

Gold

Technical

Gold futures finished lower on Friday as nervous investors booked profits ahead of the week-end. An easing of geopolitical tensions also encouraged investors to lighten up long positions after President Trump announced more details about his historic meeting with North Korean leader Kim Jong-un. The market is trading slightly lower today. The catalysts behind the price action the rest of the session are likely to be the direction of U.S Treasury yields and the U.S Dollar. The trend turned up last week when buyers took out \$1320.10. A trade through \$1304.20 will change the main trend to down. On Friday, gold posted a potentially bearish closing price reversal top at \$1326.30. This came in after an eight session rally from the main bottom at \$1302.30 on May 1 so it is a valid formation. A trade through \$1317.00 will confirm the chart pattern.

Pivot:	1,321		
Support	1,315	1,311	1,307
Resistance	1,326	1,332	1,339

Source: FX EMPIRE

Highlights

- Gold settled lower on Friday, but finished higher than a week ago
- A weaker Dollar makes gold more attractive for investors using other currencies
- Gold price consolidation above resistance at the 100-day moving average might be a catalyst for more gains
- Fed interest rate hikes this year would probably pressure gold prices into ending 2018 at \$1,300
- Gold is considered a safe asset in uncertain times, but investors said tensions in the Middle East provided limited support now

Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose on the back of a subdued dollar today as investors considered the prospects of slower interest rate hikes in the United States. Moreover gold was flat on Friday, headed for its first weekly gain in four weeks, as the dollar weakened and investors grew a bit less confident about prospects that the Federal Reserve would raise interest rates three more times in 2018.
- Spot gold rose 0.3 percent to \$1,321.20 per ounce, after marking the highest since April 26 at \$1,325.96 in the previous session. U.S gold futures for June delivery were up about 0.1 percent at \$1,321.50 per ounce.
- The dollar index eased 0.1 percent at 92.426, with its recent rally running out of steam on the back of sagging U.S yields as investors wound back expectations that the Federal Reserve will launch a series of quick rate hikes.
- U.S import prices rose less than expected in April as a rebound in the cost of petroleum products was tempered by a drop in food prices, the latest indication that inflation pressures were increasing moderately.
- Hedge funds and money managers raised their net long position in COMEX gold contracts in the week to May 8, U.S Commodity Futures Trading Commission (CFTC) data showed on Friday.
- Geopolitical risks in the Middle East, a weaker Dollar and softer Treasury yields are giving gold a temporary boost. The dollar fell for a third day on Friday against a basket of currencies
- While the 10-year U.S Treasury yield rose slightly, it remained below 3 percent. Bond market investors remain confident the Fed will hike rates in June, but less sure of prospects for rate hikes in September and December. Fewer U.S interest rate hikes would lower the opportunity cost of holding non-interest bearing bullion.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Based on the early price action, the direction of the crude oil market the rest of the session is likely to be determined by trader reaction to the major Fibonacci level at \$70.60. Profit-taking ahead of the week-end drove crude oil prices lower on Friday. Long investors were also encouraged to book profits after another jump in the U.S rig count. This raised concerns about increasing U.S production offsetting some of the expected supply shortage caused by sanctions against Iran. Although the market is pricing in a supply disruption, it may take months before the market actually sees the effects of the sanctions against Iran. In the meantime, there are some bearish investors who believe Saudi Arabia, Kuwait or Iraq will increase production to make up for the shortfall. However, momentum may be getting ready to shift to the downside.

Pivot:	70.40		
Support	70.00	69.60	69.05
Resistance	71.13	71.61	71.90

Source: FX EMPIRE

Highlights

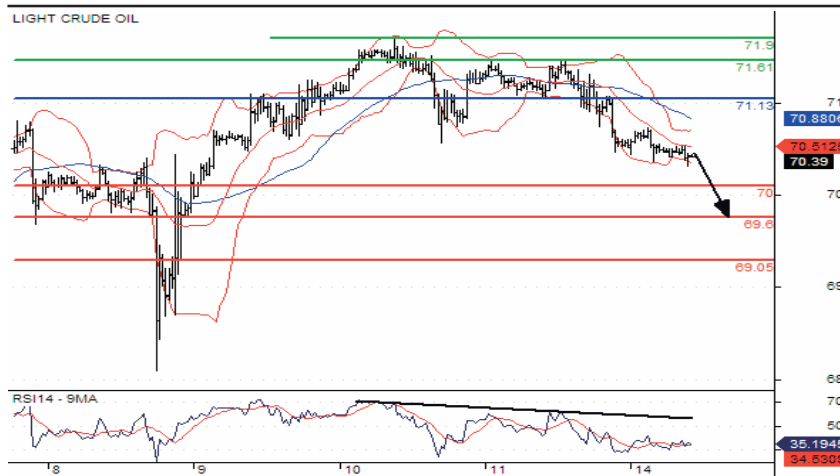
- Oil prices finished lower, but marked its second straight weekly gain
- U.S drillers added 10 oil rigs in the week to May 11, bringing the total to 844, the highest level since March 2015
- It is expected that Iranian crude exports to fall by as little as 200,000 barrels per day
- The relentless increase in U.S production marked one of the few factors tamping back crude in an otherwise bullish environment in recent weeks
- Domestic oil production rose to an all-time high of 10.70 million barrels per day

Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices eased from 3-1/2-year highs today as resistance emerged in Europe and Asia to U.S sanctions against major crude exporter Iran, while rising U.S drilling pointed to higher North American production.
- Oil prices on Friday pulled back from 3 1/2-year highs, but marked a second weekly climb in a row, driven by uncertainty over how much oil the global market will lose following the U.S decision to reimpose sanctions on OPEC member Iran.
- Brent crude was down 5 cents at \$77.07 a barrel. U.S light crude oil was down 5 cents at \$70.65. Both oil futures contracts hit their highest since November 2014 last week at \$78 and \$71.89 a barrel respectively as markets anticipated a sharp fall in Iranian crude supply once U.S sanctions bite later this year.
- It is unclear how hard U.S sanctions will hit Iran's oil industry. A lot will depend on how other major oil consumers respond to Washington's action against Tehran, which will take effect in November.
- Germany has said it will protect its companies from U.S sanctions, Iran has said French oil giant Total has yet to pull out of its fields and all the while it seems the Chinese are ready to fill the void created by the U.S.
- The surge in oil prices comes at a time of tight supply amid record Asian demand and voluntary output restraint by the Organization of the Petroleum Exporting Countries and non-OPEC producers including Russia.
- A large part of the price slide, which saw Brent plunge from over \$100 to below \$30 a barrel as a result of the price war between OPEC and the U.S shale oil industry that began in autumn 2014, has now been reversed.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets have pulled back a bit during the week but turned around to show signs of strength and broke above the top of the hammer that formed during the previous week. That is a very bullish sign, and that could rally towards the \$17.50 level, or possibly the \$18 level if it can pick up significant momentum. However, this isn't going to be easy, and this might remain a market that should eliminate as much leverage as possible, as there is so much in the way of choppiness. If it was to break down below the \$16 level, that there is a "zone" of support down to the \$15.50 level, which is essentially the bottom of the overall consolidation that it has been in since the end of 2016. Economists believe that the top of the range is closer to the \$18.50 level, and Silver could reach towards the \$20 level above, which of course is going to be resistance.

Pivot:	16.71		
Support	16.60	16.54	16.42
Resistance	16.83	16.92	17.02

Source: FX EMPIRE

Highlights

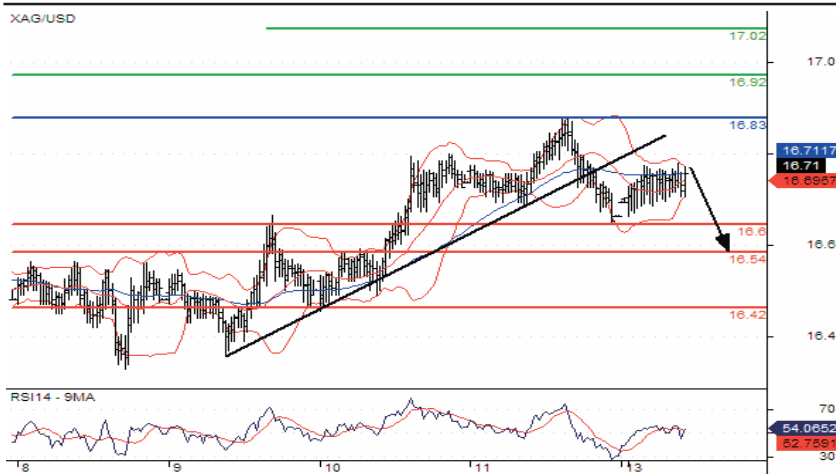
- Silver hit lower today on account of subdued demand for precious metals from jewellers, industries and retailers
- The precious metal edged down as the Dollar came off the lowest levels of the day
- The U.S Dollar index is slightly lower on profit taking after hitting a 4.5-month high
- Silver settled down 0.47% at \$16.68 a troy ounce, trimming the week's gains to 1.5%
- For the moment, geopolitical tensions are being offset by the dollar. The rally in the dollar ran out of steam after tame U.S inflation data

Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver was up 0.3 percent at \$16.72 an ounce, above its 100-day moving average and nearing its 200-day moving average to \$16.84. It was at 2-1/2-week highs, set for a weekly gain of 1.3 percent.
- Silver futures traded mostly flat near April 23 highs as the dollar index fell off December 22 highs, following earlier data from China, the world's largest metals consumer, and the US.
- Silver futures due on July 15 inched down 0.02% to \$16.755 an ounce from the opening of \$16.759, while the dollar index inched down 0.18% to 92.48 from the opening of 92.65. Earlier US data showed import prices rose 0.3% in April, compared to a 0.2% dip in March, and missing forecasts of a 0.5% rise.
- Earlier Chinese data showed new loans rose to 1.180 trillion yuan in April from 1.120 trillion on March, beating expectations of 1.100 trillion, while M2 money supply rose 8.3% y/y, up from 8.2% in March, and missing forecasts of 8.5%.
- The precious metals markets are benefiting from a downside correction in the U.S dollar index late this week, after the index had scored a 4.5-month high a few days ago. Some short covering in the futures markets and bargain hunting in the cash markets are featured in silver late this week, as there are now clues that near-term market bottoms are in place.
- World stock markets were mixed in a quieter marketplace overnight, with European stocks mostly firmer and Asian stocks mostly weaker. U.S stock indexes are pointed toward slightly higher openings when the New York day session begins.
- The Dollar hit its highest levels of the year earlier in the week, pressuring silver. A stronger U.S currency makes silver and other dollar-denominated commodities more expensive for holders of other currencies.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Monday, May 14, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon May 14	03:30	NZD Performance Services Index (APR)	Medium	55.9		58.6
Mon May 14	05:02	JPY Loans & Discounts Corp (YoY) (MAR)	Medium	1.91%		2.15%
Mon May 14	06:30	AUD Credit Card Balances (MAR)	Low	A\$52.5b		A\$52.7b
Mon May 14	11:00	JPY Machine Tool Orders (YoY) (APR P)	Medium	22.0%		28.1%
Mon May 14	13:00	CHF Domestic Sight Deposits CHF (MAY 11)	Low	472.75b		473.8b
Mon May 14	17:30	CAD Teranet/National Bank HPI (MoM) (APR)	Low			0.0%
Mon May 14	18:40	USD Fed's Bullard Speaks at Crypto Conference in New York	Low			
Mon May 14	20:30	USD U.S. to Sell USD42 Bln 6-Month Bills	Low			
Mon May 14	21:15	EUR ECB's Praet Speaks in London	Low			

Source: Forex Factory, DailyFX

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