

Gold Spot

- Gold took a breather after three successive green sessions as equities and the Euro slumped following a non-conclusive EU Summit.
- From a technical perspective, gold's RSI has edged down from the overbought region however maintains its buy signal.
- The first support is at \$1,722.01 and second support is at \$1,713.14. The first resistance is at \$1,739.75 and the second resistance is at \$1,751.36.



EU Summit fails to placate investor concerns (Bloomberg, Reuters)

Gold was pushed lower (-0.5%) along with European equities (CAC40 -1.6%, DAX -1.0%) and a weaker Euro (-0.6% vs. USD) after the EU Summit failed to soothe investor concerns. In a bid to restore market confidence, stricter budget measures were approved by 25 out of 27 EU states (Britain and Czech Republic refrained). However, unfinished Greek debt restructuring talks acted as a dampener to the efforts to convey a more optimistic outlook as a deal with private sector creditors still seemed some distance away.

Technical Strategy: Buy on Weakness

Gold succumbed to profit selling to close in the red. The Stochastic Oscillator, though overbought, maintains its buy signal while the RSI has edged down from the overbought region however maintains its buy signal. Moreover the MACD maintains its uptrend as well as buy signal. The first support is at \$1,722.01 and second support is at \$1,713.14. The first resistance is at \$1,739.75 and the second resistance is at \$1,751.36.

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Gold: Key Highlights

US\$/oz.	30-Jan	Change
Open	1736.63	-2.44
High	1739.75	0.68
Low	1716.53	-22.54
Close	1730.07	-9.00

Source: Bloomberg

Key Technical Indicators

Date	30-Jan	27-Jan	Change
30-DMA	1634.98	1629.67	5.32
50-DMA	1658.85	1658.68	0.17
200DMA	1648.18	1647.06	1.12
9-D RSI	74.52	80.34	-5.81
14-D RSI	67.62	70.85	-3.23
25-D RSI	58.71	60.12	-1.41
SO*- %K	92.10	94.49	-2.39
SO*- %D	90.61	88.12	2.49
SO View	Buy	Buy	

Source: KASB Technical Research

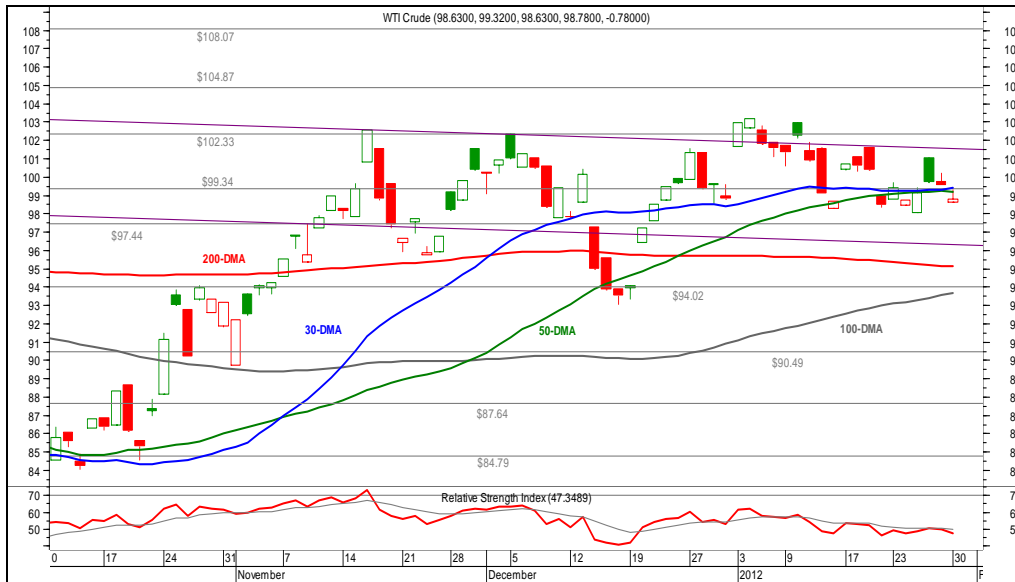
Synopsis

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

Source: KASB Technical Research

WTI Spot (Crude Oil)

- Crude dipped for a second day due to lack of progress in Greek debt restructuring talks however geopolitical tensions limited losses.
- From a technical perspective, WTI's formation is a "Bullish Divergence" as well as a hollow red candlestick which is usually indicative of a bottom.
- The first support is at \$98.20 and second support is at \$97.60. The first resistance is at \$99.32 and the second resistance is at \$99.85.



Oil prices sag further on Euro zone risks (Bloomberg, Reuters)

WTI crude sank further as negotiations for a Greek debt restructuring stalled however the risk that Iran may halt exports to Europe, limited losses. OPEC noted that an EU embargo on Iranian oil exports could add upward pressure to prices and increase volatility. However the watchdog affirmed that the market was well supplied at present and the cartel was producing 0.6mn bpd above its new target of 30mn bpd. In terms of critical data points, today's calendar includes the results of the CB Consumer Confidence index which is expected to register a reading of 68.2.

Technical Strategy: Buy on Weakness

WTI traded within a narrow range and closed in the red. Moreover it traded below the 30-DMA and 50-DMA. The Stochastic Oscillator maintains its buy signal which makes its formation a "Bullish Divergence". Moreover it has created a hollow red candlestick which is usually indicative of a bottom. The first support is at \$98.20 and second support is at \$97.60. The first resistance is at \$99.32 and the second resistance is at \$99.85.

WTI: Key Highlights

US\$/bbl	30-Jan	Change
Open	98.63	-0.93
High	99.32	-0.24
Low	98.63	-0.93
Close	98.78	-0.78

Source: Bloomberg

Key Technical Indicators

Date	30-Jan	27-Jan	Change
30-DMA	99.42	99.29	0.13
50-DMA	99.23	99.24	-0.01
200DMA	95.12	95.16	-0.04
9-D RSI	43.82	48.87	-5.05
14-D RSI	47.35	50.25	-2.90
25-D RSI	50.79	52.23	-1.44
SO* - %K	42.40	43.56	-1.15
SO* - %D	39.06	33.23	5.83
SO View	Buy	Buy	

Source: KASB Technical Research

Silver Spot

- Silver scaled back partially after three sessions of gains and closed in the red at US\$33.51/oz.
- From a technical perspective, silver's Stochastic Oscillator has shown some weakness while the MACD and RSI retain their respective buy signals.
- The first support is at \$32.93 and second support at \$32.33. The first resistance is at \$33.98 and the second resistance is at \$34.51.



Silver cools off after 5.8% gain in three sessions (Bloomberg, Reuters)

Silver scaled back partially after three sessions of gains and closed in the red at US\$33.51/oz. As per reports, investors have been accumulating silver coins at a fast pace despite the volatility seen in the metal in 2011. Retailers reported robust demand for the white metal citing a persistent Euro zone crisis, dampening US economic engines and fear of the unknown as key catalysts that have spurred investor interest in silver.

Technical Strategy: Buy on Weakness

Silver recovered from its day's low only to close in the red. The Stochastic Oscillator has shown some weakness while the MACD and RSI retain their respective buy signals. This suggests consolidation in the near term. The first support is at \$32.93 and second support at \$32.33. The first resistance is at \$33.98 and the second resistance is at \$34.51.

Silver prices (Spot)

US\$/oz.	30-Jan	Change
Open	33.86	-0.06
High	34.03	0.12
Low	33.07	-0.85
Close	33.51	-0.41

Source: Bloomberg

Key Technical Indicators

Date	30-Jan	27-Jan	Change
30-DMA	30.16	30.02	0.15
50-DMA	30.80	30.77	0.04
200DMA	35.53	35.59	-0.07
9-D RSI	72.85	80.16	-7.31
14-D RSI	66.68	70.67	-3.99
25-D RSI	57.96	59.69	-1.74
SO* - %K	89.02	92.82	-3.80
SO* - %D	89.27	87.70	1.57
SO View	Sell	Buy	

Source: KASB Technical Research


Economic Calendar

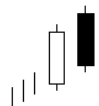
Date & Time (PST)	Currency	Impact	Event	Forecast	Previous
31 January, 2012 Tuesday					
12:00pm	EUR	Medium	German Retail Sales m/m	0.9%	-1.0%
12:45pm	EUR	Medium	French Consumer Spending	0.3%	-0.1%
1:55pm	EUR	Medium	German Unemployment Change	-8k	-22k
3:00pm	EUR	Medium	Unemployment Rate	10.4%	10.3%
7:00pm	USD	Medium	S&P/CS Composite-20 HPI y/y	-3.3%	-3.4%
7:45pm	USD	Medium	Chicago PMI	63.1	62.5
8:00pm	USD	High	CB Consumer Confidence	68.2	64.5
1 February, 2012 Wednesday					
2:30pm	GBP	High	Manufacturing PMI	50.2	49.6
3:00pm	EUR	Medium	CPI Flash Estimate y/y	2.7%	2.8%
6:15pm	USD	High	ADP Non-Farm Employment Change	193k	325k
8:00pm	USD	High	ISM Manufacturing PMI	54.6	53.9
8:30pm	USD	Medium	Crude Oil Inventories	-	3.6mn


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.

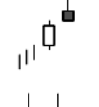

- Dark Cloud Cover:** A long white candlestick is followed by a black candlestick. The black candlestick opens above the white candlestick's high and closes well into the white candlestick's body.

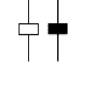

- Inverted Hammer:** A candlestick with a long upper shadow and a small body formed in a downtrend. The long upper shadow and small real body at the bottom of the trading range are cause for concern by the bears. They wonder if this is the end of the downtrend and take measures to protect their gains. 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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