

Gold Spot

- Spot gold jumped another US\$10.08 to close at US\$1720.65, down from its day's high of US\$1730.85 on profit taking.
- From a technical perspective, gold's Stochastic Oscillator, though overbought, maintains its uptrend as well as buy signal.
- The first support is at \$1,713.54 and second support is at \$1,705.37. The first resistance is at \$1,729.29 and the second resistance is at \$1,741.55.



Gold up but gains capped from profit taking

(Bloomberg, Reuters)

Spot gold advanced by another US\$10.08 on Thursday however retreated off the day's high (US\$1,730.85/oz) as profit taking settled in after the previous day's boost. Optimism was also afloat in financial markets that Greece and its private sector creditors would seal a deal in due course and avert a chaotic default. US stock markets also dipped on a mixture of lower corporate earnings and weaker than expected US home sales. Heading into the weekend, negotiations between the troika (EU, ECB & IMF) and Greece are expected to continue and private bond holders have put forward the demand that the ECB should participate in the bond swap and share the losses. The swap, also known as the Private Sector Involvement (PSI), is aimed at slashing Greece's debt by getting creditors to voluntarily write down their holdings by 50%.

Technical Strategy: Buy on Weakness

Gold registered a higher high and a higher low to close in the green. The Stochastic Oscillator, though overbought, maintains its uptrend as well as buy signal while the RSI retains its uptrend as well. The first support is at \$1,713.54 and second support is at \$1,705.37. The first resistance is at \$1,729.29 and the second resistance is at \$1,741.55.

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Aiyaz Hassan
 aiyaz.hassan@kasb.com
 KASB Securities Limited
 Ph. No. (9221) 111 222 000 Ext: 379

Fahd Niaz
 fahd.niaz@kasb.com
 KASB Securities Limited
 Ph. No. (9221) 111 222 000 Ext: 448

Gold: Key Highlights

US\$/oz.	26-Jan	Change
Open	1710.80	0.23
High	1730.85	20.28
Low	1702.85	-7.72
Close	1720.65	10.08

Source: Bloomberg

Key Technical Indicators

Date	26-Jan	25-Jan	Change
30-DMA	1624.16	1621.20	2.97
50-DMA	1659.17	1660.37	-1.20
200DMA	1645.87	1644.75	1.12
9-D RSI	77.09	75.08	2.00
14-D RSI	67.94	66.23	1.71
25-D RSI	58.14	57.02	1.12
SO*- %K	85.25	84.62	0.62
SO*- %D	83.25	82.93	0.33
SO View	Buy	Buy	

Source: KASB Technical Research

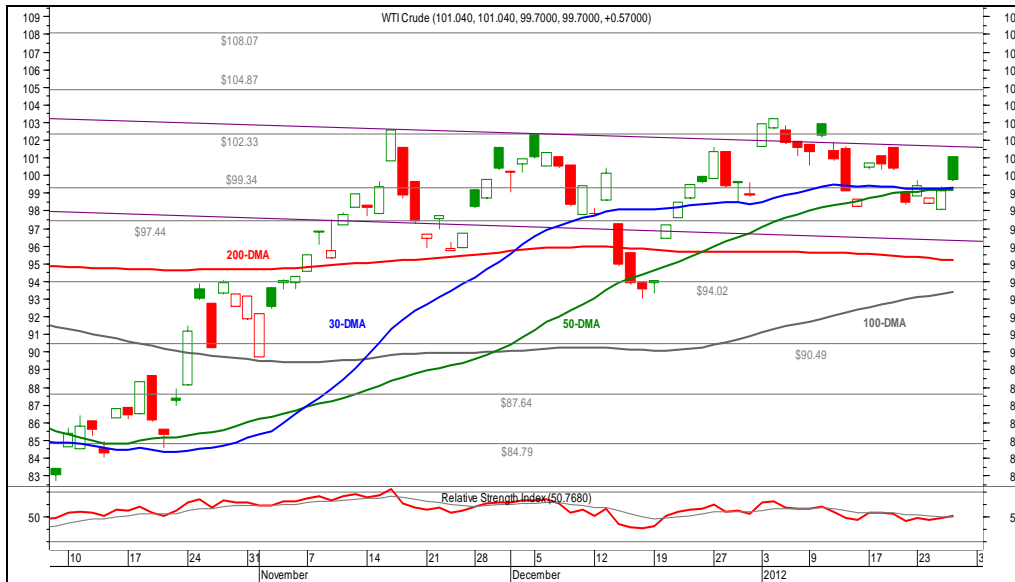
Synopsis

Commodity	Recommendation
Gold	Buy on Weakness
WTI	Buy on Weakness
Silver	Buy on Weakness

Source: KASB Technical Research

WTI Spot (Crude Oil)

- Crude oil rally maintained its momentum from the previous session as series of mixed data points helped in a higher closing.
- From a technical perspective, WTI's Stochastic Oscillator has now generated a buy signal while the RSI has ticked up and has generated a buy signal as well.
- The first support is at \$98.87 and second support is at \$97.85. The first resistance is at \$100.53 and the second resistance is at \$101.36.



WTI ends higher on mixed macro data (Bloomberg, Reuters)

Crude oil rally sustained itself as the spillover effects from the Fed's policy stance a day earlier supported the commodity. Macro economic data also came in higher than expected as Core Durable Goods showed a 2.1% MoM jump in December. However later in the session, a cautious outlook took over and suppressed equity markets (Dow Jones -0.2%, S&P -0.6%), as weekly jobless claims released by the Labor Dept. exceeded expectations (377k vs. 371k). Moreover, New Home Sales during Dec-11 fell to 307k (annualized) signaling a dampened housing market.

Technical Strategy: Buy on Weakness

WTI opened positive however witnessed pressure only to close in the green. Moreover it sustained above the 30-DMA and 50-DMA. The Stochastic Oscillator has now generated a buy signal while the RSI has ticked up and has generated a buy signal as well. The first support is at \$98.87 and second support is at \$97.85. The first resistance is at \$100.53 and the second resistance is at \$101.36.

WTI: Key Highlights

US\$/bbl	26-Jan	Change
Open	101.04	1.91
High	101.04	1.91
Low	99.70	0.57
Close	99.70	0.57

Source: Bloomberg

Key Technical Indicators

Date	26-Jan	25-Jan	Change
30-DMA	99.31	99.25	0.06
50-DMA	99.21	99.20	0.01
200DMA	95.19	95.24	-0.05
9-D RSI	49.79	46.14	3.65
14-D RSI	50.77	48.77	2.00
25-D RSI	52.49	51.56	0.93
SO* - %K	31.20	24.93	6.28
SO* - %D	24.32	25.22	-0.90
SO View	Buy	Sell	

Source: KASB Technical Research

Silver Spot

- Silver prices floated in a range of US\$0.81 during the session and closed 0.9% up at \$33.47.
- From a technical perspective, silver's MACD and RSI retain their respective uptrend as well as buy signals.
- The first support is at \$32.90 and second support at \$32.32. The first resistance is at \$33.95 and the second resistance is at \$34.45.



Silver prices remain stable

(Bloomberg, Reuters)

Silver prices floated in a range of US\$0.81 during the session and closed 0.9% up. The Advance Estimate of US 4Q11 GDP is expected to be released today and market expectation stands at 3.0% QoQ (annualized). Although there are three versions of GDP release (Advance, Preliminary and Final) this first release tends to have the highest impact. Besides this, the results of a Consumer Sentiment Survey are also on the agenda with an anticipated reading of 74.2.

Technical Strategy: Buy on Weakness

Silver registered a higher high and a higher low to close in the green. The Stochastic Oscillator has generated a buy signal in the overbought region while the MACD and RSI retain their respective uptrend as well as buy signals. Moreover the 30-DMA has started to conform to an uptrend thus suggesting an overall bullish trend. The first support is at \$32.90 and second support at \$32.32. The first resistance is at \$33.95 and the second resistance is at \$34.45.

Silver prices (Spot)

US\$/oz.	26-Jan	Change
Open	33.20	0.03
High	33.83	0.65
Low	33.01	-0.16
Close	33.47	0.29

Source: Bloomberg

Key Technical Indicators

Date	26-Jan	25-Jan	Change
30-DMA	29.85	29.76	0.09
50-DMA	30.76	30.78	-0.02
200DMA	35.65	35.70	-0.05
9-D RSI	78.01	76.56	1.45
14-D RSI	68.77	67.51	1.25
25-D RSI	58.38	57.53	0.85
SO* - %K	85.97	84.31	1.66
SO* - %D	85.54	86.89	-1.36
SO View	Buy	Sell	


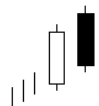



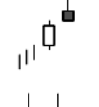
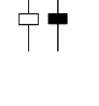
Source: KASB Technical Research

Economic Calendar

Date & Time (PST)	Currency	Impact	Event	Forecast	Previous
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	3.0%	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.

KASB Securities Limited, 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi

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