

## Gold

### Technical

Gold markets did nothing during the day on Thursday as we continue to hang about the \$1225 level. This is a market that has recently sold off with extreme pressure, so it makes sense that we have to sit here for a while. Below current levels of the \$1200 level, I think there is a significant “floor” in this market, so would not surprise me if the market just grind sideways for a while as we take in new policy coming out of the United States with the surprise election of Donald Trump as president. Momentum is negative as the MACD (moving average convergence divergence) index recently 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 index is printing in the red with a downward sloping trajectory which points to lower prices.

Pivot:	1,206		
Support	1,200	1,193	1,184
Resistance	1,222	1,233	1,245

### Highlights

- Gold prices came under renewed pressure in today's trading session
- Federal Reserve Chairwoman Janet Yellen said a U.S. interest-rate hike could come “relatively soon.”
- Yellen's prepared comments to lawmakers yesterday came on the heels of strong economic data
- Sellers stepped in pushing gold down \$9.70, or 0.8%, to \$1,207.10 an ounce
- Central bank chief did little to dispel expectations of an interest-rate hike

### Gold - Technical Indicators

RSI 14	25.62
SMA 20	1,261.96
SMA 50	1,274.70
SMA 100	1,303.14
SMA 200	1,288.88

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold dropped 1 percent to a 5-1/2-month low today in European trading session and was set for a second week of decline as the dollar soared after comments from the Federal Reserve bolstered expectations that U.S. interest rates would rise next month.
- Spot gold was down 0.84 percent at \$1,205.75 an ounce. The metal hit \$1,203.86, its lowest level since May 30, earlier in the session. U.S. gold futures fell 1 percent to \$1205.00 per ounce, after touching its lowest since Feb. 10 at \$1,201.3 earlier.
- The dollar index rose to its highest since April 2003 and was set for its biggest weekly gain in a year after Fed Chair Janet Yellen provided a strong signal that U.S. interest rates would likely increase by year-end.
- Yellen's comments and a stronger dollar have pulled down the entire precious metals complex. Gold will be on a downtrend for now. People are speculating that Donald Trump's policies will improve companies and equity markets, and lots of them are going to stocks and currencies. Gold has lost a bit of its safe-haven asset status.
- The bullion has dropped nearly 10 percent from a high of \$1,337.40 per ounce, hit on Nov. 9, when Donald Trump was announced U.S. president-elect. Trump's election has done nothing to change the Fed's plans for a rate increase “relatively soon”, Yellen said on Thursday in Congressional testimony.
- Gold is highly sensitive to interest rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it is priced.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.61 percent to 920.63 tonnes on Thursday. Holdings have decreased 2.33 percent so far this month.

### 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

The WTI Crude Oil market initially tried to rally on Thursday, but just as we did on Wednesday, sellers enter the market and push back. Because of this, it looks as if the dual shooting stars signify just how much overhead pressure there is. With the massive oversupply of crude oil around the world, it's difficult to get excited about going long in this market. If we can break down below the bottom of the candle for the Thursday session, I believe we will reach down towards the 43 handle where we have seen quite a bit of support. The strengthening US dollar of course will work against the value of crude oil as well, so quite frankly I think there are a whole plethora of reasons why we should start falling again. Comments about an OPEC output cap seemed to overshadow the large inventory build reported by the Department of Energy on Wednesday.

Pivot:	45.07		
Support	44.62	44.25	43.60
Resistance	45.60	46.12	46.60

### Highlights

- Oil prices settled lower yesterday, as a stronger dollar outweighed expectations of an OPEC deal to limit production
- Oil started the day higher on optimism that the OPEC would reach an agreement to cap production at its meeting in Vienna
- Saudi oil Minister said he was optimistic about OPEC's deal to limit oil output
- U.S Fed Chair Janet Yellen bolstered the case for hiking interest rates next month
- U.S West Texas Intermediate crude CLc1 closed 15 cents lower at \$45.42

### Crude - Technical Indicators

RSI 14	45.20
SMA 20	45.52
SMA 50	47.64
SMA 100	46.10
SMA 200	45.86

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell today in Asian session as a strengthening U.S. dollar beat back renewed hope that OPEC might finally agree production cuts.. U.S West Texas Intermediate (WTI) crude oil futures were down 47 cents, or 1.06 percent, at \$44.95 a barrel.
- A stronger U.S. dollar makes oil, which is priced in dollars, more expensive to buyers using other currencies. Oil traded in a sideways range overnight, as the stronger U.S. dollar (overshadowed) optimism from Saudi's Energy Minister over a production cut agreement.
- With the dollar reigning supreme, Asia trading of crude should have a slightly heavy tone today as traders lighten up positioning into the weekend. The U.S. dollar index .DXY reached a 13-1/2-year high on comments by U.S Fed Chair Janet Yellen as she said the rate increase could happen "relatively soon", indicating higher chances of the rate hike in December.
- Commodities were mixed, with the stronger dollar creating headwinds for the sector. Brent crude oil traded around \$46 per barrel as investors saw an increasing chance that OPEC would reach an agreement on production cuts.
- Oil prices have fallen the last three days, but Brent is still up 6 percent from a three-month low hit last Friday. Saudi Arabian Energy Minister Khalid Al-Falih's optimistic comments on potential OPEC cuts came ahead of a meeting of key oil exporters' officials scheduled to take place in Qatar's capital Doha today.
- Analysts said uncertainty over the OPEC deal lingered in the markets and even if the producers' group does reach a deal, the impact is expected to be short lived. A production cap could induce (oil producers) to start producing more in the long term if prices go up. Iran's increasing output also casts doubt on whether an OPEC deal will be able to clear a persistent global oil glut.

### 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 did almost nothing during the day on Thursday, as we continue to hover around the \$17 level. This is a market that has sold off rather drastically as of late, so a bit of consolidation is probably necessary. I believe that we will continue to see this market sits still today, so at this point in time I am on the sidelines when it comes to silver. I will of course pay attention to this market at the close every day going forward, and will of course keep you advised as to what I'm doing. The 21-day correlation between silver and the dollar is back below -80%, a strong reading. It could stay this way for an extended period of time as it often times does, or the relationship between the precious metal and currency could come back in line without warning. Through much of October while the dollar rallied sharply, silver was sharply unchanged.

Pivot:	16.58		
Support	16.10	15.80	15.52
Resistance	17.00	17.25	17.52

### Highlights

- A strong dollar continued to undermine potential silver support, although there was again relative resilience
- The Dollar maintained a firm tone with the economic releases providing underlying support
- Dollar trend will continue to play a pivotal role today
- Fed Chair Yellen remained optimistic surrounding the outlook and expected inflation to rise to the 2% target level
- US consumer prices data met market expectations with a 0.4% increase for October

### Silver - Technical Indicators

RSI 14	30.06
SMA 20	17.78
SMA 50	18.01
SMA 100	18.74
SMA 200	18.05

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices were back on the defensive, as the US dollar rose to more than one-year highs against a basket of other major currencies. December silver futures fell to \$16.48 a troy ounce.
- The dollar is benefiting from growing expectations the Federal Reserve will raise interest rates next month. The markets now say the probability of a December rate increase is more than 90%, according to the CME Group's FedWatch tool.
- The US dollar reached one-year highs against a basket of currencies Monday, as traders raised their expectations for a December rate hike. The dollar index closed above 100 for the first time this year. By Tuesday, it was down 0.2% at 99.88.
- The main feature in global markets has again been the strong dollar, which continued to challenge 13-year highs on a trade-weighted basis and was instrumental in curbing support for silver prices.
- Silver drifted very slightly lower in late US trading on Wednesday with relatively narrow ranges prevailing. There was support on approach to the \$16.90 area and prices pushed back above the \$17.00 level in early Europe before drifting lower once again.
- The headline US consumer prices data met market expectations with a 0.4% increase for October, while the annual rate rose to 1.6% from 1.2% previously and the strongest rate for two years. The underlying annual increase was, however, slightly lower than expected at 2.1% from 2.2%.
- The housing starts data was significantly stronger than expected at an annual rate of 1.32mn for October from 1.05mn previously, while the jobless claims data was better than expected with a decline to 235,000 in the latest week from 254,000 and the lowest reading for 43 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	
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, November 18, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Nov 18	07:59	NZD Retail Sales Ex Inflation (QoQ) (3Q)	Medium	0.9%		2.3%
Fri Nov 18	12:00	EUR German Producer Prices (YoY) (OCT)	Low	-0.4%	-0.9%	-1.4%
Fri Nov 18	13:00	EUR ECB's Draghi Speaks at Euro Finance Week in Frankfurt	Medium			
Fri Nov 18	14:00	EUR Euro-Zone Current Account n.s.a. (euros) (SEP)	Low	29.8b		22.9b
Fri Nov 18	15:30	USD Fed's Bullard, SNB's Maechler Speak on Panel in Frankfurt	Low			
Fri Nov 18	18:30	CAD Consumer Price Index (YoY) (OCT)	High		1.5%	1.3%
Fri Nov 18	20:00	USD Leading Indicators (OCT)	Medium		0.1%	0.2%
Fri Nov 18	21:00	USD Kansas City Fed Manf. Activity (NOV)	Low			6
Fri Nov 18	23:00	USD Baker Hughes U.S. Rig Count (NOV 18)	Medium			568

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

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