

## Gold

### Technical

Gold prices rebounded from their lows despite a robust greenback following the softer than expected UK business confidence report. Resistance on the yellow metal is seen near the 10-day moving average at 1,330. Support is seen near the 1,310 level. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices. The RSI is printing near support and a break would point to lower prices. UK business confidence seen in the July UK CBI industrial trends survey showed a sharp drop, with the optimism component falling to a reading of -47 from -5 at the previous measure in April. This was the sharpest drop in business spirits since the dog days of 2009. The headline total orders figure fell to -4 from -1, while export orders dove to -22 from -14.

Pivot:	1,321		
Support	1,312	1,304	1,300
Resistance	1,330	1,334	1,338

### Highlights

- Gold prices fell yesterday, as some investors braced for the Fed's rhetoric to take a hawkish turn at its monetary policy meeting
- Investors will be interested to see what central bank says about the Brexit vote
- The prospect of higher rates tends to weigh on gold
- The Federal reserve will conclude a two-day policy meeting tomorrow
- Gold for August delivery settled down 0.3% at \$1,319.50 a troy ounce on the Comex division of the New York Mercantile Exchange

### 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 was little changed today in Asian session, after falling in the past two sessions, as the dollar slipped and equities eased ahead of the U.S. Federal Reserve meeting later in the day.
- Asian markets remained cautious with investors waiting for cues from the two-day Fed meet, sending the safe-haven yen higher. The dollar edged down 0.3 percent versus a basket of six major currencies, below the previous session's high of 97.569, its loftiest since March.
- Spot gold was up 0.1 percent \$1,316.80 an ounce today, hovering above the previous session's close of \$1,315.15. U.S. gold dipped 0.2 percent to \$1,317 an ounce.
- At this moment investors are more conservative on the likelihood of an interest rate hike as well as further stimulus. That would induce further correction in gold prices.
- The U.S. central bank is widely expected to stand pat on policy but investors were bracing for any possible signals from the Fed about a tightening later this year. Gold is highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar in which the precious metal is priced.
- Economists suspect the (Fed) statement alone will not be enough to change perceptions about a stronger dollar or dent expectations about rising rates. Spot gold may retest a support at \$1,313, a break below which could cause a loss to the next support at \$1,298.
- U.S. federal funds futures fell to four-week lows on Monday, signalling traders raised their bets the Fed would raise short-term interest rates by the end of 2016 if the economy shows further improvement. Holdings of SPDR Gold Trust, fell 0.46 percent to 958.69 tonnes 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	
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 continues to add to losses in yesterday's session, bottoming so far at 43.09, down 2.3%, or \$1.10 per barrel, in tandem with the declines seen in Brent crude. The EIA reported gasoline inventories well above average levels for this time of year, while overall U.S. crude stockpiles are near record highs as well. Baker-Hughes has reported an increase in functioning U.S. oil wells in seven of the past eight reporting weeks, weighing on crude prices, as U.S. production may again be in the process of ramping up production. Support is seen near the 200-day moving average near 40.74, while resistance is seen near the 10-day moving average at 45.17. The RSI (relative strength index) broke through support levels, reflecting accelerating negative momentum, while printing a reading of 37, which is on the lower end of the neutral range.

Pivot:	43.04		
Support	42.37	41.70	40.60
Resistance	44.40	44.95	45.45

### Highlights

- Oil prices fell yesterday, with U.S. crude slipping to a 3-month low
- Rising concerns that a global glut of crude and refined products pressured oil
- Data from market intelligence firm Genscape pointed to an inventory rise of 1.1 million barrels
- Investors have become less optimistic that markets will balance quickly
- U.S. crude settled down \$1.06, or 2.4 percent, at \$43.13 a barrel and was last down \$1.14, or 2.58 percent earlier today

### 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 today hit its lowest since May, falling towards \$43 a barrel, pressured by concerns that a long-awaited rebalancing of the market would be delayed due to excess supply.
- Crude is still up more than 60 percent from a 12-year low near \$27, but the rally has petered out on signs that the supply glut will persist and as economic jitters raised concern about the strength of oil demand.
- U.S. crude was down 36 cents at \$42.77, having fallen to its lowest since April earlier. Right now, there is not much to be optimistic about. Britain's BP (BP.L), the first oil major to report second-quarter results, on Tuesday reported lower-than-expected profit and said its refining margins were the weakest for a second quarter in six years.
- Record crude output from the Organization of the Petroleum Exporting Countries, a glut of refined products and signs of more drilling activity in the United States in the face of low oil prices have added to concern about excess supply.
- U.S. drillers added oil rigs for a fourth consecutive week. The decline in U.S. output has been key to balancing a market weighed by excess supply for two years. Also dampening sentiment, many traders are reducing their bets on rising prices.
- Hedge funds and other money managers cut their net long position - bets on rising prices - in Brent and U.S. crude futures and options by 31 million barrels to 453 million in the week ending on July 19. Investors also have rig counts rising which could lead to increased US production.
- U.S. inventory reports from industry group the American Petroleum Institute and the U.S. Department of Energy due this week are expected by analysts to show a fall in crude stocks but a rise in gasoline supplies. The first of these reports, from the API, is due later in today's 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	
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

The silver market fell slightly during the course of the session on Monday, and is currently testing support. At this point in time, if the silver markets break down from here, I believe that we could find value below, and that the \$18 level should essentially be the “floor” in this market as it was an area that had been so resistive previously. Ultimately, a supportive candle is all I’m looking for in order to continue going higher over the longer term as silver markets certainly broke out above a massive resistance barrier, the kind of resistance barrier that typically means long-term movement. 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. The support right around 19.20 will be pivotal; if the metal breaks below there, then a move into the mid-18s becomes the risk.

Pivot:	19.64		
Support	19.30	19.19	19.00
Resistance	19.85	20.10	20.25

### Highlights

- Silver fell yesterday as the dollar firmed and a recovery in risk appetite supported world stock markets
- It remains to be seen what the long-term impact of Brexit will be
- Investors are anticipating a hectic week that includes a Federal Reserve meeting, European bank stress tests
- Silver, which fell about 3% last week, was down 1.1% at \$19.37
- Silver prices could have a quiet time this week, until gold leads the way again

### 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

- In yesterday’s trading session, the silver markets initially fell, but found enough support below to turn things around and form a nice-looking hammer. The hammer is situated right at the \$19.50 level, which has been the bottom of significant support over the last couple of weeks.
- Quite frankly, the silver prices been bouncing around between that level and the \$20.50 level above, grinding away in a sideways manner in order to perhaps build up enough momentum to continue going higher.
- Keep in mind that the US dollar has been strengthening, but quite frankly that may not make that big of a difference in this particular market because the run to the US dollar has been based more upon safety and a runaway from European assets more than anything else.
- Because of this, silver has been strong against the euro, and of course the pound. With this, there’s a bit of a “knock on effect” when it comes to the futures contract that this chart represents.
- Silver has been enjoying a stint of relatively high prices amid the somewhat elevated uncertainty surrounding markets. However, the metal has begun to experience a decline over the past few weeks which could spell a breakout in the near future.
- Ultimately, with the FOMC meeting occurring this week, there remains a chance that a surprise rate change could upset any technical patterns. However, forecasts are presently in favour of the Federal Funds Rate remaining steady at the 0.50% mark.
- As a result of this, the technical breakout discussed above is relatively likely to remain undisrupted by the Federal Reserve in the coming days. This being said, stay abridged of the inevitable jawboning that will accompany the FOMC meeting as this could impact the metal heavily.

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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

Tuesday, July 26, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Jul 26	03:45	NZD Trade Balance (New Zealand dollars) (JUN)	Medium		150M	358M
Tue Jul 26	13:30	GBP BBA Loans for House Purchase (JUN)	Medium		39650	42187
Tue Jul 26	18:00	USD S&P/Case-Shiller Composite-20 (YoY) (MAY)	Medium		5.60%	5.44%
Tue Jul 26	18:45	USD Markit US Services PMI (JUL)	Medium		52	51.4
Tue Jul 26	18:45	USD Markit US Composite PMI (JUL)	Medium			51.2
Tue Jul 26	19:00	USD Consumer Confidence (JUL)	High		95.5	98
Tue Jul 26	19:00	USD Richmond Fed Manufacturing Index (JUL)	Low		-5	-7
Tue Jul 26	19:00	USD New Home Sales (MoM) (JUN)	Medium		1.60%	-6.0%
Tue Jul 26	20:30	USD U.S. to Sell 4-Week Bills	Low			

Source: Forex Factory, DailyFX

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## 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