

## Gold

### Technical

Gold prices moved lower in yesterday's trading session as the dollar gained traction against the yellow metal, as the softer than expected U.S inflation data allowed gold prices to ease. Producer prices were weaker than forecast, which is also weighing on gold. Resistance is seen near the 10-day moving average at 1,330, while support is seen near the August 31, lows at 1,303. Momentum has turned negative as the MACD (moving average convergence divergence) index recently generated a sells signal. U.S Producer Price Index was flat in August, with the core rate up 0.1%. Expectations were for a 0.1% increase on the headline. There were no revisions to prior months, where July posted a 0.4% decline while core PPI fell 0.3%. On an annual basis, total PPI was flat after the 0.2% year over year drop in July, with the core at 1.0% year over year in August.

Pivot:	1,315		
Support	1,309	1,304	1,300
Resistance	1,326	1,331	1,335

### Highlights

- Disappointing U.S economic data reduced the chances of an interest rate hike next week
- The Yellow metal is on track for its first weekly loss in three
- U.S retail sales fell more than expected in August amid weak purchases of automobiles and a range of other goods
- The economic growth outlook also took a hit from other data yesterday
- U.S weekly jobless claims data showed yesterday a tightening labor market with subdued layoffs last week

### Gold - Technical Indicators

RSI 14	39.49
SMA 20	1,324.57
SMA 50	1,333.83
SMA 100	1,311.83
SMA 200	1,266.68

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold held steady today amid lower trading activity because of Asian holidays but was set for its first weekly loss in three as investors were choosing more riskier assets such as equities rather than holding value in the yellow metal.
- Equity markets were higher after weak U.S. data reduced the already low chance of an interest rate increase when the Federal Reserve meets next week. However, a new Reuters poll of 100 economists showed a median 70 percent chance of an increase in December.
- Gold is highly sensitive to rising interest rates, which would lift the opportunity cost of holding non-yielding assets. We are expecting prices to be volatile especially with the Fed meeting next week. Investors will be analysing every single bit of data that is coming out.
- The chances of an interest rate hike dropped after reports on Thursday showed U.S. retail sales fell more than expected in August and manufacturing output declined as well as rising jobless claims in the latest week.
- Spot gold was steady at \$1,313.90 an ounce. Bullion is on track to end the week down about 1 percent. U.S. gold futures were little changed at \$1,317.90 an ounce.
- Gold is just following the dollar market. That's the reason for the volatility. The market is mostly going to be short ahead of the Bank of Japan's (BOJ) meeting next week. If the BOJ is going for more easing then it might put pressure on gold in line with a strong U.S. dollar.
- The U.S. and Japanese central banks are both holding their policy meetings on Sept. 20-21. The Bank of Japan will conduct a comprehensive review of its stimulus program after failing to reach its 2 percent inflation target. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.35 percent to 932.23 tonnes on Thursday.

### 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 stabilized as the weaker U.S. economic data, generated a catch 22. Brent oil stabilized as well. While the dollar is unlikely to continue to rise if the Fed is on hold, allowing crude to move higher, the soft data could erode demand forecasts. A soft Industrial Production report capped upside. Resistance is seen near the 10-day moving average at 45.21, while support is seen near the weekly lows near 43.26. Momentum is negative as the MACD (moving average convergence divergence) index recently generated a sell signal. The index is printing in the red with a downward sloping trajectory that points to lower prices. U.S. industrial production fell 0.4% in Aug with capacity sliding to 75.5%. The 0.7% increase in July was revised down to 0.6%, though the 0.4% June increase was boosted to 0.6%. Production is down 1.1% year over year.

Pivot:	43.66		
Support	43.00	42.50	42.00
Resistance	44.70	45.75	46.50

### Highlights

- Oil prices were lower in Asian trade today as investors brace for an increase in oil exports from Libya and Nigeria
- On the New York Mercantile Exchange, light, sweet crude futures traded at \$43.61 a barrel, down 30, or 0.7%
- Nigeria and Libya are both preparing to ramp up their oil exports, which may weigh on oil prices
- Royal Dutch Shell and Exxon Mobil have lifted force majeure on Nigerian exports
- Libya's state oil company also lifted curbs on sales from three ports

### Crude - Technical Indicators

RSI 14	39.94
SMA 20	45.39
SMA 50	44.57
SMA 100	46.36
SMA 200	42.10

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell more than 1 percent today as news of rising Iranian exports and returning supplies from Libya and Nigeria following interruptions fueled concerns that the global oil will persist.
- U.S. West Texas Intermediate futures were down 55 cents, of 1.25 percent, at \$43.36 a barrel. Crude oil has fallen 8-9 percent in just one week, underlining how volatile the oil market currently is.
- We've seen a lot of bearish news this week: Libya, Nigeria, skeptical monthly reports from the IEA and OPEC and large stockbuilding in the U.S., so weak fundamentals are weighing on the market.
- Iran is nearing its pre-sanctions crude oil export levels after a source familiar with the country's tanker loading schedules said the third-biggest OPEC producer had raised exports to more than 2 million barrels per day (bpd) in August.
- Iran's August crude exports, excluding condensate, roughly doubled from a year ago to 2.11 million bpd, the source said, based on data compiled from tanker loading schedules.
- Rising Iranian exports are coupled with a return in Nigerian and Libyan output, two countries whose crude exports have been hampered by conflict and unrest. Libya is resuming oil exports from some of its main ports and has lifted related force majeure contractual clauses, the National Oil Corporation (NOC) said.
- In Nigeria, ExxonMobil was making preparations to load a cargo of Qua Iboe crude at the end of September, trading sources said, its first since it imposed force majeure in July.
- Investors are also eyeing weekly U.S. rig count data, to be released by Baker Hughes later on Friday. Last week's data showed U.S. drillers had added seven oil rigs in the week to Sept. 9, bringing the total rig count to 414.

### 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 initially tried to rally during the course of the day on Thursday, but turn right back around to form a shooting star. The \$19 level looks to be resistive, and as a result it looks like we are essentially sitting around in this general vicinity. The \$18.50 level below is supportive as well, and I believe that the \$18 level is essentially the “floor” in this market overall. I am bullish, but I recognize at this point in time we have quite a bit of volatility ahead of us in this market. Silver sits in a zone of support in the 18s from a long-term perspective; lows carved out during 2013/14, a peak in early 2015, then a recent swing low created on 8/29 at 18.37. Even though it is in that zone, it doesn’t mean it doesn’t have room to move about in either direction when looking at the very short-term. So for now, until silver gives us a good look on the daily we will continue to focus on set-ups on the intra-day time-frame.

Pivot:	18.98		
Support	18.67	18.55	18.36
Resistance	19.29	19.54	19.70

### Highlights

- Silver for December delivery yesterday hovered within a narrow range trading between \$18.95 and \$19.13
- The grey metal is on pace for a weekly decline of around 1.4%
- Gold’s premium over silver narrowed to 69.42 yesterday
- The BOE kept monetary policy unchanged yesterday amid greater optimism surrounding the UK’s growth outlook
- The US dollar was trading slightly higher against a basket of world currencies

### Silver - Technical Indicators

RSI 14	42.95
SMA 20	19.09
SMA 50	19.50
SMA 100	18.78
SMA 200	17.22

### Silver Daily Graph



### Fundamentals

- There was significant volatility following the batch of US economic data with no conviction in US asset-price moves and silver prices eventually securing small net gains on the day.
- In choppy trading conditions, silver prices dipped to below \$19.00 per ounce during the Asian session yesterday, again finding support below this level and moving higher.
- Liquidity was weaker than usual with Chinese markets closed for a holiday and there was further net support just below the \$19.00 level. Silver prices edged higher in European trading with the dollar unable to gain any traction, while bond yields also moved lower.
- The Swiss National Bank and Bank of England both met expectations and left monetary policy on hold, which had a muted reaction. The headline US retail sales data was weaker than expected with a 0.3% August decline and an underlying fall of 0.1%, while control-group sales also fell with the three key data points all below expectations.
- Jobless claims remained at a very low level of 260,000 for the latest week from 259,000 previously and producer prices were close to expectations with prices unchanged on the month as core prices rose 0.1%.
- The Philadelphia Fed manufacturing index was stronger than expected at 12.8 from 2.0 previously and slightly disappointing components were offset by optimism over the outlook and an increase in inflation readings. In this environment, silver declined to the \$19.00 area with lows just below \$18.90.
- The dollar dipped weaker following the retail sales data and silver spiked to highs just above \$19.25 as bond prices extended gains. There was, however, a quick reversal in currency and equity markets with bonds moving into negative territory, while the dollar strengthened from pre-release levels.

### 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, September 16, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Sep 16	17:30	CAD Manufacturing Shipments (MoM) (JUL)	Low		1.0%	0.8%
Fri Sep 16	17:30	USD Consumer Price Index (YoY) (AUG)	High		1.0%	0.8%
Fri Sep 16	17:30	USD Consumer Price Index Ex Food & Energy (YoY) (AUG)	High		2.2%	2.2%
Fri Sep 16	17:30	USD Real Avg Weekly Earnings (YoY) (AUG)	Medium			1.4%
Fri Sep 16	19:00	USD U. of Michigan Confidence (SEP)	High		90.6	89.8
Fri Sep 16	19:00	USD U. of Mich. Current Conditions (SEP)	Low		107.6	107
Fri Sep 16	19:00	USD U. of Mich. Expectations (SEP)	Low		79.7	78.7
Fri Sep 16	21:00	USD Household Change in Net Worth (2Q)	Low			\$837b
Fri Sep 16	22:00	USD Baker Hughes U.S. Rig Count (SEP 16)	Medium			

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