

Gold Spot

- Gold was lifted by a stronger Euro following robust bond sales in Spain and Italy and optimistic comments made by the ECB President.
- From a technical perspective, gold's Stochastic Oscillator has now generated a buy signal while the RSI maintains its uptrend as well as buy signal.
- The first support is at \$1,640.35 and second support is at \$1,629.42. The first resistance is at \$1,660.23 and the second resistance is at \$1,670.55.



Markets cheer successful bond auctions

(Bloomberg, Reuters)

Financial markets breathed a sigh of relief after Spanish and Italian debt auctions were successfully conducted in the first real test of the Euro in 2012. Spain raised approx €10bn as yields dropped 1% and Italy picked up €12bn in one-year bills at a low yield of 2.7%. However markets were quick to point out that the success of the bond auctions may be attributed to the ECB's move to flush financial markets with liquidity (€489bn) in late Dec-11, when cheap 3 year loans were offered to banks. Gold was largely supported by a stronger Euro (+0.8% vs. USD) and comments by the ECB President who saw increasing stability in the region's banking system. Also, as per expectations, the ECB kept its minimum bid rate unchanged at 1.0%.

Technical Strategy: Buy

Gold maintained its uptrend and registered a higher high and a higher low to close above the 30-DMA however the upper Bollinger Band created resistance which clipped gains. The Stochastic Oscillator has now generated a buy signal while the RSI maintains its uptrend as well as buy signal. Moreover the MACD maintains its buy signal thus suggesting an overall bullish trend. The first support is at \$1,640.35 and second support is at \$1,629.42. The first resistance is at \$1,660.23 and the second resistance is at \$1,670.55.

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Gold: Key Highlights

US\$/oz.	12-Jan	Change
Open	1,641.85	-0.12
High	1,662.20	20.23
Low	1,640.35	-1.62
Close	1,650.25	8.28

Source: Bloomberg

Key Technical Indicators

Date	12-Jan	11-Jan	Change
30-DMA	1,639.34	1,641.52	-2.18
50-DMA	1,679.63	1,681.02	-1.39
200DMA	1,636.00	1,635.03	0.97
9-D RSI	62.41	59.82	2.60
14-D RSI	54.43	52.61	1.82
25-D RSI	49.53	48.53	1.00
SO*- %K	83.72	79.68	4.04
SO*- %D	80.93	81.60	-0.66
SO View	Buy	Sell	

Source: KASB Technical Research

Synopsis

Commodity	Recommendation
Gold	Buy
WTI	Buy on Weakness
Silver	Buy

Source: KASB Technical Research

WTI Spot (Crude Oil)

- Crude prices lost ground in late trading on unconfirmed reports that an EU ban on Iranian crude exports would be phased in gradually over six months.
- From a technical perspective, WTI's Stochastic Oscillator continues to decline and is on the verge of becoming oversold.
- The first support is at \$98.12 and second support is at \$96.93. The first resistance is at \$100.07 and the second resistance is at \$101.04.



Oil slips lower for a second day

(Bloomberg, Reuters)

WTI tumbled in late trading and closed with losses of 1.8% on unconfirmed reports that an EU ban on Iranian crude exports would be phased in gradually over six months and not immediately. US economic data also turned out disappointing as retail sales for the month of December fell lower than expectations (0.1% vs. 0.3%) and weekly jobless claims surged to 399k versus expectations of 373k. Today's agenda includes the US trade deficit for the month of December (exp US\$44.8bn) and results of the UoM Consumer Sentiment Survey (exp 71.2).

Technical Strategy: Buy on Weakness

WTI witnessed pressure to close in the red and marginally below the 30-DMA. The Stochastic Oscillator continues to decline and is on the verge of becoming oversold. Moreover the 50-DMA looms below and is likely to create support. The first support is at \$98.12 and second support is at \$96.93. The first resistance is at \$100.07 and the second resistance is at \$101.04.

WTI: Key Highlights

US\$/bbl	12-Jan	Change
Open	101.56	0.69
High	101.64	0.77
Low	99.10	-1.77
Close	99.10	-1.77

Source: Bloomberg

Key Technical Indicators

Date	12-Jan	11-Jan	Change
30-DMA	99.44	99.47	-0.02
50-DMA	98.45	98.33	0.12
200DMA	95.60	95.63	-0.03
9-D RSI	44.36	52.66	-8.30
14-D RSI	48.84	54.14	-5.30
25-D RSI	52.09	54.94	-2.85
SO* - %K	21.43	34.21	-12.79
SO* - %D	36.10	48.05	-11.95
SO View	Sell	Sell	

Source: KASB Technical Research

Silver Spot

- Silver also tracked the footsteps of its yellow peer pocketing price gains of 1.0% after successful bond auctions were held in Spain and Italy.
- From a technical perspective, silver's Stochastic Oscillator maintains its uptrend as well as buy signal.
- The first support is at \$29.80 and second support at \$29.33. The first resistance is at \$30.73 and the second resistance is at \$31.28.



Silver continues its ascent (Bloomberg, Reuters)

Silver also tracked the footsteps of its yellow peer pocketing price gains of 1.0% after successful bond auctions were held in Spain and Italy. The latter is expected to float another €4.75bn in three year bonds today and markets are anticipating that the glut of ECB money will likely ensure that this test is passed as well. The ECB is also expected to issue another 3 year tender to banks in February after the overwhelming response seen in the first one.

Technical Strategy: Buy

Silver remained strong throughout the day to close above the 30-DMA however the upper Bollinger Band created resistance which clipped gains. The Stochastic Oscillator maintains its uptrend as well as buy signal, while the RSI continues to rise as well. Additionally the MACD retains its uptrend as well as buy signal. The first support is at \$29.80 and second support at \$29.33. The first resistance is at \$30.73 and the second resistance is at \$31.28.

Silver prices (Spot)

US\$/oz.	12-Jan	Change
Open	29.99	0.01
High	30.69	0.72
Low	29.92	-0.06
Close	30.28	0.30

Source: Bloomberg

Key Technical Indicators

Date	12-Jan	11-Jan	Change
30-DMA	30.10	30.15	-0.06
50-DMA	31.37	31.43	-0.06
200DMA	36.15	36.19	-0.05
9-D RSI	58.73	55.96	2.78
14-D RSI	52.39	50.52	1.88
25-D RSI	47.83	46.79	1.04
SO* - %K	79.76	72.50	7.27
SO* - %D	72.52	70.21	2.31
SO View	Buy	Buy	

Source: KASB Technical Research


Economic Calendar

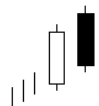
Date & Time (PST)	Currency	Impact	Event	Forecast	Previous
13 January, 2012 Friday					
2:30pm	GBP	High	PPI Input m/m	0.0%	0.1%
6:30pm	USD	High	Trade Balance	-44.8bn	-43.5bn
6:30pm	USD	Medium	Import Prices m/m	0.0%	0.7%
7:55pm	USD	High	Prelim UoM Consumer Sentiment	71.2	69.9
17 January, 2012 Tuesday					
2:30pm	GBP	High	CPI y/y		4.8%
3:00pm	EUR	High	German ZEW Economic Sentiment		-53.8
3:00pm	EUR	Medium	Core CPI y/y		1.6%
3:00pm	EUR	Medium	ZEW Economic Sentiment		-54.1
6:30pm	USD	Medium	Empire State Manufacturing Index		9.5


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.

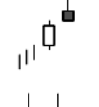

- Dark Cloud Cover:** A long white candlestick is followed by a black candlestick. The black candlestick opens above the white candlestick's high and closes well into the white candlestick's body.

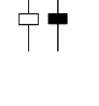

- Inverted Hammer:** A candlestick with a long upper shadow and a small body formed in a downtrend. The long upper shadow and small real body at the bottom of the trading range are cause for concern by the bears. They wonder if this is the end of the downtrend and take measures to protect their gains.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