a flat trajectory which reflects consolidation.

Pivot:	53.79		
Support	53.42	52.90	52.63
Resistance	54.14	54.35	54.75

Highlights

- Data from the Energy Information Administration revealed a sixth straight weekly rise in U.S crude inventories
- Crude registered only a slight loss as the size of week-to-week increase came close the number reported by trade group API
- West Texas Intermediate crude edged down by 9 cents, or 0.2%, to settle at \$53.11
- Oil prices have been wavering for many weeks in the low \$50s
- OPEC has set itself a high benchmark given its high January compliance

Crude - Technical Indicators

RSI 14	50.42
SMA 20	53.00
SMA 50	52.92
SMA 100	50.42
SMA 200	48.19

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices steadied today as record crude and gasoline inventories in the United States dragged on prices, though OPEC supply cuts helped to support the market.
- U.S. light crude gained 10 cents to \$53.21. OPEC and other exporters have agreed to cut output by almost 1.8 million barrels per day (bpd) during the first half of 2017, with industry data showing that most producers are sticking to the deal.
- Despite this, inventories remain bloated and supplies high, especially in the United States. U.S. crude and gasoline inventories soared to record highs last week as refineries cut output and gasoline demand softened, the Energy Information Administration said on Wednesday.
- Crude inventories rose 9.5 million barrels in the week to Feb. 10, nearly three times more than analyst expectations, boosting commercial stocks to a record 518 million barrels.
- Gasoline stocks rose by 2.8 million barrels, compared with a forecast of a 752,000 barrel drop in a Reuters poll of analysts. That pushed gasoline inventories to a record at 259 million barrels.
- The bloated stocks come as U.S. crude oil production has risen 6.5 percent since mid-2016 to 8.98 million bpd. Prices have not seen this kind of stability for several years. However, if crude prices are to break out of their recent range in the next few weeks, the risk is to the downside.
- There's no doubt that the world oil market is very much in wait-and-see mode, which is why the price has remained in the mid-\$50s per barrel range since mid-December. The biggest factor is what might happen with U.S. shale production. Indicating that rising shale output had the potential to damage oil price stability.

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

The Silver markets fell initially during the day on Wednesday, but turned around to form a hammer. It appears that the market is going to try to break above the \$18 level, and a move above there should send this market looking for the \$18.50 level. One thing that I see in this chart that is worth noting is that the 3 major moving averages are getting ready to cross, which of course is a massive buying opportunity. The 200 day, 100 day, and 50 day moving averages are all followed by longer-term traders, so this could be the beginning of a longer-term uptrend. Silver prices continue to work their way higher, now well above the neckline of the inverse H&S currently in play, above the July trend-line; contending with the 200-day MA for the past couple of sessions. If the move up is to continue, then this widely-watched moving average shouldn't present much of a problem for much longer.

Pivot:	17.92		
Support	17.81	17.75	17.64
Resistance	18.00	18.12	18.28

Highlights

- Silver edged up 0.1 percent, to \$18 per ounce in today's Asian session
- The Fed aims to raise rates in the months ahead as long as the economy continues to grow
- Uncertainty surrounding the EU and the policies of President Trump could always provide some short-term support for metals
- The Dollar index fell 0.3 percent to 100.9 in European session today
- The market is currently underestimating the prospects of an interest rate hike by the U.S. Federal Reserve in March

Silver - Technical Indicators

RSI 14	68.51
SMA 20	17.30
SMA 50	16.75
SMA 100	17.05
SMA 200	18.11

Silver Daily Graph



Fundamentals

- Silver prices held within a narrow range in yesterday's session, as the U.S. dollar strengthened for an eleventh consecutive session against a basket of other major currencies.
- March silver futures traded at \$17.89 a troy ounce, virtually unchanged from the previous close. Prices fluctuated within a narrow range of \$17.83 and \$17.97 through the overnight session.
- The grey metal has traded within a narrow range this week, as risk appetite and a stronger dollar kept demand for precious metals relatively subdued. Silver's outlook remains bullish, with prices in a six-week uptrend.
- Stronger demand for the U.S. dollar provided some resistance to precious metals on Wednesday. The dollar index rose for an eleventh straight day, climbing 0.2% to 101.41.
- That was the highest settlement in over a month. The U.S. currency recorded gains versus the euro, pound and yen. On Tuesday, Federal Reserve Chairwoman Janet Yellen told lawmakers in Congress it would be "unwise" to keep interest rates too low, given the recent pick up in inflation and economic growth.
- In economic data, the Eurozone trade surplus strengthened more than expected in December, as exports rose faster than imports. Eurostat reported a surplus of €24.4 billion in December, up from €22.7 billion the previous month. Analysts forecast a slight decline to €22.5 billion.
- The Eurozone's fourth quarter GDP growth was revised lower to 0.4% from 0.5%. That translated into an annualized gain of 1.7%, lower than the 1.8% reported initially. In yesterday's trading session U.S. retail sales rose more than expected in January and consumer prices recorded their biggest gain in nearly four years.

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

Thursday, February 16, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Feb 16	05:30	AUD Employment Change (JAN)	High	13.5k	10.0k	16.3k
Thu Feb 16	05:30	AUD Unemployment Rate (JAN)	High	5.7%	5.8%	5.8%
Thu Feb 16	06:59	CNY Foreign Direct Investment (YoY) (JAN)	Medium	-9.2%	1.4%	5.7%
Thu Feb 16	11:00	JPY Machine Tool Orders (YoY) (JAN)	Medium	3.5%		3.5%
Thu Feb 16	18:30	USD Housing Starts (MoM) (JAN)	Medium		0.1%	11.3%
Thu Feb 16	18:30	USD Building Permits (MoM) (JAN)	Medium		0.2%	-0.2%
Thu Feb 16	18:30	USD Initial Jobless Claims (FEB 11)	Medium		245k	234k
Thu Feb 16	18:30	USD Continuing Claims (FEB 04)	Medium		2058k	2078k
Thu Feb 16	18:30	USD Philadelphia Fed Business Outlook (FEB)	Medium		17.5	23.6

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