

## Gold

### Technical

June Comex Gold futures are recovering early in the session despite a firm U.S. Dollar and equity markets. A successful test of a key retracement zone may be behind the buying or it could be aggressive buyers anticipating a setback in the U.S. Dollar after a five day rally. Technically, the main trend is up according to the daily swing chart, however, momentum has been to the downside since the \$1306.00 main top on May 2. The main range is \$1225.40 to \$1306.00. Its retracement zone at \$1265.70 to \$1256.20 was the primary downside target. This zone was tested successfully on Tuesday at \$1258.30. Helping to provide support inside the zone was an uptrending angle from the \$1225.40 main bottom. Gold is trading on the strong side of the retracement zone.

Pivot:	1,271		
Support	1,264	1,256	1,251
Resistance	1,283	1,287	1,295

### Highlights

- Gold climbed as assets in bullion-backed funds rose to their highest since December and Goldman Sachs raised price forecasts
- Bullion for immediate delivery rose as much as 0.5% to \$1,271.65 an ounce
- Prices ended 0.2% higher on Tuesday after sinking to \$1,256.96, the lowest intraday level since April 28
- Bullion is up 20% this year as a slowdown in global growth
- Prices continued to be supported by steady inflows into ETFs

### Gold - Technical Indicators

RSI 14	55.80
SMA 20	1,265.17
SMA 50	1,249.47
SMA 100	1,207.97
SMA 200	1,158.02

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold drifted away from two-week lows today as the dollar surrendered some gains, but analysts said bullion is unlikely to rise sharply ahead with losses in the greenback seen limited.
- Appetite for gold appeared to have eased after the metal failed to convincingly breach the \$1,300 resistance level last week. But it was up 20 percent for the year as expectations for a near-term increase in U.S. interest rates hike have faded.
- Spot gold was up 0.6 percent at \$1,273 an ounce, after touching a low of \$1,257.25 on Tuesday, its weakest since April 28. The dollar slipped versus a basket of major currencies, making dollar-priced assets such as gold cheaper for holders of other currencies.
- Softer Asian equities also helped gold. Mark To, head of research at Wing Fung Financial Group in Hong Kong, said that \$1,300-\$1,400 would be a reasonable price range for bullion for the rest of the quarter.
- Gold is supported largely by expectations that the next U.S. interest rate increase will only happen later in the year as Fed policymakers take note of challenging global economic conditions. U.S. gold for June delivery gained 0.8 percent to \$1,274.70 an ounce.
- "Looking ahead, we see limited upside for gold pricing given the limited room for the Fed to surprise to the downside, limited room for the dollar to depreciate, and limited room for China to drive (emerging markets) currency strength to contribute to dollar weakness," Goldman Sachs said in a report.
- Goldman increased its gold price forecasts for coming months, citing stronger net speculative positioning and a recently weaker dollar. The bank raised its three-, six- and 12-month price outlooks for gold to \$1,200, \$1,180 and \$1,150, from \$1,100, \$1,050 and \$1,000 per ounce earlier.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	227381	82403	73%	120854	284003	30%	49448	31277	61%	384,974
01- Mar-16	223186	70773	76%	115571	287002	29%	51148	36,819	61%	450555
08- Mar-16	252895	78085	76%	116493	311865	27%	53520	32958	62%	499110
15- Mar-16	247659	78147	76%	118610	304141	28%	49810	33791	60%	493086
22- Mar-16	258646	79815	76%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market rose during the day on Tuesday, as we continue to see quite a bit of volatility. There is quite a bit of support below at the \$42 level, so at this point in time we don't think that any move lower will be able to continue for any real length of time, just as it is going to be difficult to continue higher. After all, the \$46 level has offered quite a bit of resistance, so with that in mind it's very likely that we will just simply continue to consolidate in general, as the market seems to be struggling just above, but certainly has quite a bit of buying pressure underneath. Keep in mind that we have the Crude Oil Inventories number coming out during the day today, and that of course could have a massive effect on this market as well. Ultimately though, I believe that we are simply going to go back and forth. Brent markets rallied using the \$43 level as support.

Pivot:	44.19		
Support	44.00	43.50	43.00
Resistance	44.80	45.10	45.78

### Highlights

- Oil prices fluctuated today ahead of closely watched U.S. supply data
- West Texas Intermediate futures were broadly unchanged at \$44.65 a barrel
- The U.S Energy Information Administration will release its oil inventories data later in today's session
- U.S crude stocks are already at an eight-decade high despite signs of a steady production decline in recent months
- This week has seen huge intraday volatility as markets trying to determine direction of oil prices

### Crude - Technical Indicators

RSI 14	57.26
SMA 20	44.33
SMA 50	41.23
SMA 100	36.47
SMA 200	39.57

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Crude prices fell on Wednesday as oil sands production in Canada restarted after forced closures due to wildfires, and as already record-high inventories especially in the United States grew.
- International Brent crude oil futures were down 28 cents at \$45.24 per barrel. U.S. West Texas Intermediate (WTI) futures were down 44 cents at \$44.22 a barrel. A battle between Middle East producers for market share in Asia also weighed on prices, countering production declines and disruptions around the world.
- The narrative has shifted back to the supply build after the pinch in supply due to disruption in the oil sands and in Libya and Nigeria. Oil sands companies around the Canadian energy hub of Fort McMurray began to restart operations on Tuesday after an out-of-control wildfire forced a week-long shutdown. Provincial and industry officials said production in much of the region should ramp up soon.
- The fires in Canada's oil sands field region have knocked out around 1.5 million barrels of daily crude production, leading to a significant tightening of global markets. Production declines and disruptions in the United States, Latin America, Asia, and Africa also acted as a support to prices this week. But a growing glut is back in the spotlight.
- Industry group American Petroleum Institute (API) said on Tuesday that U.S. crude inventories rose by 3.45 million barrels to 543.1 million barrels during the week ended May 6, enough to meet global crude demand for almost a week.
- The U.S. Energy Information Administration will release official weekly inventory data later today. Analysts polled by Reuters expect the EIA to report U.S. crude stockpiles likely rose for the fifth consecutive week.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01- Mar-16	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
08- Mar-16	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
15- Mar-16	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
22- Mar-16	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

The silver markets went back and forth during the course of the session on Tuesday, as the \$17 level below continues offer support. There is support down to at least the \$16.80 level, and as a result it's very likely that we get some type of supportive candle that could send this market higher. Even if we break down from here, there should be a massive amount of support down near the \$16 level as it was previously resistive. Ultimately, this is a market that we only have any interest in buying, and therefore have no interest whatsoever in selling. The break to the May 4 low of \$17.15 has now left the short-term trend bearish below the April 6 high of \$17.56. The trend is short-term bearish below the May 6 high, as it is a lower high in relation to both the May 5 high of \$17.62 and the May 2 high of \$18. The nearest support level is the low of \$16.88, followed by the April 25 low of \$16.78.

Pivot:	17.28		
Support	17.12	16.97	16.86
Resistance	17.40	17.50	17.60

### Highlights

- Silver Prices turned lower yesterday as they breached the lower end of the \$17.15 to \$17.62 range
- The primary driver behind the current slide to silver prices is a stronger Dollar
- The U.S NFIB Small Business Optimism index rose to 93.6 vs. the 93 expected and 92.6 level prior
- Silver's rally has been exceptionally strong since early April
- Prices have been consolidating in recent weeks in what appears to be a bull flag

### Silver - Technical Indicators

RSI 14	63.14
SMA 20	17.30
SMA 50	16.24
SMA 100	15.47
SMA 200	15.12

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- The silver price peaked near \$18 last week and despite backing off a bit since then, silver prices still look strong. It seems the behavior of the U.S dollar has been crucial in swaying silver prices in the very near term. The U.S Dollar has strengthened over the past four trading sessions, making it difficult for the price of silver to keep pushing higher.
- Moves in the U.S Dollar may continue to influence the near-term silver price, fundamentals and sentiment are going to be the medium and long-term drivers. And there's some interesting news about what will drive silver prices higher over the long term.
- At a time when global luxury markets are struggling to attract customers to keep their exports afloat, silver jewellery exports from India grew exponentially over the past five years.
- Silver prices in the international markets have declined by 50 per cent over the past five years to trade at \$15.44 an oz. Silver prices have marginally recovered in the recent past.
- The fall in the gold/silver ratio that started in March shows investors have been buying silver as a cheaper proxy for gold – this is bullish for precious metals generally. The ratio rebounded in line with the price correction but it seems to be turning lower again now.
- Silver's rally had taken off but prices may have run ahead of themselves. They have since pulled back but are now trying to rebound. The primary driver behind the current slide to silver prices is a stronger Dollar, which has gained against its G10 peers in today's session.
- The U.S. NFIB Small Business Optimism index rose to 93.6 vs. the 93 expected and 92.6 level prior. The gain to the index has broken a declining trend, which had been in place since December 2015.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01- Mar-16	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
08- Mar-16	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
15- Mar-16	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
22- Mar-16	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, May 11, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 11	05:30	AUD Westpac Consumer Confidence Index (MAY)	medium	103.2		95.1
Wed May 11	10:00	JPY Leading Index (MAR)	medium	98.4	96.4	96.8
Wed May 11	10:00	JPY Coincident Index (MAR)	medium	111.2	111.2	110.7
Wed May 11	13:30	GBP Industrial Production (YoY) (MAR)	medium	-0.2%	-0.4%	0.1%
Wed May 11	13:30	GBP Manufacturing Production (YoY) (MAR)	medium	-1.9%	-1.9%	-1.6%
Wed May 11	16:00	USD MBA Mortgage Applications (MAY 6)	medium	0.4%		-3.4%
Wed May 11	19:00	GBP NIESR Gross Domestic Product Estimate (APR)	medium			0.3%
Wed May 11	19:30	USD DOE U.S. Crude Oil Inventories (MAY 6)	medium			2784k
Wed May 11	23:00	USD Monthly Budget Statement (APR)	medium		\$110.0b	\$156.7b

Source: Forex Factory, DailyFX

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