

## Gold

### Technical

August Comex Gold futures finished slightly higher on Tuesday in limited price action. While buyers continued to come into the market for safe haven reasons, the rally was capped because of the strengthening U.S. Dollar. Fear of a market disaster because of a possible exit from the European Union by the U.K. is helping to underpin the market, however, this is also helping safe haven currencies such as the U.S. Dollar and Japanese Yen, helping to draw money away from gold. This isn't bearish for gold, but prices would be a lot higher if not for the strength in the Greenback. The Federal Open Market Committee kicked off its two-day meeting Tuesday and Fed Chair Janet Yellen is scheduled to hold a press conference at the meeting's conclusion later today. The central bank is also set to release its statement and summary of economic projections.

Pivot:	1,284		
Support	1,278	1,265	1,257
Resistance	1,293	1,303	1,315

### Highlights

- Gold futures finished higher as investors sought the relative safety of haven assets ahead of next week's "Brexit" referendum
- Gold futures had struggled to find direction, weaving between losses and gains
- The U.S. dollar strengthened before today's decision on interest rates from the U.S. Federal Reserve
- Gold for August delivery tacked on \$1.20, to settle at \$1,288.10 an ounce
- The Fed isn't expected to announce any change in its policy statement

### Gold - Technical Indicators

RSI 14	65.40
SMA 20	1,242.60
SMA 50	1,256.06
SMA 100	1,246.98
SMA 200	1,176.28

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold held steady on Wednesday, after touching a near six-week high in the previous session, as the market awaited the U.S. Federal Reserve's policy statement amid concerns about a potential British exit from the European Union.
- Fed Chair Janet Yellen is scheduled to address the media after the conclusion of a two-day Federal Open Market Committee (FOMC) meeting later in the day.
- The U.S. central bank is expected to keep interest rates on hold for at least another month, even as strong retail sales for May suggested that economic growth was gaining steam despite a sharp slowdown in job creation. U.S. gold was also unchanged at \$1,288.40.
- Spot gold was nearly flat at \$1,285.06 an ounce, after touching its highest level since May 6 at \$1,289.80 in the previous session. We should see a bit of a late snap-back rally in equities later today as the Fed's language will likely be very dovish.
- This could pull gold back slightly, but investors still think that the precious metal has room to move for the balance of the week and heading into next week's crucial vote. Gold is sensitive to interest rate hikes, which increase the opportunity cost of holding the non-interest yielding metal.
- Meanwhile, a referendum on June 23 by Britain to leave the 28-member European Union, dubbed "Brexit," could tip Europe back into a recession, putting more pressure on the global economy and, thereby, boosting the safe-haven appeal of the bullion.
- Holdings in SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.27 percent to 898.67 tonnes on Tuesday, the highest since October 2013.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

Crude oil fell to two-week lows of 48.02 into the N.Y. open, with risk-off conditions, led by increased odds of Brexit, weighing on sentiment. In addition, the second week of upped operating U.S. oil rigs, as reported by Baker-Hughes on Friday, raises the specter of increased production, a weight on prices. The market will look ahead to the IEA's monthly report on inventories Wednesday, and to the weekly API inventory data after the close, where expectations are for a 2.5-million-barrel draw. Resistance is seen near the 10-day moving average at 49.49, while support is seen near the 50-day moving average at 45.77. Momentum has turned negative as the MACD (moving average convergence divergence) index recently generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread.

Pivot:	47.84		
Support	47.50	47.10	46.50
Resistance	48.60	49.30	50.00

### Highlights

- U.S oil prices fell to a three-week low yesterday as the dollar strengthened
- U.S crude for July delivery settled down 39 cents, or 0.8%, to \$48.49 a barrel
- Prices have rallied sharply in recent weeks as natural disasters and violence cut production in some regions
- The growing possibility that the U.K. might leave the European Union has rattled global markets this week
- A stronger Dollar can make oil, which is priced in dollars, more expensive for foreign buyers

### Crude - Technical Indicators

RSI 14	46.50
SMA 20	49.26
SMA 50	47.05
SMA 100	41.89
SMA 200	40.01

### Crude Oil Daily Graph



### Fundamentals

- Oil prices fell about 2 percent in extended trading on Tuesday as data showed a surprise build in U.S. crude inventories last week, adding to the market's nervousness around Britain's vote next week on whether to leave the European Union.
- Data from the American Petroleum Institute (API) showed U.S. crude inventories rose by 1.2 million barrels in the week to June 10 to 536.7 million, compared with analysts' expectations for a decrease of 2.3 million barrels.
- U.S. crude CLC1 deepened losses in post-settlement trading, both falling by more than \$1 a barrel each. Prices ended the session lower for the fourth straight day with crude closed 39 cents lower at \$48.49.
- U.S. crude traded between \$48.69 and \$48.02 during the session, in the tightest range in nearly two years. Safe-haven German Bund yields fell below zero for the first time, while industrial commodities and equity markets, seen as more vulnerable to economic risk, dropped after polls showed Britain's "Leave" campaign leading ahead of the June 23 vote on EU membership.
- The referendum-related concerns eclipsed an upbeat forecast for oil demand growth from the International Energy Agency (IEA), which said the oil market is essentially balanced after two years of surpluses.
- On Monday, OPEC forecast that the oil market would be more balanced in the second half of 2016 as outages in Nigeria and Canada help to speed erosion of a supply glut.
- The strong U.S. dollar versus most currency pairs is a negative price directional driver for the oil complex. If Britain voted to leave the EU, a prospect dubbed "Brexit", investors fear the bloc could slip into recession, which in turn could undermine oil demand. Adding to the uncertainty in the markets was the ongoing two-day U.S. central bank meeting.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets initially fell during the course of the day on Tuesday, but turned around at the \$17.20 level to form a bit of a hammer. It looks as if the bullish pressure continues, and therefore I believe that we are going to try to reach towards the \$18 handle, but we are struggling at the moment so it may take a little bit of momentum building in order to reach that area. So expect a lot of volatility but I anticipate that pullbacks will continue to offer buying opportunities. I have no interest in selling silver as it has been so bullish. Silver is finding good resistance around the 17.31 level we had penciled in, so we will work with that as the first hurdle to overcome. Around 17.55 is the next top-side level to worry about, and then if things get really out of hand in the short-term we have the April peak at 18. A decline back towards the 16.70/17 area would offer a spot for silver to reload for another drive higher.

Pivot:	17.39		
Support	17.18	16.91	16.65
Resistance	17.65	17.80	18.00

### Highlights

- The anemic numbers reduced the likelihood of a rate hike this month, which in turn bodes well for precious metals like silver
- A delay in raising interest rates elevates demand for these precious metals
- Silver prices are also gaining on the back of concerns about a potential British exit from the European Union
- If U.K voters decide to leave the EU, it would have a negative impact on economic activity
- Silver has industrial applications and is thus driven by industrial demand

### Silver - Technical Indicators

RSI 14	68.08
SMA 20	16.61
SMA 50	16.93
SMA 100	16.18
SMA 200	15.37

### Silver Daily Graph



### Fundamentals

- Silver and other precious metals enjoyed safe-haven demand as the equities market plunged into a correction. The metal also maintained its momentum as the Federal Reserve lowered its interest rate outlook to only two hikes this year from a previously expected four rate hikes.
- Additionally, with the dovish Fed stance, the U.S. dollar weakened, which made USD-denominated silver cheaper for foreign buyers and a better store of value for U.S. investors.
- Bolstering the appeal for silver, the precious metal enjoys heavy industrial demand that benefits from an expanding global economy. Over 50% of global demand for silver comes from industries like chemicals, medicine and technological appliances.
- The rally in silver prices over the past few sessions has been impressive, so much so it pushed one of our favorite momentum measures into unusually high territory.
- With the Fed meeting today financial markets will be cautious, despite the common expectation of no rate rise. Coming monetary policy events may be adding to the jitters. U.S Federal Reserve policy makers are set to began a two-day meeting yesterday, with investors waiting to see what signals they may send about further interest-rate increases.
- After a weak jobs report for May, market expectations for another increase before December are seen at less than 50%. Meanwhile, voters in the U.K. are preparing to go to the polls next week for a referendum on whether to remain in the European Union.
- Investors are becoming more fearful of Brexit risk as recent polls showed the 'Leave' camp is commanding a lead and the increased uncertainty is driving them to allocate more to safe haven assets.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, June 15, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jun 15	13:04	China New Yuan Loans CNY (MAY)	high	985.5b	750.0b	555.6b
Wed Jun 15	13:30	U.K Claimant Count Rate (MAY)	medium	2.2%	2.1%	2.2%
Wed Jun 15	13:30	U.K Jobless Claims Change (MAY)	medium	-0.4k	0.0k	6.4k
Wed Jun 15	16:00	U.S MBA Mortgage Applications (JUN 10)	medium			9.3%
Wed Jun 15	18:00	Canada Existing Home Sales (MoM) (MAY)	medium			3.1%
Wed Jun 15	18:15	U.S Industrial Production (MAY)	medium		-0.2%	0.7%
Wed Jun 15	19:30	DOE U.S Crude Oil Inventories (JUN 10)	medium		-3000k	-3226k
Wed Jun 15	23:00	U.S Federal Open Market Committee Rate Decision (JUN 15)	high		0.50%	0.50%
Wed Jun 15	23:00	U.S Fed Summary of Economic Projections	high			

Source: Forex Factory, DailyFX

**Disclaimer:** This document has been prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. This document and the information may not be reproduced, distributed or published by any recipient for any purpose.

## Contact Details

### IGI Commodity Team

#### Karachi Office

Tel: (+92-21) 35301392      Cell: 0321-4499228      igi.commodity@igi.com.pk

#### Lahore Office

Zaeem Haider Khan      Tel: (+92-42) 35777863-70      Cell: 0321-4772883      zaeem.haider@igi.com.pk  
 Syed Zeeshan Kazmi      Tel: (+92-42) 35777863-70      Cell: 0321-4499228      zeeshan.kazmi@igi.com.pk  
 Ehsan Ull Haq      Tel: (+92-42) 35777863-70      Cell: 0321-4861015      ehsan.haq@igi.com.pk

#### Islamabad Office

Muhammad Naveed      Tel: (92-51) 2604861-62      Cell: 0345-5599900      muhammad.naveed@igi.com.pk

#### Faisalabad Office

Gul Hussain      Tel: (92-41) 2540843-45      Cell: 0344-7770878      gul.hussain@igi.com.pk

#### Rahim Yar Khan Office

Laiq Ur Rehman      Tel: (+92-68) 5871653-55      Cell: 0300-8670967      laiq.queshi@igi.com.pk

#### Multan Office

Mehtab Ali      Tel: (+92-61) 4512003      Cell: 0300-6348471      mahtab.ali@igi.com.pk

#### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Karachi Stock Exchange Limited and  
 Lahore Stock Exchange Limited | Corporate member of Pakistan Mercantile Exchange Limited

##### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN : (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax : (+92-21) 35309169, 35301780  
 Website : www.igisecurities.com.pk

##### Lahore Office

5-F.C.C. Ground Floor, Syed Maratib Ali  
 Road, Gulberg II, Lahore  
 Tel : (+92-42) 35777863-70, 35876075-76  
 Fax : (+92-42) 35763542

##### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
 Building, 2- Liaquat Road, Faisalabad  
 Tel : (+92-41) 2540843-45  
 Fax : (+92-41) 2540815

##### Islamabad Office

Mezzanine Floor Razia Sharif Plaza,  
 90-Blue Area G-7, Islamabad  
 Tel : (+92-51) 2802241-42, 2273439, 2273443  
 Fax : (+92-51) 2802244

##### Stock Exchange Office

Room # 719, 7th Floor, KSE Building  
 Stock Exchange Road, Karachi  
 Tel : (+92-21) 32429613-4, 32462651-2  
 Fax : (+92-21) 32429607