

## Gold

### Technical

Gold prices edged slightly lower on Thursday but remained above support near the 10-day moving average at 1,327. Resistance on the yellow metal is seen near the July highs at 1,370. A wider than expected U.S. trade goods report kept gold prices capped. While momentum remains negative it is poised to turn positive as the MACD is set to generate a buy signal. U.S. Advance trade in goods report showed a \$63.3 billion deficit in June, widening from -\$61.1 billion in May. June exports bounced 0.9% to \$120.3 billion after dipping to \$119.1 billion previously. Imports were up 1.8% to \$183.5 billion after rising to \$119.1 billion in May. Wholesale inventories edged up 0.04% to \$589.3 billion from \$589.1 billion. Retailer inventories increased 0.5% to \$604.2 billion from \$601.2 billion. The data will help fine tune GDP forecasts ahead of Friday's release.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,340 |       |       |
| Support    | 1,332 | 1,324 | 1,315 |
| Resistance | 1,352 | 1,357 | 1,364 |

### Highlights

- Gold fell yesterday after the Fed indicated that a further increase in US interest rates is on the cards for later this year
- Uncertainty over the path of interest rates has held gold in check since it rallied to more than two-year highs
- Relief that the Fed was not more explicit about rates pulled it back yesterday
- Spot gold was 0.2 percent higher at \$1,341.81 an ounce
- The gold reacted quite positively to the news that there was no rate hike

### Gold - Technical Indicators

|         |          |
|---------|----------|
| RSI 14  | 48.26    |
| SMA 20  | 1,324.02 |
| SMA 50  | 1,339.74 |
| SMA 100 | 1,302.32 |
| SMA 200 | 1,210.66 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold inched higher today in Asian session, on track for a gain of more than one percent in July, as the dollar extended its losses after the Bank of Japan's stimulus fell short of market expectations.
- The Bank of Japan expanded monetary stimulus today through a modest increase in purchases of exchange-traded funds, yielding to pressure from the government and financial markets for bolder action to spur growth and accelerate inflation towards its 2 percent target.
- By coordinating its action with the government's big fiscal spending package, the BOJ likely aimed to maximise the effect of its measures on the world's third-biggest economy, which is struggling to escape decades of deflation.
- The yen rose about 2.14 percent at 102.99 against the dollar and the dollar index, which measures the greenback against a basket of currencies, was down 0.4 percent at 96.316.
- Spot gold was up 0.4 percent at \$1,341.16 an ounce. Bullion has risen 1.2 percent in July, its second straight monthly gain, and is heading for its first weekly gain in three. U.S. gold was up 0.4 percent at \$1,337.90 an ounce.
- With so many cross currents at play over the short-term, we would rather watch the action in gold from the sidelines for the time being, at least until Friday's news from both the U.S. and Japan is out of the way.
- U.S advance GDP data and employment wages figures, both for the second quarter, are due later in the day. Spot gold looks neutral in a range of \$1,333.99-\$1,346 per ounce, and an escape will point a direction.
- The world's largest gold-backed exchange-traded fund, SPDR Gold Shares, has seen an outflow of nearly 28 tonnes in the last three weeks. Among other precious metals, palladium rose to its highest since mid-October at \$708 an ounce, and was later at \$700.22, down 0.2 percent.

### 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

Crude oil prices printed a fresh three-month lows of \$41.04d per barrel, coming from earlier highs of 42.22 posted into the N.Y. open. A Genscape report revealed a 300k barrel build at the Cushing, OK storage hub, which brought oversupply concerns back front and center. The 40.65 mark is the next level of target support which coincides with the 200-day moving average. Resistance on crude oil prices is seen near the 10-day moving average at 43.55. Momentum on crude oil 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 (relative strength index) hit a fresh low for the move, and is printing at 31, just above the oversold trigger level of 30. Traders should keep an eye on the RSI to determine if crude prices are oversold.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 40.98 |       |       |
| Support    | 40.60 | 40.00 | 39.40 |
| Resistance | 42.20 | 43.17 | 43.71 |

### Highlights

- Oil prices fell nearly 2 percent yesterday, hitting three-month lows
- A fresh stock build at the delivery hub for U.S crude futures added to concerns that producers were pumping more than needed
- U.S crude's WTI contract entered a technical bear market at \$41.29 a barrel
- U.S crude settled down 78 cents, or 1.86 pct, at \$41.14 a barrel, and was last down 84 cents, or 1.98 percent, at \$41.09
- Surplus barrels of gasoline have raised concerns about a renewed glut of feedstock crude oil

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 33.37 |
| SMA 20  | 45.27 |
| SMA 50  | 47.43 |
| SMA 100 | 45.72 |
| SMA 200 | 40.33 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell to fresh April lows today as slowing economic growth threatened to worsen ongoing oversupply of crude and refined products. U.S. West Texas Intermediate (WTI) crude fell 27 cents, or 0.7 percent, to \$40.87 a barrel, slipping below \$41 for the first time since April.
- Because refiners produced too much fuel from cheap crude, margins in the Americas, Europe and Asia have fallen sharply this year, eroding revenues for oil producers and refiners like Royal Dutch Shell, which this week reported poor results.
- Economists expect that the upcoming maintenance season combined with economic run cuts will correct the refined product markets and the corresponding reduction in crude oil demand could weigh on Brent prices in the near term.
- On the supply side, Iranian exports to Asia's main buyers - China, India, Japan and South Korea - jumped 47.1 percent in June from a year ago to 1.72 million barrels per day, the highest levels in over four years.
- The sales jump is the latest sign that Tehran's aggressive moves to recoup market share, lost under international sanctions, are paying off. Because of ongoing oversupply, U.S. bank Goldman Sachs (GS.N) said this week that it did not expect a big recovery in prices any time soon.
- Reuters analysts continue to expect that oil prices will remain in a \$45 per barrel to \$50 per barrel trading range through mid-2017 with near-term risks skewed to the downside.
- Despite this, some analysts said recent price falls in oil had been overdone, especially as demand remains strong despite concerns over future economic growth. Investors have become overly bearish on oil as U.S. production and gasoline inventories continue to rise. Underlying demand in the U.S. remains robust.

### 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 tried to rally during the day on Thursday, but found the \$20.50 level to be rather resistive. This has been the top of the recent consolidation area, so the fact that we made a shooting star for the day is not a surprise at all to me. I believe we are in a pullback here and look for buying opportunities at lower levels as we try to build up momentum to continue the uptrend that we had been in. A break above the \$20.50 level is a buying opportunity as well. For now, the immediate burst higher suggests we could press on a bit higher, but need to be mindful of price action up here which may indicate a turn lower is on its way, as silver could still be undergoing a larger consolidation phase. A broader consolidation period on the daily could develop between the low ~19 and ~21 before moving to higher ground; we will need to see how silver handles resistance.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 20.24 |       |       |
| Support    | 20.05 | 19.75 | 19.50 |
| Resistance | 20.70 | 20.82 | 21.00 |

### Highlights

- Silver continued to gain net support from expectations of very low global interest rates on yesterday
- There was significant resistance above the \$20.50 per ounce level
- Trends in other asset classes continued to have an important impact following Wednesday's Fed statement
- The Dollar remained under some pressure and registered significant losses
- US jobless claims data did not have a major impact with a figure of 266,000

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 54.10 |
| SMA 20  | 19.99 |
| SMA 50  | 18.40 |
| SMA 100 | 17.49 |
| SMA 200 | 16.05 |

### Silver Daily Graph



### Fundamentals

- Silver futures surged to fresh two-week highs in yesterday's trading session, as investors reacted to the Federal Reserve's decision to leave interest rates on hold after policymakers concluded that inflation would remain below target for the foreseeable future.
- Silver for September delivery climbed 43 cents or 2.2% to \$20.43 a troy ounce, the highest level on the Comex division of the New York Mercantile Exchange since July 13. The futures price reached an intraday high of \$20.58 before consolidating lower.
- Precious metals are surging after the Federal Reserve voted to leave interest rates unchanged. Although policymakers indicated that economic risks had diminished, they also acknowledged that inflation had continued to run below the 2% long-run objective. This trend is expected to continue as energy prices plumb new lows.
- Inflation has continued to run below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports.
- Market-based measures of inflation compensation remain low; most survey-based measures of longer-term inflation expectations are little changed, on balance, in recent months, the Federal Open Market Committee's official statement read.
- The US dollar plunged yesterday, as investors reduced bets on a September rate hike. The US dollar index fell 0.5% to 96.59, the fourth consecutive drop. The US currency fell further against the Japanese yen.
- The US Commerce Department will issue its first reading of Q2 GDP. The world's largest economy is projected to grow at an annualized rate of 2.6% in the second quarter after a disappointing 1.8% gain in the first quarter this year.

### 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

Friday, July 29, 2016



## Data Calendar

### Economic Data

| Date       | Time  | Event  | Importance | Actual | Forecast | Previous |
|------------|-------|--|------------|--------|----------|----------|
| Fri Jul 29 | 04:30 | JPY National Consumer Price Index (YoY) (JUN)        | High       | -0.4%  | -0.4%    | -0.4%    |
| Fri Jul 29 | 08:44 | JPY BOJ Policy Rate (JUL 29)                         | High       | -0.10% | -0.15%   | -0.10    |
| Fri Jul 29 | 10:30 | EUR French Gross Domestic Product (YoY) (2Q)         | Medium     | 1.4%   | 1.6%     | 1.3%     |
| Fri Jul 29 | 11:00 | EUR German Retail Sales (YoY) (JUN)                  | Medium     | 2.7%   | 1.5%     | 2.8%     |
| Fri Jul 29 | 13:30 | GBP Net Consumer Credit (JUN)                        | Medium     |        | 1.4b     | 1.5b     |
| Fri Jul 29 | 14:00 | EUR Euro-Zone Gross Domestic Product s.a. (YoY) (2Q) | High       |        | 1.5%     | 1.7%     |
| Fri Jul 29 | 17:30 | CAD Gross Domestic Product (YoY) (MAY)               | High       |        | 1.3%     | 1.5%     |
| Fri Jul 29 | 17:30 | USD Gross Domestic Product (Annualized) (2Q)         | High       |        | 2.6%     | 1.1%     |
| Fri Jul 29 | 17:30 | USD Personal Consumption (2Q)                        | High       |        | 4.3%     | 1.5%     |

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