

Gold

Technical

Gold markets have gone sideways over the last several sessions. On a fresh, new high, the market should then go looking towards the \$1350 level above, perhaps offering a significant amount of resistance. If it can break above there, the market should then go to the \$1400 level. Short-term pullbacks from here should be buying opportunities, because there is plenty of noise between here and the \$1300 level underneath, which is a major level on the longer-term charge. With a falling US dollar, quite often people will put money to work in the precious metals market. Economist believe that longer-term gold markets will rally, because quite frankly there are far too many issues in the world to think that people won't want some "safety" when it comes to precious metals. If it break down below the \$1300 level though, it would consider this market likely to reach towards the \$1275 level underneath.

Pivot:	1,311		
Support	1,307	1,304	1,302
Resistance	1,317	1,322	1,326

Source: FX EMPIRE

Highlights

- Gold futures logged a roughly 0.5% rise last week, the first weekly climb in about a month
- If stocks go in reverse and the dollar were to weaken more profoundly, then gold would surely find better support
- Higher U.S rates make gold a less attractive investment, because bullion does not offer interest
- Gold is in consolidation mode after its gains last week
- Gold is expected to remain in this year's narrow range, mostly between \$1,300 and \$1,350, unless supply or demand fundamentals change

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 traded sideways today, buoyed by safe-haven demand with upside potential restricted by a firm dollar and outlook for higher interest rates in the United States.
- Spot gold was nearly unchanged at \$1,311.51 per ounce, while it may retest a support at \$1,302 per ounce. Meanwhile Gold futures for June delivery were down 0.5 percent at \$1,311.30 per ounce. The rising tensions in Gaza had induced some safe-haven buying for gold earlier in the session.
- A firmer Dollar and stronger U.S bond yields today, after a Federal Reserve official backed the case for further interest rate hikes in United States, were limiting upside for gold. U.S retail sales growth would suggest a strengthening economy and give the Federal Reserve more reason to raise interest rates
- The market's been waiting for the next rate hike by the Fed and gold prices are going to remain under pressure till it get through that hike. The U.S central bank is widely expected to raise benchmark interest rates at its next policy meeting in June.
- Higher interest rates tend to boost the dollar and push bond yields up, making greenback-denominated gold more expensive for other holders and denting its non-yielding appeal.
- The U.S yield curve could invert later this year or early 2019, a scenario which has preceded recent U.S recessions. The dollar rose yesterday, erasing earlier losses, as investors questioned whether a rally that last week sent the greenback to more than four-month highs had run out of steam.
- Gold is largely paying attention to the dollar. A stronger greenback makes dollar-denominated gold more expensive for holders of other currencies, a relationship used by funds to generate buy and sell signals.

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

The WTI crude oil market rallied significantly yesterday, reaching towards the \$71 level. Market players think that short-term pullbacks will continue to offer buying opportunities though, with the \$70 level underneath offering a significant “floor” in this market. Economists believe that the market should eventually go looking towards the \$72.50 level, perhaps even the \$75 level above. The market has been bullish, and it will continue to be so as OPEC has suggested that global demand is going to continue to go higher. Brent markets when sideways overall, but then have shot much higher during the day yesterday, breaking above the \$78 level. Because of this, it will continue DC buying pressure in this market, and it seems all but assured that we are going to go looking towards the \$80 level above. With a falling US dollar it makes sense that Brent will continue to strengthen as well.

Pivot:	70.82		
Support	70.65	70.30	70.00
Resistance	71.60	71.90	72.30

Source: FX EMPIRE

Highlights

- Oil prices remained near multi-year highs today in Asia amid looming U.S sanctions against Iran
- Rising U.S drilling for new oil production has kept oil prices in check
- U.S drillers added 10 oil rigs in the week to May 11, bringing the total count to 844, the highest level since March 2015
- Oil held gains near \$71 a barrel as most OPEC members cut output more than required last month
- Reinstatement of sanctions could lead to tighter global oil supplies as they make it more difficult for Iran to export oil

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 futures prices have soared past three-year highs, OPEC’s deal has cut millions of barrels of inventory worldwide and investors are betting in record numbers that prices could rocket past \$80 and even hit \$90 a barrel this year.
- Spot crude prices are at their steepest discounts to futures prices in years due to weak demand from refiners in China and a backlog of cargoes in Europe. Sellers are struggling to find buyers for West African, Russian and Kazakh cargoes, while pipeline bottlenecks trap supply in west Texas and Canada.
- Investors have piled millions of dollars in record wagers in the options market, betting on a further rally on the back of rising geopolitical tensions, particularly in Iran, Saudi Arabia and Venezuela, and the global decline in supply.
- Oil prices remained on the front foot today, with Brent prices extending gains to hit another 2014 high, as looming U.S sanctions against Iran continued to provide support.
- Brent crude futures the benchmark for oil prices outside the U.S, tacked on 23 cents or around 0.3%, to \$78.46 a barrel, after climbing to \$78.60 earlier in the session, its highest since November 2014.
- Oil markets have been on edge since U.S President Donald Trump pulled the U.S out of the international nuclear deal with Iran, raising the risk of conflict in the Middle East and casting uncertainty over global oil supplies.
- Iran currently produces around 4% of global oil supplies and is the third-largest producer in the Organization of the Petroleum Exporting Countries (OPEC). Investors are expecting Iran’s oil exports to fall significantly once U.S sanctions bite later this year.

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 fell a bit yesterday, reaching down to the \$16.60 level, which is the beginning of support that extends down to the \$16.50 level. The market will continue to find buyers down to that area, and therefore at this dip as a potential buying opportunity. This will be especially true if the US dollar falls, as eventually the correlation of higher precious metals with a lower US dollar should continue. The \$16.50 level being broken to the downside would open the door to the \$16.25 level, followed by the \$16 level. Longer-term, it suspect that the market probably goes looking towards the \$17 level above. The uptrend should continue overall though, so it would like these dips as value. The market is very noisy and dangerous and it is heavily levered. It would be very cautious about putting too much money into the market, at least in one shot.

Pivot:	16.45		
Support	16.30	16.25	16.17
Resistance	16.55	16.60	16.67

Source: FX EMPIRE

Highlights

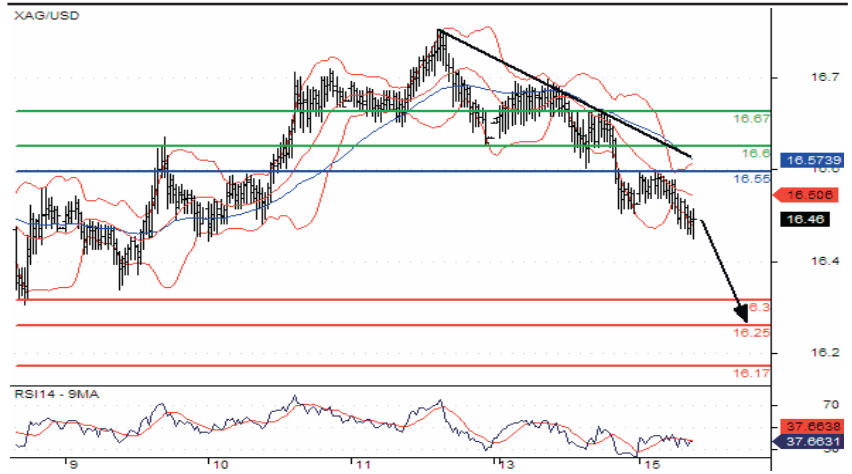
- The weakness in silver comes as geopolitical uncertainty and Iran-Israel tensions in Syria remained elevated
- A stronger dollar makes silver more expensive for investors of foreign currency while a rise in U.S rates
- Silver is forming the final top for this short-term upswing, or that it is already in place
- A good sign for the white metal is that the economy might not be ready for higher interest rates
- Silver is sensitive to moves higher in both bond yields and the U.S dollar

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 prices were moderately lower yesterday. Right as the futures markets were closing selling pressure in the metals intensified. At the same time the U.S dollar index moved up to its session high.
- June comex silver was last down \$0.222 at \$16.53 an ounce. There is keener risk appetite is in the marketplace at present, which is bearish for safe-haven silver. U.S stock indexes hit multi-week highs today.
- Silver market bulls are encouraged by recent price action that suggests these metals have put in near-term market bottoms. Silver put up a fight against the stronger dollar, with managing to hold onto key support at \$16/oz.
- In the case of silver, speculators scaled back their net short slightly to 19,483 futures contracts from 23,886 contracts the week before. This was mostly due to fresh buying, as the number of longs rose by 4,624.
- Silver futures fell nearly one percent in American trade away from April 23 highs as the dollar index settled higher, amid a lack of data from the US. Silver futures due on July 15 fell 0.85% to \$16.61 an ounce from the opening of \$16.752, while the dollar index rose 0.02% to 92.55 from the opening of 92.54.
- The silver bulls and bears are on a level overall near-term technical playing field. Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at the April high of \$17.425 an ounce. The next downside price breakout objective for the bears is closing prices below solid support at the May low of \$16.07.
- The interest rates will head towards 3% in the long term, while noting that dollar's strength does not represent a source or risks for future outlook. A 2% inflation target is not a ceiling but a moving target that could go up and down slightly. So, as it is expected that inflation to pass that barrier soon due to transient factors, while expecting three or four gradual interest rate hikes.

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

Tuesday, May 15, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues May 15	11:00	EUR German Gross Domestic Product w.d.a. (YoY) (1Q P)	High	2.3%	2.4%	2.9%
Tues May 15	13:30	GBP Claimant Count Rate (APR)	Medium	2.5%		2.4%
Tues May 15	13:30	GBP Jobless Claims Change (APR)	Medium	31.2k	7.8k	15.7k
Tues May 15	14:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (1Q P)	High	2.5%	2.5%	2.5%
Tues May 15	14:00	EUR German ZEW Survey Expectations (MAY)	High	-8.2	-8.2	-8.2
Tues May 15	17:30	USD Retail Sales Advance (MoM) (APR)	High		0.3%	0.6%
Tues May 15	17:30	USD Retail Sales Ex Auto and Gas (APR)	Medium		0.4%	0.3%
Tues May 15	18:00	CAD Existing Home Sales (MoM) (APR)	Medium		1.4%	1.3%
Tues May 15	19:00	USD Business Inventories (MAR)	Medium		0.1%	0.6%

Source: Forex Factory, DailyFX

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