

Gold

Technical

Gold prices were under pressure on Friday as the dollar gained traction following the stronger than expected Markit PMI report. Prices attempted to test resistance near the 10-day moving average at 1,333, but were unable to recapture that level. Support is seen near an upward sloping trend line that connects the lows in May to the lows in June, which comes in near 1,315. Momentum is negative as the MACD (moving average convergence divergence) index is printing in the red with a downward sloping trajectory which points to lower prices. U.S. Markit manufacturing PMI rose to 52.9 in the preliminary July read, after edging up 0.6 points to 51.3 in June. Markit reported that manufacturing payrolls increased at the fastest pace in a year. New orders improved to their best level since October. This is another indicator reflecting the bounce back in the economy after subdued Q1 growth.

Pivot:	1,314		
Support	1,310	1,307	1,304
Resistance	1,319	1,325	1,330

Highlights

- Gold extended losses today from the previous session as Asian stocks were at near nine-month highs on increasing risk appetite
- Bullion fell 0.7 percent on Friday, declining for a second successive week
- The BoJ and the U.S. Federal Reserve will likely come up with some fairly positive comment on the economic performance
- Central banks from Washington to Tokyo take centre stage this week
- Spot gold may break support at \$1,313 per ounce and fall to \$1,298

Gold - Technical Indicators

RSI 14	48.97
SMA 20	1,341.02
SMA 50	1,291.74
SMA 100	1,271.32
SMA 200	1,203.66

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell, extending the first back-to-back weekly drop since May, as buoyant equity markets and gains in the dollar hurt demand ahead of central bank meetings in the U.S. and Japan this week.
- Bullion for immediate delivery dropped as much as 0.7 percent to \$1,313.57 an ounce and traded at \$1,316.43. The metal lost 1.1 percent last week after shedding 2.1 percent the week before. Prices slid 0.5 percent on the Shanghai Futures Exchange.
- Gold's rally this year has been trimmed as a stronger dollar and rebound in equities cut demand for the metal as a store of value. Market expectations of the Fed raising interest rates by the end of this year have increased significantly over the last two weeks, and it is likely that the Fed could be conveying a more optimistic message about the U.S. economy.
- Federal Reserve policy makers meet on July 26-27, with traders pricing in 10 percent odds of a rate rise, while the probability for a move in December rose to 45 percent from 12 percent at the beginning of this month.
- The Dollar Spot Index rose for the sixth time in seven days. The yen traded little changed after weakening as much as 0.6 percent amid expectations of more easing from policy makers on Friday. A majority of economists surveyed by Bloomberg project the Bank of Japan will step up stimulus at the meeting ending on July 29.
- Strong corporate results announced by major international companies in the earnings reporting period in Europe and the U.S. last week boosted the risk-on sentiment of investors, which led to gold losing some of its allure as an investment.
- Holdings in gold-backed exchange-traded funds rose 0.6 metric tons to 2,005 tons on Friday, data compiled by Bloomberg show.

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 moved lower on Friday in the wake of the larger than expected increase in active drilling rigs. Brent crude oil followed suit. Crude printed two-month lows of 43.77 in the aftermath of the Baker-Hughes rig count data, which revealed an increase of 14 operating rigs to 371. The rebound in functioning rigs has been a source of concern for oil bulls, as it indicates further domestic supply coming back on line. Resistance on crude oil prices is seen near the 10-day moving average at 45.29, while support is seen near the June lows at 42.86. Momentum has turned negative again as the MACD index generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread. The RSI broke down below support reflecting accelerating negative momentum, which should lead to lower prices.

Pivot:	44.04		
Support	43.70	43.38	42.96
Resistance	44.95	45.50	46.08

Highlights

- Oil prices dipped earlier today, extending last week's losses on fresh worries about a global supply glut
- More US rigs come back online and the U.S Dollar is strengthening
- The increase in production adds to an already painful oversupply crisis
- US benchmark West Texas Intermediate was down 17 cents at \$44.02 a barrel, a new two-month low
- Prices have fluctuated between \$43 and \$52 per barrel since early June

Crude - Technical Indicators

RSI 14	43.57
SMA 20	46.74
SMA 50	48.10
SMA 100	45.51
SMA 200	40.28

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices held near two-month lows today in Asian session amid worries that a global crude and refined product glut would weigh on markets for some time to come. U.S. West Texas Intermediate (WTI) crude was at \$44.11, down 8 cents a barrel.
- Ongoing oversupply and growing economic headwinds were weighing on oil. Sentiment looks to have turned negative. Morgan Stanley said headwinds were growing for the second half of the year, leading to an expectation of lower oil prices. It pointed to resilient U.S. supply, falling demand for transport fuels, and oversupply by refiners, particularly in gasoline.
- A strong dollar and a fourth weekly rise in the U.S. oil rig count also weighed on prices. Money managers cut their net long U.S. crude futures and options positions, which would profit from rising prices, to a four-month low in the week to July 19, the U.S. Commodity Futures Trading Commission said on Friday.
- Libya's hopes to boost crude exports have been dealt a blow after the head of the National Oil Corporation (NOC) objected to a deal between the government and local guards to reopen key ports.
- The dollar has picked up in recent weeks as central banks around the world prepare to unveil fresh stimulus measures at the same time as strong US data fuel speculation the US Federal Reserve will lift interest rates. Prices have fluctuated between \$43 and \$52 per barrel since early June after falling below \$30 in February on the back of the world supply glut and weak demand.
- Multiple supply disruptions around the world are also coming to an end. In Nigeria, police arrested a key militant responsible for attacks on oil infrastructure, according to an AFP report. Investors this week will be keeping a close eye on two major central banks -- the Bank of Japan and the U.S. Federal Reserve-- for their decisions on interest rates and outlooks on their respective countries.

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	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 rallied during the course the day on Friday, but turned right back around to form a bit of a shooting star. The shooting star of course is a negative sign but at the end of the day I still see a massive amount of support just below so therefore it's going to be difficult to sell. A pullback from here will more than likely find plenty of buyers below all the way down to the \$18 level as the market has broken out from there and shot straight up. So having that in mind, I am looking for supportive candles in order to go long. The short-term chart still points lower since peaking on 7/11. During the Asian session, silver turned lower off a trend-line which runs off that peak created nearly two weeks back at 20.66. Lower lows and lower highs have been marking the trend lower. A breakout above may not lead to a new leg higher, but the 20.66 area could be achieved.

Pivot:	19.40		
Support	19.19	19.07	18.94
Resistance	19.58	19.72	19.94

Highlights

- Silver fell about 3 percent last week, was down 0.7 percent to \$19.48 today
- Asian shares rose as worries over the impact of Britain's Brexit vote eased
- Central banks from Washington to Tokyo take centre stage this week, although policymakers are likely to remain cautious
- The U.S Dollar, rose to 97.59 in Friday's trading session
- A stronger U.S Dollar makes dollar-priced commodities more expensive for holders of other currencies

Silver - Technical Indicators

RSI 14	57.02
SMA 20	19.73
SMA 50	18.01
SMA 100	17.25
SMA 200	15.89

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver futures for September delivery shed 12.6 cents, or 0.64%, on Friday to settle at \$19.68 a troy ounce. On the week, silver futures slumped 36.8 cents, or 2.33%, the first weekly loss in eight weeks.
- Renewed expectations for a Federal Reserve rate hike later this year boosted the U.S. dollar and as investors looked to buy into rising equity markets rather than purchasing safe-haven assets.
- A recent string of better than expected U.S. data reignited speculation that the Federal Reserve will raise interest rates before the end of the year. Interest rate futures are currently pricing in a 45% chance of a rate hike by December, compared with less than 20% a week ago and up from 9% at the start of this month.
- Precious metals are sensitive to moves in U.S rates. A gradual path to higher rates is seen as less of a threat to gold prices than a swift series of increases. The U.S dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, rose to a four-month high of 97.59 on Friday.
- A stronger U.S. dollar usually weighs on gold, as it dampens the metal's appeal as an alternative asset and makes dollar-priced commodities more expensive for holders of other currencies.
- The metal remained supported amid speculation central banks in Europe and Asia will step up monetary stimulus in the next few months to counteract the negative economic shock from the Brexit vote.
- In the week ahead, investors will be looking to Wednesday's highly-anticipated Federal Reserve policy statement for fresh guidance on the pace of interest rate hikes over the next several months. Elsewhere, market participants will be awaiting a monetary policy announcement from the Bank of Japan on Friday.

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	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

Monday, July 25, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Jul 25	04:50	JPY Merchandise Trade Balance Total (Yen) (JUN)	Medium	¥692.8b	¥474.4b	-¥40.6b
Mon Jul 25	10:00	JPY Leading Index (MAY F)	Low	99.7		100.0
Mon Jul 25	10:00	JPY Coincident Index (MAY F)	Low	109.0		110.5
Mon Jul 25	13:00	EUR German IFO - Business Climate (JUL)	Medium	108.3	107.5	108.7
Mon Jul 25	13:00	EUR German IFO - Current Assessment (JUL)	Medium	114.7	114.0	114.6
Mon Jul 25	13:00	EUR German IFO - Expectations (JUL)	Medium	102.2	101.6	103.1
Mon Jul 25	13:00	CHF Total Sight Deposits (JUL 22)	Low	511.5b		511.0b
Mon Jul 25	15:00	GBP CBI Trends Total Orders (JUL)	Low	-4	-6	-2
Mon Jul 25	19:30	USD Dallas Fed Manufacturing Activity (JUL)	Low		-10	-18.3

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

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

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-F.C.C. Ground Floor, Syed Maratib Ali
 Road, Gulberg II, Lahore
 Tel : (+92-42) 35777863-70, 35876075-76
 Fax : (+92-42) 35763542

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
 Building, 2- Liaquat Road, Faisalabad
 Tel : (+92-41) 2540843-45
 Fax : (+92-41) 2540815

Islamabad Office

Mezzanine Floor Razia Sharif Plaza,
 90-Blue Area G-7, Islamabad
 Tel : (+92-51) 2802241-42, 2273439, 2273443
 Fax : (+92-51) 2802244

Stock Exchange Office

Room # 719, 7th Floor, KSE Building
 Stock Exchange Road, Karachi
 Tel : (+92-21) 32429613-4, 32462651-2
 Fax : (+92-21) 32429607