

Gold

Technical

Gold markets initially fell yesterday, reaching down towards the \$1305 level before turning around to show signs of strength again. It has rallied to the \$1317 level again, and then started to fall. It has been consolidating in a relatively tight range for some time, at least over the last several sessions. The market is trying to figure out what to do with the US dollar, geopolitical events, and many other issues. The \$1300 level being major support, and a breakdown below that level could unwind this market rather rapidly. At this point there is a lot of confusion and concern in the market, and that tends to lead to choppy in sideways trading. If it can break above the \$1320 level, then gold markets rally rather significantly, perhaps to the \$1350 level. Alternately, if it break down below the \$1300 level, the market probably unwinds down to the \$1275 level as it is a previous support and resistance level.

Pivot:	1,311		
Support	1,306	1,304	1,301
Resistance	1,319	1,322	1,325

Source: FX EMPIRE

Highlights

- Gold prices dipped yesterday as safe-haven buying failed as rising U.S Treasury yields added pressure
- The prospect of more U.S interest rate increases will also weigh on gold
- Gold prices often rise during times of political turmoil, as bullion is widely considered a safe-haven asset
- Geopolitical tensions in the Korean peninsula eased further weighing on gold
- Gold failed to find support from a pause in the dollar's rise to multi-month highs

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 in a tight range today as the dollar held firm near its 2018 peak on strong U.S bond yields, with investors also keeping an eye out for any further impact from U.S President Donald Trump's decision to pull out of a nuclear deal with Iran.
- Spot gold was nearly unchanged at \$1,311.82 per ounce. U.S gold future for June delivery were 0.1 percent lower at \$1,312 per ounce. The rising geopolitical tensions in the Middle East added some safe-haven appeal to gold. A target of \$1,400 is "realistic with any positive gold momentum."
- A lot of counteracting forces are playing against gold so that's why it's trading in a very tight range adding that a firm dollar and rising U.S Treasury yields were capping upside. It might seem that U.S dollar will pull back through summer months and gold will go higher as a result.
- The Dollar held firm today after the 10-year U.S bond yield rose back to the psychologically important 3 percent mark and investors looked to U.S consumer price (CPI) data due later to show an acceleration in inflation.
- The U.S CPI data will also be scoured for outlook on the Federal Reserve's interest rate hike path after weaker-than-expected data earlier this month did little to dampen expectations of a June interest rate hike.
- Higher U.S rates tend to boost the dollar and push bond yields up, adding pressure on greenback-denominated, non-yielding gold. The precious metal is currently range bound, with support at \$1,300 and firm ceiling in the short term near \$1,320.
- Investors are pushing back expectations for a rise in euro zone interest rates further into 2019 against a backdrop of soft economic data and disappointing inflation numbers, money market pricing suggested.

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

Crude oil markets rallied rather significantly over the last 24 hours and looks likely to continue to go much higher. The \$71 level of course has offered a bit of resistance, but at the end of the day. Economists believe the \$72.50 level above is the target. It expect to see a massive amount of support down to at least the \$69.50 level, and that strength in the oil market continues to be a fact of life. But if it were to break down below the \$67 level that would change everything. Brent markets rallied significantly during the day also, reaching towards the \$77.50 level. This is an area that had targeted previously, and now it may get a short-term pullback, but it also offers plenty of value that people will take advantage of. The \$75 level has previously been resistance, and it should now be support. If we get a turnaround in the US dollar, that could send this market even higher.

Pivot:	71.65		
Support	70.85	70.25	69.60
Resistance	72.30	72.85	73.50

Source: FX EMPIRE

Highlights

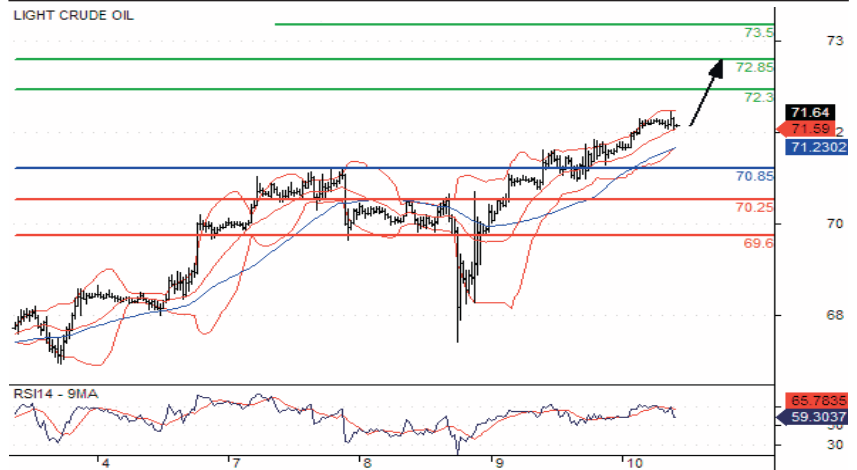
- Oil set for biggest weekly rise in a month as Iran sanctions loom
- A stronger dollar tends to be a headwind for commodity prices
- Oil and the Dollar are doing something they have only done 11 times in the past 35 years
- A stronger dollar makes commodities priced in the currency more expensive to users of other currencies
- Top exporter Saudi Arabia and No.1 producer Russia have led efforts since 2017 to withhold oil supplies to prop up prices

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

- The oil price rose today and was set for its largest weekly increase in a month, as the market prepared for potential disruption to crude flows from major exporter Iran in the face of U.S sanctions.
- The United States plans to impose new sanctions against Iran, which produces around 4 percent of global oil supplies, after abandoning an agreement reached in late 2015 that curbed Tehran's nuclear activities in exchange for removing U.S - Europe sanctions.
- Brent crude futures were up 29 cents at \$77.50 a barrel, having gained 3.5 percent so far this week, the largest weekly increase since mid-April. U.S West Texas Intermediate crude futures were up 42 cents at \$71.56 a barrel.
- The oil price is at its highest since late 2014 and is on track for its fourth consecutive quarterly gain, the longest such stretch for over 10 years. Europe and China will not fight against the U.S sanctions. They will grumble and accept it. There is no one who will realistically choose Iran over the U.S.
- Oil prices and the U.S dollar are rallying in tandem, a dynamic that has only occurred 11 times since 1983, and it's drawing the attention of market participants attempting to assess its significance. The dollar gauge remains off 6.5% over the past 12 months.
- Oil futures climbed to fresh 3 1/2-year highs today following, military action in Syria and the Arabian peninsula involving Iran or forces backed by the country. The previous 1 million bpd limit for exports will be reimposed.
- Crude has rallied as production curbs instituted by the Organization of the Petroleum Exporting Countries and other major oil producers appears to have achieved the desired goal of absorbing a glut of crude that helped crush prices.

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 pulled back a bit yesterday, reaching down towards the \$16.35 level to find buyers. The \$16.60 level above is resistance. Market participants continue to be erratic, but it does look like trying to build up a large basing pattern on the chart, and therefore it's only a matter of time before it go much higher. Short-term pullbacks continue to be value that people will take advantage of, and one of the biggest problems with Silver has been a strengthening greenback. If the greenback continues to show signs of strength, that does work against the value of silver, but it looks as if the buyers are trying to make a bit of a statement here. This market will eventually break out, it just needs a catalyst, be it a breakdown in the dollar, or perhaps some type of political problem that has people looking for precious metals. Perhaps the deal being broken down between the USt and Iran.

Pivot:	16.48		
Support	16.38	16.32	16.25
Resistance	16.62	16.67	16.74

Source: FX EMPIRE

Highlights

- Silver prices near steady as bulls work to stabilize markets, while July comex silver was last up \$0.073 at \$16.545 an ounce
- U.S Dollar index is lower but did hit another 4.5-month high overnight
- Silver's price action has once again become too erratic for this market participant
- The 30-year bond yield edged 0.5 basis point lower to 3.150%
- Yields fell ahead of a key reading of inflation that is expected to provide an important input for the Federal Reserve

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 was 0.1 percent higher at \$16.49 an ounce, after hitting a two-week high at \$16.62 in the previous session. Silver marked one-week highs yesterday before erasing most of the gains as Wall Street surged.
- Silver prices inched up in Asian trade today after high volatility yesterday, with the gains capped by advances in Asian stocks due to higher oil prices. Silver prices edged up to \$16.52 an ounce from the opening of \$16.47, with an intraday high at \$16.53, and a low at \$16.41.
- Dollar has reversed lower against a basket of main currencies after weak US producer prices data, offering some support to the white metal. The potential for additional US interest rate increases will also weigh on the precious metals.
- Today's U.S producer price index for April came in at up 0.1% from March. The "core" rate that excludes food and energy was up 0.2%. Both numbers were forecast to come in at up 0.2%, month-on-month. The silver markets were not impacted by this report.
- World stock markets were mixed to firmer today. U.S stock indexes are also higher in afternoon dealings. The lack of risk aversion in the marketplace at present is working against the safe-haven silver markets.
- The market instead has returned focus on the two key drivers for silver, which are bond yields and the dollar, and both are pointing the wrong direction from a higher silver perspective. If there is one thing that remains consistent, it is the white metal's ability to rally during times of economic and political uncertainty.
- Yields have the chance to climb even further this week, as a series of US bond auctions are set to take place. The uncertainty of what Trump's actions mean for the US and the market may help boost silver prices.

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

Thursday, May 10, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs May 10	02:00	NZD RBNZ Official Cash Rate (MAY 10)	High	1.75%	1.75%	1.75%
Thurs May 10	06:30	CNY Consumer Price Index (YoY) (APR)	High	1.8%	1.9%	2.1%
Thurs May 10	10:00	JPY Eco Watchers Survey Outlook SA (APR)	Medium	50.1	49.9	49.6
Thurs May 10	16:00	GBP Bank of England Bank Rate (MAY 10)	High	0.50%	0.50%	0.50%
Thurs May 10	16:00	GBP BOE Asset Purchase Target (MAY)	High	435b	435b	435b
Thurs May 10	17:30	USD Consumer Price Index (YoY) (APR)	High		2.5%	2.4%
Thurs May 10	17:30	USD Consumer Price Index Ex Food and Energy (YoY) (APR)	High		2.2%	2.1%
Thurs May 10	17:30	USD Continuing Claims (APR 28)	Medium		1800k	1756k
Thurs May 10	23:00	USD Monthly Budget Statement (APR)	Medium		-\$5.0b	-\$208.7b

Source: Forex Factory, DailyFX

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