

Gold Spot

- Bullion saw strength intra-day, however prices later came off their highs as investors opted to book profits heading into the weekend.
- From a technical perspective, gold's Stochastic Oscillator maintains its buy signal which makes its formation a "Bullish Divergence".
- The first support is at \$1,714.73 and second support is at \$1,706.01. The first resistance is at \$1,735.90 and the second resistance is at \$1,742.95.



Gold runs into profit taking

(Bloomberg, Reuters)

Bullion saw strength intra-day over increasing confidence with regards to the bailout of Greece. The metal was also supplemented by unconfirmed reports of China's central bank stepping up its imports of gold in late 2011. However prices later came off their highs as investors opted to book profits heading into the weekend, and with the knowledge that US financial markets will be closed on Monday in observance of President's Day.

Technical Strategy: Buy

Although gold closed in the red, it managed to register a higher high and a higher low. The Stochastic Oscillator maintains its buy signal which makes its formation a "Bullish Divergence" while the RSI has shown modest weakness. Moreover the 30-DMA continues to rise and is likely to provide support. The first support is at \$1,714.73 and second support is at \$1,706.01. The first resistance is at \$1,735.90 and the second resistance is at \$1,742.95.

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Gold: Key Highlights

US\$/oz.	17-Feb	Change
Open	1728.40	0.33
High	1735.90	7.83
Low	1717.43	-10.64
Close	1723.38	-4.69

Source: Bloomberg

Key Technical Indicators

Date	17-Feb	16-Feb	Change
30-DMA	1697.95	1694.43	3.51
50-DMA	1663.03	1663.40	-0.37
200DMA	1663.14	1662.03	1.11
9-D RSI	53.59	57.04	-3.45
14-D RSI	56.22	58.12	-1.90
25-D RSI	54.92	55.76	-0.84
SO*- %K	57.24	48.24	9.00
SO*- %D	48.21	40.73	7.48
SO View	Buy	Buy	

Source: KASB Technical Research

Synopsis

Commodity	Recommendation
Gold	Buy
WTI	Buy
Silver	Buy

Source: KASB Technical Research

WTI Spot (Crude Oil)

- US crude chalked up a third successive day of gains, registering the highest close since May-11.
- From a technical perspective, WTI's Stochastic Oscillator is in a failure swing while the RSI maintains its uptrend as well as buy signal.
- The first support is at \$102.77 and second support is at \$102.27. The first resistance is at \$103.71 and the second resistance is at \$104.21.



Oil closes at levels last seen in May-11 (Bloomberg, Reuters)

US crude chalked up a third successive day of gains, registering the highest close (US\$103.24/bbl) since May-11 and advancing by a handsome 4.6% WoW. The choppy situation in Iran added to the risk premium for oil over concerns that the nation may retaliate in response to biting sanctions imposed by the EU. US financial markets are closed today in observance of President's Day Holiday hence higher volatility and lower trading volumes may be seen. Last week was a remunerative one for oil as it advanced by 4.6% WoW.

Technical Strategy: Buy

WTI remained strong throughout the session to close in the green while sustaining above its former resistance trendline. Owing to the breakout above the trendline, the Stochastic Oscillator is in a failure swing while the RSI maintains its uptrend as well as buy signal and still has some room before it becomes overbought. Additionally the MACD has conformed to an uptrend and maintains its buy signal. The first support is at \$102.77 and second support is at \$102.27. The first resistance is at \$103.71 and the second resistance is at \$104.21.

WTI: Key Highlights

US\$/bbl	17-Feb	Change
Open	103.04	0.73
High	103.24	0.93
Low	103.03	0.72
Close	103.24	0.93

Source: Bloomberg

Key Technical Indicators

Date	17-Feb	16-Feb	Change
30-DMA	99.70	99.66	0.05
50-DMA	99.31	99.27	0.04
200DMA	94.31	94.34	-0.03
9-D RSI	70.33	66.69	3.64
14-D RSI	63.62	60.96	2.66
25-D RSI	58.37	56.87	1.50
SO* - %K	97.13	91.59	5.54
SO* - %D	94.20	89.33	4.86
SO View	Buy	Buy	

Source: KASB Technical Research

Silver Spot

- Silver slipped on Friday, losing 0.7% to close at US\$33.27/oz.
- From a technical perspective, silver's formation is a "Bullish Divergence" as despite its negative closing the Stochastic Oscillator maintains its buy signal.
- The first support is at \$32.77 and second support at \$32.31. The first resistance is at \$33.69 and the second resistance is at \$34.07.



Silver dented (Bloomberg, Reuters)

Silver slipped on Friday, losing 0.7% to close at US\$33.27/oz. Strength was seen in the Euro however gains were clipped ahead of a key meeting on Monday where the Greek rescue package is expected to be sealed. Also with US markets closed today, and no major data points scheduled for release, the meeting of EU finance ministers will be the focal point of market attention.

Technical Strategy: Buy

Although silver closed in the red, it managed to register a higher high and a higher low. The resultant formation is a "Bullish Divergence" as despite its negative closing the Stochastic Oscillator maintains its buy signal. Moreover the RSI is approaching its critical support level. The first support is at \$32.77 and second support at \$32.31. The first resistance is at \$33.69 and the second resistance is at \$34.07.

Silver prices (Spot)

US\$/oz.	17-Feb	Change
Open	33.48	-0.02
High	33.69	0.20
Low	33.08	-0.42
Close	33.27	-0.22

Source: Bloomberg

Key Technical Indicators

Date	17-Feb	16-Feb	Change
30-DMA	32.41	32.26	0.15
50-DMA	31.21	31.20	0.02
200DMA	34.93	34.94	-0.01
9-D RSI	50.54	55.50	-4.97
14-D RSI	55.41	58.11	-2.71
25-D RSI	54.45	55.59	-1.14
SO* - %K	43.90	38.05	5.85
SO* - %D	37.69	34.77	2.92
SO View	Buy	Buy	


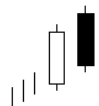



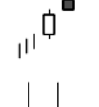

Source: KASB Technical Research

Economic Calendar

Date & Time (PST)	Currency	Impact	Event	Forecast	Previous
21 February, 2012 Tuesday					
2:30pm	GBP	High	Public Sector Net Borrowing	-8.9bn	-10.8bn
6:30pm	CAD	High	Core Retail Sales m/m	0.2%	0.3%
22 February, 2012 Wednesday					
1:00pm	EUR	Medium	French Flash Manufacturing PMI	48.8	48.5
1:00pm	EUR	Medium	French Flash Services PMI	52.2	52.3
1:30pm	EUR	Medium	German Flash Manufacturing PMI	51.3	51.0
1:30pm	EUR	Medium	German Flash Services PMI	53.7	53.7
2:00pm	EUR	Medium	Flash Manufacturing PMI	49.4	48.8
2:00pm	EUR	Medium	Flash Services PMI	50.7	50.4
2:30pm	GBP	High	MPC Meeting Minutes	0-0-9	0-0-9
3:00pm	EUR	Medium	Industrial New Orders m/m	0.6%	-1.2%
8:00pm	USD	High	Existing Home Sales	4.66mn	4.61mn
8:30pm	USD	Medium	Crude Oil Inventories		-0.2mn

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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