

Gold

Technical

Gold futures are trading steady-to-better shortly before the cash market opening. The lack of fresh economic news out of Asia may be responsible for the tight overnight trading range and the below average volume. The main trend is down according to the daily swing chart. This was reaffirmed earlier in the week when the market took out the swing bottom at \$1258.30. A trade through \$1290.40 will change the main trend to up. The current price action is being influenced by a series of retracement levels. This could help produce a choppy, two-sided trade. The intermediate range is \$1207.70 to \$1306.00. Its retracement zone is \$1256.90 to \$1245.20. This area provided support on Thursday and is currently being tested. The short-term range is \$1225.40 to \$1306.00.

Pivot:	1,253		
Support	1,244	1,237	1,231
Resistance	1,261	1,269	1,276

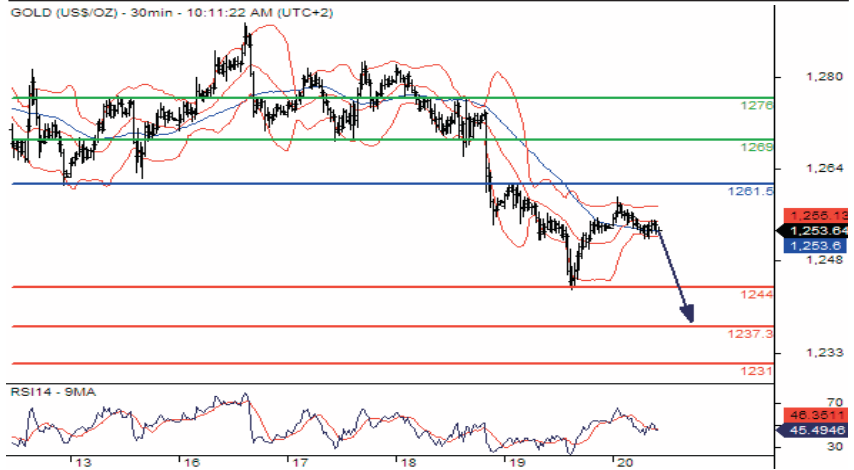
Highlights

- Gold futures dropped yesterday to settle at their lowest level in about three weeks
- The Federal Reserve could raise interest rates in June dampened demand for the yellow metal
- June gold fell \$19.60, or 1.5%, to settle at \$1,254.80 an ounce
- The Dollar has strengthened after the minutes, hurting dollar-denominated commodities such as gold
- Minutes from Fed's meeting showed the central bank is considering hiking interest rates in June

Gold - Technical Indicators

RSI 14	53.74
SMA 20	1,275.17
SMA 50	1,252.47
SMA 100	1,218.97
SMA 200	1,163.02

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices slid yesterday as worries that the Federal Reserve could raise interest rates in June prompted investors to step back from their bets on the precious metal. Gold for June delivery settled down 1.5% at \$1,254.80 a troy ounce on the Comex division of the New York Mercantile Exchange.
- On Wednesday, minutes from the Fed's April policy meeting indicated that officials were considering raising short-term interest rates at their next meeting in June, if economy continued to show strong growth.
- Higher rates tend to weigh on gold, since the metal pays its holders nothing and struggles to compete with yield-bearing assets such as Treasuries when borrowing costs rise.
- Yesterday's data showed that initial jobless claims fell sharply in the previous week, marking its largest one-week drop since early February. This sign of stability in the U.S. job market further convinced investors that the Fed could raise rates in June, said George Gero, managing director at RBC Wealth Management.
- Mr. Gero also noted that part of the drop in gold prices was because of momentum, as the initial selling off the Fed minutes triggered more pre-placed sell positions by traders.
- Gold has risen 18% year to date as investors flooded to the haven asset amid economic uncertainty. In the first quarter, gold prices notched their best quarterly gain in 30 years.
- A stronger U.S. dollar also weighed on gold on Thursday. The WSJ Dollar Index was recently up 0.1% at 87.56. As the U.S. currency strengthens, dollar-denominated gold becomes more expensive to other currency holders. Gold Falls as Fed Rate Rise Speculation Boosts Greenback. Rate hikes can weigh on gold as the precious metal doesn't pay interest.

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 markets fell initially during the day on Thursday, but turned around to form a hammer. The hammer of course is a very bullish sign and we have been in a bullish run lately. Because of this, I believe that we are going to continue to go higher, and on a break above the top of the hammer the \$50 level will more than likely be targeted. We may need to build up a significant amount of momentum to finally break above there, so this could be something that needs several attempts to actually happen. However, pullbacks at this point time will continue to see buying pressure somewhere near the \$46 handle, which was previously so resistive. We are bullish, we don't have any interest in selling at this point, at least until we break down below the \$43 level, which looks very unlikely at this point in time. Brent markets fell as well, testing the support level at the \$48 level.

Pivot:	48.64		
Support	47.52	46.72	46.20
Resistance	48.97	49.58	50.15

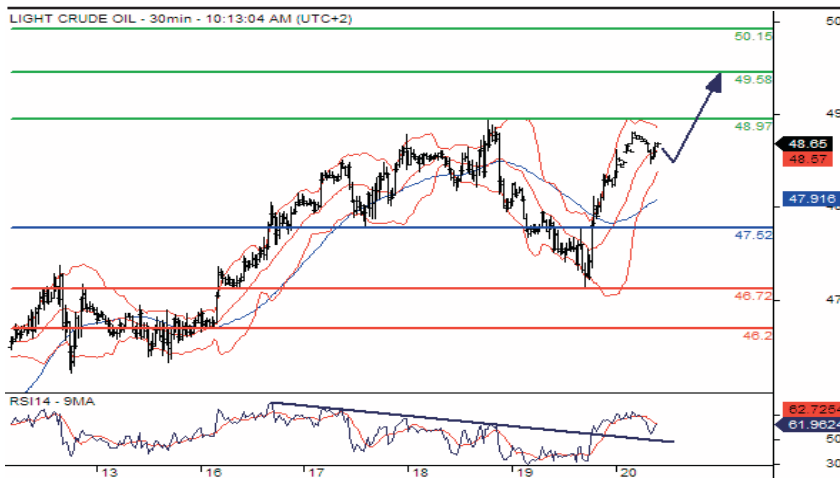
Highlights

- Oil prices advanced today, on track to end the week higher
- Investors continued to focus on the prospect of supply disruptions
- Production outages around the world have fueled gains in oil in recent weeks chipping away from the oversupply
- Wildfires in Canada have taken some oil fields there out of commission
- On the New York Mercantile Exchange, West Texas Intermediate futures were trading up 0.7% at \$49.02 a barrel

Crude - Technical Indicators

RSI 14	69.75
SMA 20	45.75
SMA 50	42.42
SMA 100	37.46
SMA 200	39.64

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rose close to six-month highs today as a series of supply outages in Nigeria, Canada and Libya tightened the global oversupply picture that has gripped the oil market for two years.
- However, brimming crude storage sites across the world are preventing actual supply shortfalls and limiting sharper price gains. U.S West Texas Intermediate (WTI) crude futures traded at \$48.59 a barrel, up 43 cents day on day and within touching distance of a seven-month high of \$48.95.
- Unexpected supply disruptions across the world, excluding output falls in the United States, amount to around 2.5 million barrels of daily production. In Nigeria, intruders blocked access yesterday to Exxon Mobil's terminal exporting Qua Iboe, the country's largest crude stream.
- Loading schedules have been interrupted at three of the five primary export terminals in Nigeria due to sabotage, with a fourth interrupted by an operational incident. This means that the militant activity has cut Nigeria's oil exports to a more than 22-year low of under 1.4 million bpd.
- In Canada, production has also been cut as wildfires forced closures of around 1 million barrels in daily production, although output is gradually returning. Libyan output has also been hit by internal conflict.
- The combination of a stronger dollar, still excess supply over demand and ongoing overhang of inventories can be expected to put strong downward pressure on prices.
- Oil prices retreated earlier in the week as the dollar rallied following indications that the U.S. Federal Reserve could launch another round of rate increases at its next meeting in June. That strengthened the greenback, which tends to push oil prices lower by making the dollar-denominated commodity 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	
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

Silver markets fell rather significantly during the course of the day on Thursday, crashing through the \$16.80 support level. This is a significant move to the downside, so having said that it's likely that we will continue to see a little bit of bearish pressure. However, I see quite a bit of support near the \$16 handle, so at that point in time I would be looking for a supportive bounce or candle in order to start going long. I have no interest in shorting, because quite frankly we are still very much in a nice uptrend. A potentially short-term resistance level is the April 25 low of \$16.78, which previously acted as a support but which may now turn into resistance. The short-term trend will remain bearish below the intraday high of \$17.15 formed on May 18. The trend is bearish in the short-term, as prices have been creating lower lows and lower highs since May 16.

Pivot:	16.52		
Support	16.13	15.95	15.75
Resistance	16.75	16.90	17.14

Highlights

- Silver attractiveness to investors has been gaining momentum in 2016
- The expectations of a June Fed rate hike were near 4% at the start of the week but have now surged to 34%
- Silver prices slipped after the publication of a more hawkish than expected FOMC minutes release
- A potentially short-term resistance level is the April 25 low of \$16.78
- iShares Silver Trust ETF holds approximately \$6 billion in physical silver

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

- Silver prices have taken a big plunge on the back of falling bond prices and rallying US dollar since the release of the FOMC's last policy meeting minutes on Wednesday and the accompanying hawkish commentary from several Fed officials.
- All of a sudden the implied probability of a June rate hike, which had been sub-10 per cent a few days ago, has now risen to almost 75 per cent. This basically has diminished the appetite for low and non-interest-bearing assets like the euro and gold respectively.
- Since the April meeting, the dollar had already appreciated a little and now that it has gained more noticeably and the stock markets have fallen, don't be surprised if the Fed starts to talk down the prospects of a June rate hike in the coming weeks.
- An ounce of silver sold for as low as \$13.67 on Dec. 14. But because of volatile oil prices, poor earnings reports, and devalued currency, investors looked to commodities for safety. On April 29, silver prices climbed all the way to \$17.79. That's a 30% increase in just four months.
- When the Fed raises interest rates, it becomes more expensive for banks to borrow money. In turn, banks then make it more expensive for companies and individuals to borrow money. This is supposed to increase the spending power of fiat currency because it's harder to obtain.
- Also, the Fed raising interest rates indicates the U.S. economy is healthy. Silver and gold are historically used as protection for portfolios in troubling times. If the economy is healthy, demand for silver will seemingly go down.
- Silver prices could continue to fall ahead of the June FOMC meeting. But with these temporary pull backs, buying silver today could net you gains as high as 33%.

US Commodity Futures Trading Commission (CFTC) Data

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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

Friday, May 20, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri May 20	08:00	NZD Credit Card Spending (YoY) (APR)	medium	9.1%		4.8%
Fri May 20	10:00	JPY Nationwide Department Store Sales (YoY) (APR)	low	-3.8%		-2.9%
Fri May 20	15:00	GBP CBI Trends Total Orders (MAY)	low	-8	-13	-11
Fri May 20	17:30	CAD Retail Sales (MoM) (MAR)	medium		-0.6%	0.4%
Fri May 20	17:30	CAD Retail Sales Less Autos (MoM) (MAR)	low		-0.4%	0.2%
Fri May 20	17:30	CAD Consumer Price Index (YoY) (APR)	high		1.7%	1.3%
Fri May 20	17:30	CAD Bank Canada Consumer Price Index Core (YoY) (APR)	high		2.0%	2.1%
Fri May 20	19:00	USD Existing Home Sales (MoM) (APR)	medium		1.3%	5.1%
Fri May 20	22:00	USD Baker Hughes U.S. Rig Count (MAY 20)	medium			406

Source: Forex Factory, DailyFX

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