

Gold

Technical

Gold markets initially fell, but then turned right back around to reach towards the \$1340 level, and as a result I believe that we are testing significant resistance. If we can break above the \$1350 level, the market will continue to go much higher, as it would show a pickup in momentum and of course strength. I believe the pullbacks will offer value the people will take advantage of, so therefore I am essentially "long only." With that in mind I do think that eventually we continue the longer-term uptrend. Last week, it surged to the upside on September 21 on the initial reaction to the Fed's decision to leave interest rates unchanged in September. However, since then it has drifted sideways to lower. The move suggests that investors aren't certain about the next direction to take and are waiting for more information about the timing of the Fed rate hike and the strength of the economy.

Pivot:	1,335		
Support	1,330	1,325	1,320
Resistance	1,343	1,348	1,352

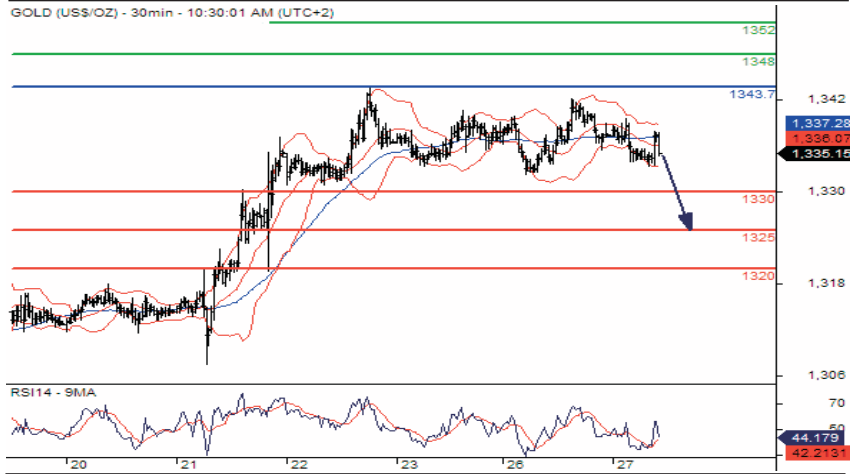
Highlights

- Gold futures climbed yesterday, recouping most of what they lost on Friday
- A weaker U.S Dollar and losses in the U.S stock market buoyed demand for the precious metal
- Financial markets, however, braced for volatility that could be stirred by debate between Hillary Clinton and her rival Donald Trump
- December gold tacked on \$2.40, or 0.2%, to settle at \$1,344.10 an ounce. It lost about \$3 an ounce on Friday
- Gold prices found some added support as some hedging demand emerged

Gold - Technical Indicators

RSI 14	54.49
SMA 20	1,324.47
SMA 50	1,333.83
SMA 100	1,315.95
SMA 200	1,272.30

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold edged lower in today's European trading session after equity markets bounced back, hinting investors were turning to riskier assets in a belief that Democrat Hillary Clinton won the first U.S. presidential debate against Republican Donald Trump.
- Asian shares recovered from an early bout of nerves while the Mexican peso surged today. Leading into this event (presidential debate), positioning in the gold market buying wasn't aggressive in either direction, it was fairly neutral. I suspect the move subsequent to the first debate is going to be relatively muted.
- However, the wave of risk-on trading as a consequence of the U.S. Presidential election could weigh on gold prices in the short-term with a possible break to the upside amid heightened volatility,
- Spot gold was down 0.1 percent at \$1,336.61 an ounce. By falling on Tuesday, gold snapped a six-day winning streak. U.S. gold futures eased 0.3 percent to \$1,340.20 an ounce.
- Flows were overall fairly modest given the amount of coverage this debate had. Gold dipped as expected on the back of Clinton being seen as victorious. Markets have tended to see Clinton as the candidate of the status quo, while few are sure what a Trump presidency might mean for U.S. foreign policy, trade and the domestic economy.
- Analysts said gold could be under pressure if Trump emerged as a winner in the November elections, as the dollar was likely to benefit from the Republican candidate's stance against low interest rates.
- In the long term, if Trump becomes U.S. president, its effect on the dollar would be positive. Trump has always criticized the Fed for easing the monetary policy. Meanwhile, the dollar index was steady at 95.276.

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 rallied during the course of the session on Monday, showing signs of a positive market. However, at this point in time I believe that the market is probably going to continue to be choppy, as the OPEC members are meeting informally in Algiers this week. Ultimately, I think that there won't be much of an agreement, so that should end up being negative. Any exhaustive candle above should be a selling opportunity, but at this point in time the biggest thing that I would point out about this market is that there is a downward channel that we have been involved in lately, and we are still very much in the middle of it. With this, I'm negative of this market even though the session on Monday was positive. Ultimately, this is a market that could go much lower than the \$42 level, but it will take a significant amount of momentum being built into this market.

Pivot:	45.23		
Support	45.00	44.40	43.98
Resistance	46.20	46.56	47.08

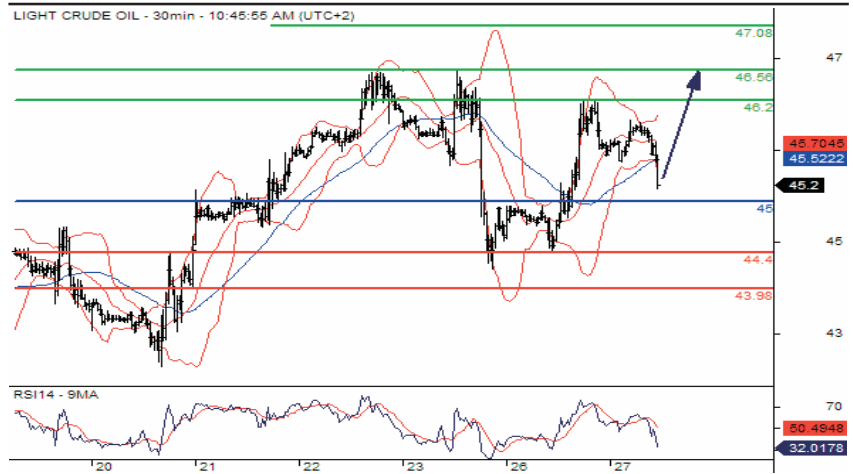
Highlights

- Crude oil prices dropped sharply after both Iran and Saudi Arabia played down expectations for a deal to freeze oil production
- Any hopes for a crude output freeze being agreed to in Algiers this week have been dashed today
- Iranian officials reiterated their vow to pump output higher
- Saudi Arabia Energy Minister Khalid al-Falih reiterated Iran's comments, stressing the meeting's purpose as "consultative" only
- Stronger-than-expected resilience by U.S shale is adding to the bearishness

Crude - Technical Indicators

RSI 14	53.84
SMA 20	44.86
SMA 50	44.61
SMA 100	46.16
SMA 200	42.47

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Crude futures fell further today in Asian trading session as optimism faded for an output-limiting deal during an oil producer meeting in Algeria that so far has failed to yield any agreement to curb one of the worst supply gluts in history.
- Saudi Arabia on Tuesday dashed hopes that OPEC oil producers could clinch a deal in Algeria this week as sources within the exporter group said the differences between the kingdom and rival Iran remained too wide.
- U.S. West Texas Intermediate (WTI) crude fell 68 cents to \$45.25 a barrel, after rising \$1.45, or 3.3 percent, in the previous session. It's all about what's going on in Algiers really the prospect or no prospect of a supply deal. There is no new fundamental development that is more important than Algiers.
- Sources told Reuters last week that Saudi Arabia had offered to reduce its output if Iran agreed to freeze production, but Iran downplayed the chances of a deal, saying the meetings in Algiers on the sidelines of the International Energy Forum this week were only advisory.
- Russia's oil minister today also said that the country would want to freeze oil output at current levels; Russia's oil output recently touched an all-time high of 11.75 million barrels per day (bpd). Any unexpected news could quickly reverse the direction of oil prices.
- A U.S dollar, which makes commodities like crude oil more expensive for holders of other currencies, also hampered oil prices that had strengthened in the previous session.
- Traders are also looking ahead to data on U.S. oil stocks due later today from the American Petroleum Institute (API). U.S commercial crude oil stocks likely rose by an average of 2.8 million barrels to 507.4 million barrels in the week to Sept. 23, reversing three weeks of unexpected drawdowns, a Reuters poll of seven analysts showed.

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 fell initially during the day on Monday, but found enough support below the 19.50 level to turn things around and form a bit of a hammer. This is a market that I like anyway, so a break above the top is hammer has me going long. I think that given enough time, we should reach towards the \$20 level, we will probably even break above that given enough time. I think if we pullback from here, it's very likely that there will be buyers involved in order to take advantage of what would be perceived as value. As long as the lower trend-line and support in the mid-18s holds, then the period in recent weeks looks constructive within the uptrend off the December lows. Further contraction in the range could soon lead to an explosive breakout as we head into October. A break below those support levels will begin to significantly diminish the bulls' case.

Pivot:	19.43		
Support	19.29	19.05	18.83
Resistance	19.66	19.92	20.06

Highlights

- Silver failed to take advantage on Monday of a recovery in oil prices or a generally vulnerable dollar
- After being unable to make any impression during Friday's US session, silver prices dipped lower yesterday
- The latest COT data recorded a small increase in long non-commercial positions
- Overall risk conditions remained more fragile which had a mixed impact on precious metals
- US new home sales data was better than expected with an annual rate of 609,000

Silver - Technical Indicators

RSI 14	60.18
SMA 20	19.27
SMA 50	19.48
SMA 100	18.88
SMA 200	17.35

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were trading sharply lower in yesterday's trading session, as the market continued to consolidate in a familiar range after a dramatic post-FOMC rally last week.
- December silver futures fell 28 cents, or 1.4% to \$19.54 a troy ounce on the Comex division of the New York Mercantile Exchange. Through the overnight session, the metal traded within a range of \$19.48 and \$19.83.
- Silver bullion climbed 5% last week, culminating in a two-week high on September 22. Since then, the grey metal has retreated in three consecutive sessions, and faces a critical resistance in the low-to-mid \$18 region.
- The US dollar continued to decline against a basket of currencies. The dollar index was last down 0.2% to 95.32. The USD/JPY suffered yet another setback, falling 0.6% to 100.4420. The Japanese yen has shrugged off the Bank of Japan's latest attempt to stimulate the economy by introducing a large overhaul of monetary policy.
- Precious metals are priced in US dollars and their investment appeal typically rises when the greenback falls. In economic data, German business confidence strengthened to a more than two-year high in September, raising optimism about the health of Europe's largest economy. The German IFO index rose sharply to 109.5 from 106.3 in August.
- A deluge of economic data will make its way through the financial markets this week. US reports on durable goods orders, second quarter GDP and personal incomes and outlays are all expected to weigh on investors' perception of the US economy.
- Global equity markets were down sharply, as investors braced for volatile oil prices ahead of a key summit of global producers this week. European stocks faced their biggest slump in almost three months.

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

Tuesday, September 27, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Sep 27	06:30	China Industrial Profits (YoY) (AUG)	Medium			11.0%
Tue Sep 27	11:00	German Import Price Index (YoY) (AUG)	Low		-2.5%	-3.8%
Tue Sep 27	14:40	BOE Indexed Long-Term Repo Operation Results	Low			
Tue Sep 27	15:00	U.K CBI Retailing Reported Sales (SEP)	Low		5	9
Tue Sep 27	18:00	S&P/Case-Shiller Composite-20 (YoY) (JUL)	Medium		5.10%	5.13%
Tue Sep 27	18:00	S&P/Case-Shiller US Home Price Index (JUL)	Low			182.42
Tue Sep 27	18:45	Markit US Services PMI (SEP)	Medium		51.2	51
Tue Sep 27	18:45	Markit US Composite PMI (SEP)	Medium			51.5
Tue Sep 27	19:00	U.S Consumer Confidence (SEP)	High		98.8	101.1

Source: Forex Factory, DailyFX

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