

Gold shines as Chinese equities fall 6.5%

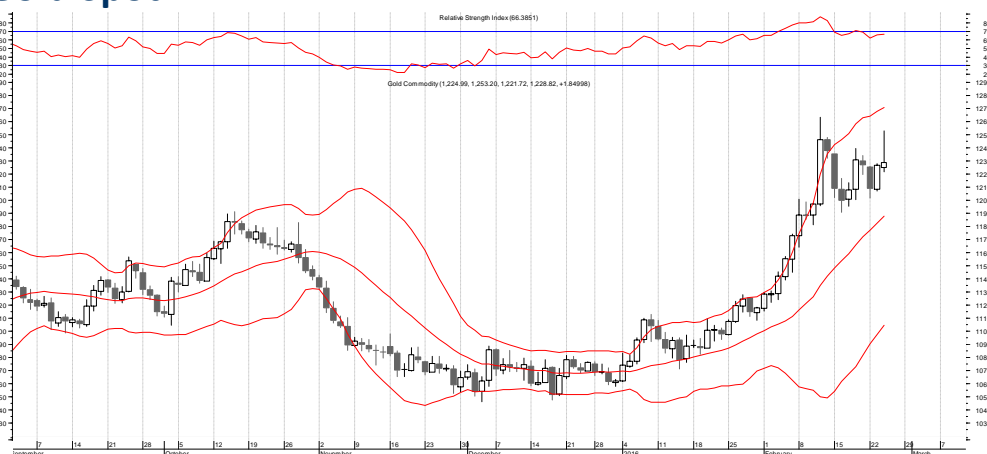
- Gold surges as uncertainty resurfaces:** Gold prices rallied by 2% to US\$1,253/oz on Wednesday as a drop in oil prices dragged equities lower. However, once oil prices recovered, the yellow metal reversed course and gave up most of the gains. In early trading on Thursday, Gold once again saw the safe haven bid materialise as Chinese equities plunged lower by 6.5%. Many analysts feel the metal will remain well supported given the uncertainty about global markets.
- Oil gives up gains in volatile trading:** Oil prices fell for most of the day on Wednesday but managed to rally to US\$32.40/bbl after inventory data was released, which showed while crude stockpiles rose by 3.5mn bbl to a new record, gasoline demand surprisingly rose. In early trading on Thursday, the market retreated once again due to weak Chinese markets.

Reuters, CNBC

Time	Currency	Impact	Event	Forecast	Previous
25th February 2016 Thursday					
6:30pm	USD	High	Core Durable Goods Orders m/m	0.2%	-1.0%
6:30pm	USD	High	Unemployment Claims	271K	262K
6:30pm	USD	Medium	Durable Goods Orders m/m	3.0%	-5.0%
26th February 2016 Friday					
6:30pm	USD	High	Prelim GDP q/q	0.4%	0.7%
6:30pm	USD	Medium	Core PCE Price Index m/m	0.1%	0.0%
6:30pm	USD	Medium	Goods Trade Balance	-61.1B	-61.5B
6:30pm	USD	Medium	Personal Spending m/m	0.3%	0.0%
8:00pm	USD	Medium	Revised UoM Consumer Sentiment	91.1	90.7
11:30pm	USD	Medium	FOMC Member Brainard Speaks		

Source: www.forexfactory.com/calendar

Gold Spot



Technical Strategy: Buy on weakness

Gold closed at US\$1,229, above the 05-DMA which is at US\$1,224. However, RSI and Stochastic are bullish in the short term charts and suggest higher prices in the near term. We recommend buying on weakness above US\$1,230 targeting US\$1,245, with stops below US\$1,226.

Refer to important disclosures on page 3

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Synopsis

Gold (Buy on weakness)	
2 nd Resistance	US\$1,255
1 st Resistance	US\$1,245
1 st Support	US\$1,230
2 nd Support	US\$1,220
Silver (Play the Range)	
2 nd Resistance	US\$15.46
1 st Resistance	US\$15.33
1 st Support	US\$15.15
2 nd Support	US\$15.04
WTI Spot (Play the Range)	
2 nd Resistance	US\$33.50
1 st Resistance	US\$32.30
1 st Support	US\$30.80
2 nd Support	US\$29.30

Source: KASB Technical Research

Gold: Key Highlights

US\$/oz.	24-Feb	Change
Open	1224.99	-1.98
High	1253.20	26.23
Low	1221.72	-5.25
Close	1228.82	1.85

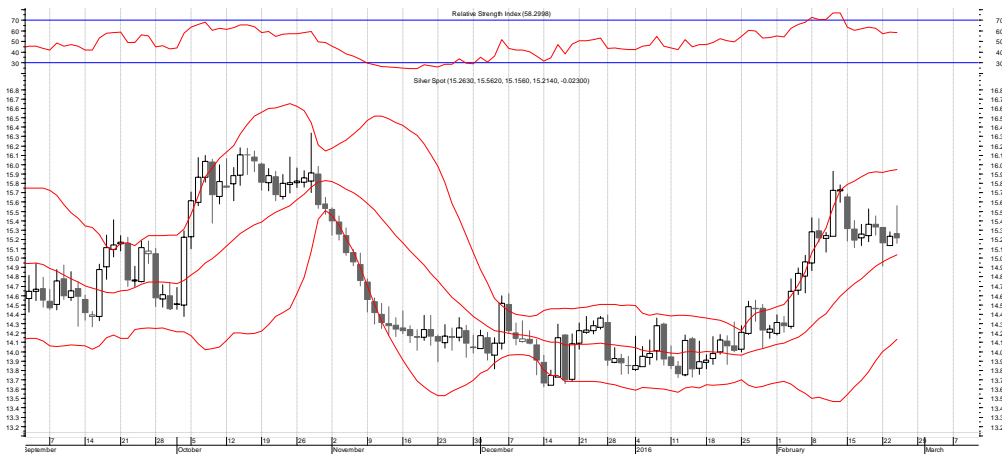
Source: Bloomberg

Key Technical Indicators

Date	24-Feb	23-Feb	Change
30-DMA	1158.42	1153.89	4.52
50-DMA	1125.85	1122.47	3.38
200DMA	1131.39	1131.38	0.02
9-D RSI	65.09	64.53	0.57
14-D RSI	66.39	66.02	0.37

Source: KASB Technical Research

Silver Spot



Technical Strategy: Play the Range

Silver closed at US\$15.21, below the 05-DMA which is at US\$15.25. However, RSI and Stochastic are neutral in the short term charts and suggest range-bound trading in the near term. We recommend playing within the range of US\$15.15 - US\$15.33. A break below US\$15.15 could target US\$15.04, while a break above US\$15.33 could target US\$15.46.

WTI Spot (Crude Oil)



Technical Strategy: Play the Range

Oil closed at US\$32.20, below the 05-DMA which is at US\$32.34. However, RSI and Stochastic are neutral in the short term charts and suggest range-bound trading in the near term. We recommend playing within the range of US\$30.80 - US\$32.30. A break below US\$30.80 could target US\$29.30, while a break above US\$32.30 could target US\$33.50.

Silver: Key Highlights

US\$/oz.	24-Feb	Change
Open	15.26	0.03
High	15.56	0.32
Low	15.16	-0.08
Close	15.21	-0.02

Source: Bloomberg

Key Technical Indicators

Date	24-Feb	23-Feb	Change
30-DMA	14.72	14.69	0.04
50-DMA	14.43	14.40	0.03
200DMA	15.00	15.02	-0.01
9-D RSI	55.63	56.75	-1.12
14-D RSI	58.30	59.00	-0.70

Source: KASB Technical Research

WTI Spot: Key Highlights

US\$/bbl	24-Feb	Change
Open	31.26	-0.08
High	32.37	1.03
Low	30.53	-0.81
Close	32.20	0.86

Source: Bloomberg

Key Technical Indicators

Date	24-Feb	23-Feb	Change
30-DMA	30.57	30.52	0.06
50-DMA	32.44	32.52	-0.08
200DMA	44.25	44.39	-0.14
9-D RSI	56.04	52.45	3.59
14-D RSI	52.85	50.38	2.47

Source: KASB Technical Research

Glossary of Terms

- **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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