

Gold

Technical

The gold markets initially fell on Tuesday, but found enough support at the 50% Fibonacci retracement level and the 100-exponential moving average to turn things around and form a hammer. The hammer of course is a bullish sign and I believe the gold markets will continue to go higher. Every time gold dips, buyers return I think that will continue to be the way forward. I have no interest in shorting gold, and believe that we will eventually reach towards the \$1300 level. I believe that there is a massive amount of support all the way down to at least the \$1200 level. Momentum remains neutral as the MACD (moving average convergence divergence) index prints near the zero index level with a flat trajectory which reflects consolidation. Prices were able to hold above support near an upward sloping trend line. Resistance is seen near the February highs at 1,244.

Pivot:	1,234		
Support	1,234	1,231	1,229
Resistance	1,238	1,241	1,243

Highlights

- Gold prices yesterday closed at break-even levels, confounding some investors as the commodity pared an earlier loss in the session
- April gold slipped 20 cents, or less than 0.1%, to settle at \$1,238.90 an ounce, after trading as low as \$1,226.80
- A stronger Dollar usually provides a headwind to dollar-pegged assets
- Last week, Fed Chair Yellen raised the prospect of a rate increase in the near future
- The probability of an interest-rate increase at the Fed's March 14-15 policy meeting is only at 22.1%

Gold - Technical Indicators

RSI 14	64.37
SMA 20	1,224.8
SMA 50	1,197.7
SMA 100	1,202.3
SMA 200	1,261.2

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold slipped today in Asian trading session as the dollar firmed, with investors looking to minutes from the U.S Federal Reserve's latest meeting for clues on the timing of interest rate hikes.
- Spot gold had dropped 0.2 percent to \$1,233.41 per ounce, while U.S gold futures fell 0.4 percent to \$1,234.60. Spot gold dropped as much as 1 percent to touch a one-week low of \$1,225.73 in the previous session.
- Although U.S inflation has risen, the expectation of a rate hike in March is not very high. Since gold has only risen since the beginning of this year, the market has some hesitation in moving up further but still prices have some way to go up.
- Investors are looking ahead to the minutes from the Fed's Jan. 30-Feb. 1 meeting, due later today. Spot gold looks neutral in a range of \$1,233-\$1,240 per ounce, and an escape could suggest direction.
- "We are relatively agnostic on the outlook for gold, with our 3-, 6-, and 12-month targets at \$1,200, \$1,200 and \$1,250 an ounce respectively," Goldman Sachs said in a note.
- Economists expect three rate hikes in 2017 and see the probability of a rate hike by June at 80 percent, and we see U.S. long dated real rates rising slightly, placing downward pressure on gold. The U.S. dollar, which was boosted by hawkish comments from various Fed officials in the previous session, was firm today.
- Philadelphia Fed President Patrick Harker suggested he would support an interest rate increase at a mid-March policy meeting as long as inflation, output and other data until then continue to show the U.S. economy is growing. Gold is highly-sensitive to rising U.S. interest rates, which increase the opportunity cost of holding non-yielding bullion, while also boosting the U.S Dollar.

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 rallied during the day after gapping higher on Tuesday. We ended up slamming into the \$55 level which of course is a massive barrier in the uptrend. If we can break above there, and more importantly closable there on a daily chart, I think that the market will then reach towards the \$60 level given enough time. In the meantime, I believe that there's a lot of selling pressure above so short-term scalping the charts might be the way going forward. I spent a large part of the trading session on Tuesday scalping the market to the downside, using the \$55 level as a hard barrier. I do think that if we break above there, the market will explode to the upside as it will release a significant amount of inertia. Resistance is now seen near the \$55 handle, while support on crude oil is seen at \$53.61. Momentum remains neutral with the MACD printing near the zero index level.

Pivot:	54.48		
Support	54.21	53.90	53.72
Resistance	54.65	54.85	55.03

Highlights

- Oil prices stayed at a 19-month high after OPEC affirmed that the supply cut effort by heavyweights producers was making headway
- Crude futures for delivery in April traded at \$54.52 a barrel, up \$0.19, or 0.2%
- OPEC Secretary-general Mohammad Barkindo said compliance rate among cartel members deal is expected to increase above the current 90%
- The pact took effect in January and will be reviewed in May
- Growing production from the U.S, is also seen as a potential disruptor

Crude - Technical Indicators

RSI 14	58.09
SMA 20	53.29
SMA 50	53.06
SMA 100	50.68
SMA 200	48.38

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Global oil prices slipped today in European trading session as the U.S Dollar in which payments for crude are made, rose but they traded broadly at multi-week highs after OPEC signaled optimism over its deal with other producers to curb output.
- The U.S West Texas Intermediate April crude contract, the new front-month future, was down 34 cents, or 0.6 percent, at \$53.99 a barrel. Brent crude was down 44 cents, or 0.8 percent, at \$56.83, having touched its highest since Feb. 2 at \$56.20 in the previous session.
- Nevertheless, an agreement by major oil producers under the OPEC umbrella, which came into place at the start of this year, lent a floor to oil prices. Mohammad Barkindo, secretary general of the OPEC, told a conference yesterday that January data showed conformity from member countries in the output cut at above 90 percent.
- Adding to the bullish sentiment, hedge funds raised their combined net long position in the three main derivative contracts linked to Brent and WTI by 51 million barrels last week, holding a net long position equivalent to a record 903 million barrels of oil.
- The combined net long position has a notional valuation of more than \$49 billion. Both OPEC's Barkindo and Goldman Sachs, according to a new research note to clients, expect global inventories to fall, which would boost prices.
- Goldman Sachs, noted that a rebound in U.S drilling activity had exceeded even its own above-consensus expectations. In the meantime, crude oil inventory data from the U.S will potentially guide the markets for rest of the week.
- The DoE data tomorrow will be where we get our next impetus. The data is set to be released on Thursday, a day later than normal, following a U.S public holiday on Monday.

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 plenty of support as we turned around to reach towards the \$18 level. A break above the top of the candle for the day should send this market higher and I believe that the longer-term uptrend continues. The major moving averages are all starting to cross, and I believe that's a sign that we are going to continue to find buyers every time we dip. I have no interest in selling and believe that we will reach the \$18.50 level, and then eventually the \$19 handle. Silver is riding higher along an upper parallel just above the 200-day. The upward sloping level of resistance shouldn't be much of a factor if we are to see the eventual target at 19; this is not only the November peak, but also the measured move target based on the depth of the H&S formation. Short-term, there is a parallel to the top-side line which is helping keep silver moving 'neatly' higher.

Pivot:	17.95		
Support	17.94	17.88	17.80
Resistance	18.03	18.08	18.14

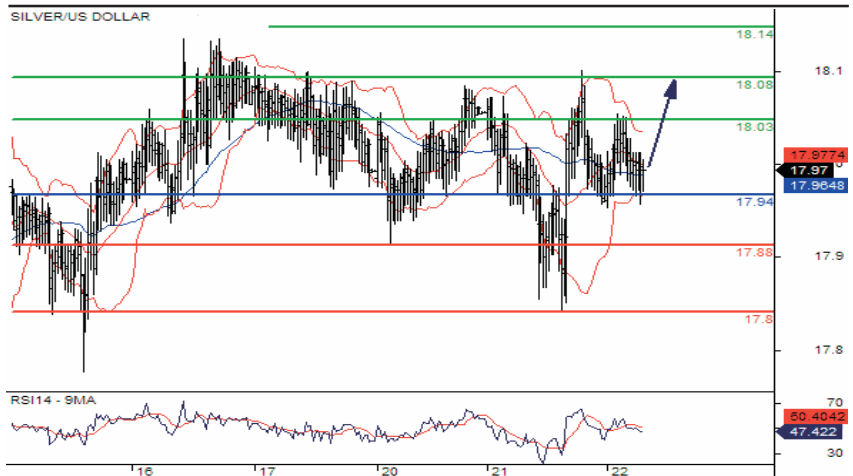
Highlights

- Silver held firm today after falling as much as 1 percent in the session before
- Investors waiting for minutes from the Federal Reserve's last meeting for clues on the timing of interest rate hikes
- Data showed the U.S Purchasing Managers Index was at 53.9 in February, down from 55.6 in January and expectations for 55.8
- President Donald Trump is scheduled to address to Congress on Feb. 28
- Bank of England Governor faced a challenge from lawmakers yesterday

Silver - Technical Indicators

RSI 14	66.87
SMA 20	17.71
SMA 50	17.06
SMA 100	17.10
SMA 200	18.19

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were knocked from three-month highs yesterday, as the U.S. dollar rose sharply following the President's Day holiday. May silver futures tumbled 10 cents, or 0.6%, to \$17.99 a troy ounce. Prices closed near three-month highs in the previous session, and were down as much as 1.1% on Tuesday.
- Profit-taking and a surging U.S dollar were the main culprits behind the pullback in precious metals on Tuesday. The dollar index, which measures the greenback's value against a basket of other major currencies, rose 0.6% to 101.53. That puts the U.S Dollar on pace for its highest settlement since January 11.
- The greenback saw little action in Monday's trading session as U.S. investors observed President's Day. U.S. markets resumed normal trading activity on Tuesday.
- Precious metals have been in an uptrend since the start of 2017, fueled by risk-off sentiment and technical buying. Silver prices have gained more than 12% since January 1. Gold prices are up nearly 7% during the same period.
- In economic data, Eurozone business activity surged in February to its highest level since 2011, fueling optimism that the region's recovery was on track. The Markit flash composite purchasing managers' index (PMI) strengthened to 56 in February from 55.2 the previous month. Anything above 50 signals expansion.
- The composite indicator tracks business conditions in the manufacturing and services industries. Germany's composite PMI gauge also surged to 56.1 from 54.8 in January, beating estimates.
- European equity markets were trading mostly higher Tuesday. The Stoxx Europe 600 Index advanced 0.3% and was on track for its highest settlement since December 2015. Meanwhile, U.S. stock futures were trading firmly higher, pointing to a strong start to the day on Wall Street.

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 22, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Feb 22	14:00	EUR German IFO - Business Climate (FEB)	Medium	111.0	109.6	109.8
Wed Feb 22	14:00	EUR German IFO - Expectations (FEB)	Medium	104.0	103	103.2
Wed Feb 22	14:00	EUR German IFO - Current Assessment (FEB)	Medium	118.4	116.7	116.9
Wed Feb 22	14:00	CHF ZEW Survey (Expectations) (FEB)	Medium	19.4		18.5
Wed Feb 22	14:30	GBP Gross Domestic Product (YoY) (4Q P)	High	2.0%	2.2%	2.2%
Wed Feb 22	15:00	EUR Euro-Zone Consumer Price Index (MoM) (JAN)	High	-0.8%	-0.8%	0.5%
Wed Feb 22	17:00	USD MBA Mortgage Applications (FEB 17)	Medium			-3.7%
Wed Feb 22	20:00	USD Existing Home Sales (MoM) (JAN)	Medium		1.1%	-2.8%
Wed Feb 22	00:00	USD FOMC Meeting Minutes (FEB 01)	High			

Source: Forex Factory, DailyFX

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