

Gold Spot

- Spot gold took a breather as weakness in the Euro over an impasse in the Greek debt restructuring talks rushed investors into booking profits.
- From a technical perspective, gold created a double top around its critical resistance level of \$1,681.10 and witnessed pressure to close in the red.
- The first support is at \$1,657.31 and second support is at \$1,647.55. The first resistance is at \$1,673.11 and the second resistance is at \$1,681.21.



Gridlock over Greek talks continues; gold -ve (Bloomberg, Reuters)

Spot gold took a breather on Tuesday, declining by US\$11.50 as weakness in the Euro rushed investors into booking profits. The Euro was dented during the day as negotiations between stakeholders over a possible Greek debt restructuring broke down, raising concerns of a chaotic default. Private sector creditors stuck to their stance of demanding a 4.0% interest rate on fresh Greek bonds whereas the EU officials refused to budge above their 3.5% offer. Furthermore the start of the two-day FOMC meeting kept some buyers on the sidelines as they preferred to await the outcome of the meeting. A warning from the IMF also contributed to selling pressure as the fund trimmed its 2012 global growth estimate from 4.0% to 3.3% and observed that an estimated Euro zone contraction of 0.7% could further spill out of control if concrete steps were not taken soon.

Technical Strategy: Sell on Strength

Gold created a double top around its critical resistance level of \$1,681.10 and witnessed pressure to close in the red. The Stochastic Oscillator has now generated a sell signal and has edged down from the overbought region while the RSI too has shown weakness. The first support is at \$1,657.31 and second support is at \$1,647.55. The first resistance is at \$1,673.11 and the second resistance is at \$1,681.21.

25 January, 2012

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Gold: Key Highlights

US\$/oz.	24-Jan	Change
Open	1677.30	0.12
High	1680.18	3.00
Low	1661.68	-15.50
Close	1665.68	-11.50

Source: Bloomberg

Key Technical Indicators

Date	24-Jan	23-Jan	Change
30-DMA	1619.73	1621.26	-1.53
50-DMA	1661.77	1664.23	-2.46
200DMA	1643.68	1642.78	0.89
9-D RSI	61.88	70.37	-8.49
14-D RSI	56.65	60.75	-4.10
25-D RSI	51.48	53.16	-1.69
SO*- %K	79.90	84.27	-4.37
SO*- %D	81.96	79.52	2.44
SO View	Sell	Buy	

Source: KASB Technical Research

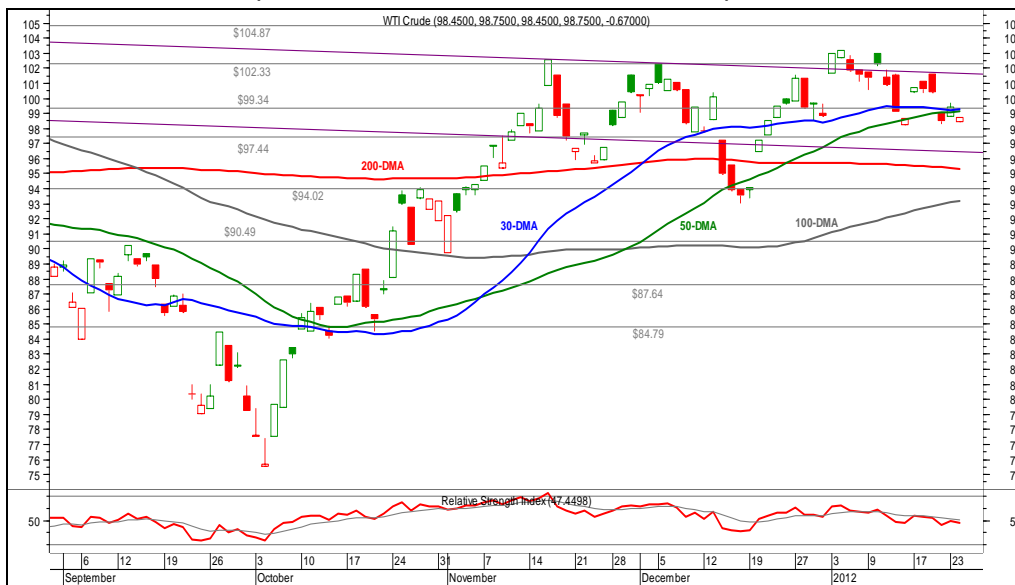
Synopsis

Commodity	Recommendation
Gold	Sell on Strength
WTI	Sell on Strength
Silver	Sell on Strength

Source: KASB Technical Research

WTI Spot (Crude Oil)

- Oil prices fell on Tuesday on renewed concerns about the Euro zone's debt problem; however tensions between Iran and the west helped to limit losses.
- From a technical perspective, WTI's Stochastic Oscillator maintains its sell signal however is about to become oversold.
- The first support is at \$98.22 and second support is at \$97.70. The first resistance is at \$99.28 and the second resistance is at \$99.80.



Oil falls on Greece stalemate (Bloomberg, Reuters)

Oil prices were pushed lower as the continuing gridlock between European policy makers and private sector creditors over the terms of the Greek debt restructuring deal proved detrimental for market sentiments. Investors were also wary of potential demand side impact for crude oil if the crisis persisted. However, losses were clipped as the standoff between the west and Iran heightened following the official European embargo with President Obama joining the fray by warning of additional sanctions. Weekly crude oil inventories data is due today with street estimates standing at an addition of 0.9mn barrels.

Technical Strategy: Sell on Strength

WTI remained range bound and traded below the 30-DMA and 50-DMA. The Stochastic Oscillator maintains its sell signal however is about to become oversold. Moreover the 30-DMA is about to cut the 50-DMA from above which is a medium term bearish signal. The first support is at \$98.22 and second support is at \$97.70. The first resistance is at \$99.28 and the second resistance is at \$99.80.

WTI: Key Highlights

US\$/bbl	24-Jan	Change
Open	98.45	-0.97
High	98.75	-0.67
Low	98.45	-0.97
Close	98.75	-0.67

Source: Bloomberg

Key Technical Indicators

Date	24-Jan	23-Jan	Change
30-DMA	99.26	99.24	0.01
50-DMA	99.17	99.11	0.06
200DMA	95.31	95.37	-0.06
9-D RSI	43.71	47.03	-3.32
14-D RSI	47.45	49.54	-2.09
25-D RSI	50.94	52.06	-1.12
SO* - %K	16.84	33.90	-17.07
SO* - %D	31.84	45.84	-14.01
SO View	Sell	Sell	

Source: KASB Technical Research

Silver Spot

- Silver's hefty run finally came to an end as the metal cooled off on Tuesday and pulled back by 0.9%.
- From a technical perspective, silver created a double top around its critical resistance as well as its 100-DMA to close in the red.
- The first support is at \$31.66 and second support at \$31.18. The first resistance is at \$32.55 and the second resistance is at \$33.11.



Green streak ends after six sessions

(Bloomberg, Reuters)

Silver's hefty run finally came to an end as the metal cooled off on Tuesday and pulled back by 0.9% to close at US\$32.06/oz. In the six-day rally, the metal had racked up price gains of 8.8%. Investors will likely pay close attention to the FOMC Statement due to be released later today; although no major surprises from the Central Bank are expected, the release of interest-rate projections from individual members will assist participants in seeking greater clarity on the course of future monetary policy.

Technical Strategy: Sell on Strength

Silver created a double top around its critical resistance as well as its 100-DMA to close in the red. The Stochastic Oscillator has now generated a sell signal in the overbought region while the RSI has stalled. The first support is at \$31.66 and second support at \$31.18. The first resistance is at \$32.55 and the second resistance is at \$33.11.

Silver prices (Spot)

US\$/oz.	24-Jan	Change
Open	32.36	0.02
High	32.77	0.43
Low	31.87	-0.47
Close	32.06	-0.28

Source: Bloomberg

Key Technical Indicators

Date	24-Jan	23-Jan	Change
30-DMA	29.70	29.70	-0.01
50-DMA	30.80	30.86	-0.05
200DMA	35.75	35.81	-0.05
9-D RSI	69.71	74.60	-4.89
14-D RSI	62.05	64.60	-2.54
25-D RSI	54.04	55.14	-1.10
SO* - %K	86.34	90.04	-3.70
SO* - %D	89.54	85.46	4.08
SO View	Sell	Buy	

Source: KASB Technical Research


Economic Calendar

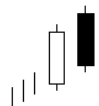
Date & Time (PST)	Currency	Impact	Event	Forecast	Previous
25 January, 2012 Wednesday					
2:00pm	EUR	High	German IFO Business Climate	107.6	107.2
Day 1	ALL	High	World Economic Forum Annual Meetings	-	-
2:30pm	GBP	High	MPC Meeting Minutes	0-0-9	0-0-9
6:15pm	EUR	Medium	ECB President Draghi Speaks	-	-
8:00pm	USD	High	Pending Home Sales m/m	-0.6%	7.3%
8:30pm	USD	High	Crude Oil Inventories	0.9mn	-3.4mn
10:30pm	USD	High	FOMC Statement	-	-
10:30pm	USD	High	Federal Funds Rate	<0.25%	<0.25%
26 January, 2012 Thursday					
12:00pm	EUR	Medium	GfK German Consumer Climate	5.6	5.6
Day 2	ALL	High	World Economic Forum Annual Meetings	-	-
6:30pm	USD	High	Core Durable Goods Orders m/m	1.0%	0.3%
6:30pm	USD	High	Unemployment Claims	371k	352k
8:00pm	USD	High	New Home Sales	322k	315k
27 January, 2012 Friday					
Day 3	ALL	High	World Economic Forum Annual Meetings	-	-
3:30pm	CHF	High	KOF Economic Barometer	-0.06	0.01
6:30pm	USD	High	Advance GDP q/q	3.1%	1.8%
7:55pm	USD	Medium	Revised UoM Consumer Sentiment	74.2	74.0


Source: www.forexfactory.com/calendar


Glossary of Terms


- Doji Star:** a *Spinning Top* which gaps above or below the previous candle. It is a reversal signal, which requires a confirmation from the next candle. If the Doji star gaps above the previous green candle, it is a bearish signal indicating a top and vice versa.

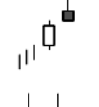

- Dark Cloud Cover:** A long white candlestick is followed by a black candlestick. The black candlestick opens above the white candlestick's high and closes well into the white candlestick's body.

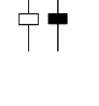

- Inverted Hammer:** A candlestick with a long upper shadow and a small body formed in a downtrend. The long upper shadow and small real body at the bottom of the trading range are cause for concern by the bears. They wonder if this is the end of the downtrend and take measures to protect their gains. If the next day opens above the body of the Inverted Hammer, then expectations could be for shorts to cover and propel a reversal rally.


- Bullish Piercing Line:** A bottom reversal signal. A red candlestick followed by a green candlestick that opens lower than the red candlestick's low, but closes more than halfway into the red body. The gap down on the 2nd day perpetuates the downtrend. However, the 2nd day's close is above the midpoint of the 1st day's body. This suggests to the bears that a bottom could be forming. The more penetration of the close on the 2nd day to the 1st day's body, the stronger the reversal signal.


- Hanging Man:** A small body (white or black) near the high with a long lower shadow with little or no upper shadow. The lower shadow should be two or three times the height of the body. It is a bearish formation during an uptrend.


- Shooting Star:** A single day pattern that can appear in an uptrend. It opens higher, trades much higher, and then closes near its open. It looks just like the Inverted Hammer except that it is bearish.


- Spinning Top:** a candle with a small gap, negative or positive, between the open and close. Spinning tops usually indicate a trend reversal, but require a confirmation from the next candle. If they are formed at the peak of a rally, they usually indicate a top and vice versa.


- Engulfing Bearish Formation:** A small green candle followed by and contained within a large red candle. This is usually an indication of a top.
- Engulfing Bullish Formation:** A small red body followed by and contained within a large green body.
- Bullish Divergence:** occurs when prices reach a new low but an oscillator or RSI reaches a higher bottom than it reached during its previous decline. This is known as a Class A bullish divergences. Class A bullish divergences are often the best signals of an impending sharp rally.
- Relative Strength Index (RSI):** The Relative Strength Index (RSI) is a popular oscillator used by traders. The name "Relative Strength Index" is slightly misleading as the RSI does not compare the relative strength of two securities, but rather the internal strength of a single security. A more appropriate name might be "Internal Strength Index." The RSI is a fairly simple formula, but is difficult to explain without pages of examples.
- The Moving Average Convergence/Divergence indicator (MACD):** is calculated by subtracting 26-period exponential moving average from 12-period exponential moving average. A 9-period dotted exponential moving average (the "signal line") is automatically displayed on top of the MACD indicator line.
- The Stochastic Oscillator:** is based on stochastic mathematics. It compares where a security's price closed relative to its trading range over the last x-time periods. The Stochastic Oscillator always ranges between 0% and 100%. A reading of 0% shows that the security's close was the lowest price that the security has traded during the preceding x-time periods. A reading of 100% shows that the security's close was the highest price that the security has traded during the preceding x-time periods. The Stochastic Oscillator indicates an oversold state below 20% and an overbought state above 80%.

- **Bollinger Bands:** is a type of envelope developed by John Bollinger. Bollinger Bands are plotted at standard deviation levels above and below a moving average. The moving average generally taken is a 20-DMA, while the standard deviation count is 2. This is a very good to gauge both the general direction and the volatility.

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