

## Gold

### Technical

Gold markets rallied a bit during the trading session yesterday, reaching towards the \$1296 level before falling again. The market has a significant amount of resistance in the psychologically important \$1300 level, and of course the previous uptrend line that had been so important for the buyers. Economists think that if it can break above the \$1305 level, then it could go much higher, perhaps reaching towards the \$1325 level. Otherwise, market players think that it will probably roll over again and break down towards the \$1275 level, which makes sense to me considering how strong the US dollar has been. With interest rates in the United States going higher, that tends to put downward pressure on gold, as it not only lifts the greenback, it also makes the idea of collecting interest on bonds to be much preferred to a non-interest-bearing asset such as gold.

Pivot:	1,292		
Support	1,287	1,282	1,277
Resistance	1,296	1,301	1,306

Source: FX EMPIRE

### Highlights

- Gold prices ended with a gain as the dollar pulled back from multimonth highs, after touching its worst level of 2018
- Gold is tracking the dollar and the dollar is a little weaker today
- A weaker dollar makes dollar-priced gold cheaper for non U.S investors
- Easing geopolitical tensions also weighed on gold prices
- Investors are ignoring the geopolitical risk as nothing serious is happening, so geopolitical risk is not supporting gold

### 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 steadied just above a 2018 low yesterday as the U.S dollar fell from a five-month high, although risk appetite in the broader financial markets kept the metal's gains in check.
- The dollar lost momentum after a rally sparked by rising U.S bond yields and the prospect of a resolution to U.S and China trade tensions. Spot gold was flat at \$1,292.51. U.S gold futures for June delivery settled up \$1.10 or 0.1 percent, at \$1,292 per ounce.
- This quarter and maybe going into next, gold will continue to struggle but the positive views on the U.S economy are overdone. Gold, regarded as a safe haven, tends to weaken when there is strong investor appetite for equities, which are seen as higher-risk assets.
- There are concerns over sizeable U.S debt, there's the mid-term elections in November, there's enough out there that could see the dollar eventually weaken and gold prices start to improve through the back end of this year.
- Capping gains in gold, European shares inched to a near four-month high as an easing of pressure on Italian markets coincided with China's latest move to open its economy to the rest of the world.
- Gold investors are awaiting the release today of the minutes of the U.S Federal Reserve's latest policy meeting. Any drop to somewhere around the \$1,275 level would start to stir more bullish sentiment.
- Expectations that the Fed will raise U.S interest rates again next month pressured gold. Higher rates tend to boost the dollar and bond yields, making non-yielding assets such as bullion less attractive. The safe haven is still trading near the \$1,290/ounce level, where it has remained stuck for a week now, showing little response to geopolitical fronts.

### 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 market has rallied a bit during the trading session yesterday, making a fresh, new high again, but ever so slowly as we have been rather volatile during the day. The market will probably continue to find value hunters coming into this market on short-term pullbacks. Overall, Economists believe that this market sees plenty of interest going forward, as there are tensions in the Middle East, especially with the whole situation with the Iranian nuclear deal, and of course a whole host of other issues. Currently, it looks at the \$71.50 level as major support. Brent markets also went higher during the day, testing the highs again at the \$80.50 level. The market looks likely to continue to try to break to the upside, but we may get a short-term pullback to pick up a bit of value. Market players think pullbacks will be looked at as opportunities by most investors.

Pivot:	71.98		
Support	71.55	71.30	70.80
Resistance	72.50	72.90	73.25

Source: FX EMPIRE

### Highlights

- Oil prices took a split path yesterday, with the global benchmark scoring a fresh 3½-year high while the U.S benchmark edged lower
- Hedge fund managers have continued to take profits after the recent rally
- Political factors related to Iran and Venezuela have been driving pricing
- Liquidation has been concentrated in crude oil, where the net long position in Brent and WTI has been reduced by a total of 124 million barrels
- Brent have fallen by 84 million barrels over five consecutive weeks

### 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

- Brent crude prices settled slightly higher yesterday after a volatile session in which potential supply concerns surrounding Venezuela and Iran jockeyed with comments from President Donald Trump.
- Brent futures rose 35 cents to settle at \$79.57 a barrel, a 0.44 percent gain. Last week, the global benchmark topped \$80 for the first time since November 2014.
- U.S West Texas Intermediate crude futures fell 11 cents to settle at \$72.13 a barrel, a 0.15 percent loss. They earlier touched \$72.83 a barrel, the highest since November 2014.
- Futures pulled back from session highs in afternoon trading after Trump said he was not pleased with recent trade talks between the United States and China, but kept the door open for further negotiations.
- The U.S government imposed new sanctions on Venezuela following Sunday's re-election of President Nicolas Maduro, a move that analysts say could further curb the country's oil output, already at its lowest in decades.
- OPEC may decide to raise oil output as soon as June due to worries over Iranian and Venezuelan supply and after Washington raised concerns the oil rally was going too far, OPEC and oil industry sources familiar with the discussions.
- The Organization of the Petroleum Exporting Countries and non-OPEC producers led by Russia have agreed to curb output by about 1.8 million barrels per day (bpd) until the end of 2018 to reduce high global oil stocks, but the inventory overhang has now fallen close to OPEC's target.

### 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 continue to be very volatile as per usual, but ultimately the market is focusing more on the dollar than anything else. The dollar has broken out overall, and that continues to put a lot of downward pressure on Silver, but at the same time there are a lot of geopolitical concerns. Recently, we have seen a couple of mixed messages from FOMC members, causing a bit of Muddy Waters when it comes to the idea of where the precious metals markets will go. By breaking above the \$16.50 level and show signs of strength and it showed that it could go towards the previous highs. However it has pulled back since then, this is just the \$16.50 level again that is starting to show minor support. The market does continue to go higher in the short term, but it would be very cautious about putting too much in the way of money when it comes to this market.

Pivot:	16.55		
Support	16.44	16.34	16.24
Resistance	16.67	16.75	16.82

Source: FX EMPIRE

### Highlights

- Silver was up 0.5 percent at \$16.57 an ounce, after touching an eight-day high of \$16.67
- Investors now turn their attention to the Federal Reserve's minutes that will come tomorrow
- The dollar was supported by the continued rise of U.S 10-year Treasury yields that hit 3% recently and expectations for interest rates
- Dollar-denominated assets such as silver is sensitive to move in the dollar
- A stronger dollar makes silver more expensive for holders of foreign currency, reducing demand for the white metal

### 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 losses ticked down yesterday but remained firmly near one-week highs touched earlier today, after maintaining the gains made recently. Silver managed to score profits for the last four sessions as the dollar tumbled against a basket of major rivals.
- Silver prices are modestly higher in early U.S trading today, on corrective rebounds from recent selling pressure. Investor risk appetite in the marketplace recently is making life difficult for the safe-haven metals bulls.
- The dollar fell yesterday away from five-month highs, offering support for the dollar-denominated silver futures. Silver barely inched down to \$16.47 an ounce from the opening of \$16.48, with a session-high at \$16.52, and a low at \$16.45.
- World stock markets were mixed overnight, with Asian stocks down and European stock indexes modestly up. U.S stock indexes are pointed toward firmer openings when the New York day session begins. Little risk aversion in the marketplace recently is driving many world stock indexes.
- Meantime, the U.S dollar index is lower on a corrective pullback from recent good gains that saw prices hit a six-month high on Monday. The U.S dollar index will need to drop to at least 92 or 90, where it was much of this year, from the current six-month high of around 94. It would be a very clear bullish signal for silver.
- All the way through 2017, the U.S stock market was reaching a series of all-time highs and that culminated in the record high we saw in January of this year. But, despite a record earnings season, U.S stocks have failed to get back to where they were back in January.
- Investors are concerned with real rates that is the inflation adjusted yield. And as inflation continues to pick up and go beyond the Federal Reserve's 2% target, silver will remain supported as an inflation hedge.

### 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

Wednesday, May 23, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 23	12:30	EUR Markit/BME Germany Manufacturing PMI (MAY P)	Medium	56.8	57.9	58.1
Wed May 23	13:00	AUD RBA's Governor Philip Lowe Gives Speech in Sydney	High			
Wed May 23	13:00	EUR Markit Eurozone Manufacturing PMI (MAY P)	Medium		56	56.2
Wed May 23	13:30	GBP Consumer Price Index (YoY) (APR)	High		2.5%	2.5%
Wed May 23	13:30	GBP Retail Price Index (YoY) (APR)	Low		3.4%	3.3%
Wed May 23	18:45	USD Markit US Manufacturing PMI (MAY P)	Medium		56.5	56.5
Wed May 23	19:00	USD New Home Sales (MoM) (APR)	Medium		-2.3%	4.0%
Wed May 23	19:30	USD DOE U.S. Crude Oil Inventories (MAY 18)	Medium			-1404k
Wed May 23	23:00	USD FOMC Meeting Minutes (MAY 2)	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

Zaeem Haider Khan	(Head of Commodity)	Cell: 0321-4772883	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Syed Zeeshan Kazmi	(Deputy Manager)	Cell: 0321-4499228	Tel: (+92-42) 35777863-70	zeeshan.kazmi@igi.com.pk
Ehsan Ull Haq	(Commodity Trader - Lahore)	Cell: 0321-4861015	Tel: (+92-42) 35777863-70	ehsan.haq@igi.com.pk
Muhammad Naveed	(Branch Manager - Islamabad)	Cell: 0345-5599900	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Gul Hussain	(Branch Manager - Faisalabad)	Cell: 0344-7770878	Tel: (+92-41) 2540843-45	gul.hussain@igi.com.pk
Asif Saleem	(Branch Manager - Rahim Yar Khan)	Cell: 0334-7358050	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	(Branch Manager - Multan)	Cell: 0300-6348471	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	(Branch Manager - Abbottabad)	Cell: 0333-5061009	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of  
Pakistan 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-FC.C Ground Floor, Syed Maratib Ali Road,  
Gulberg II, Lahore.  
Tel :(+92-42) 95777863-70, 35876075-76  
Fax :(+92-42) 35763542

#### Islamabad Office

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

#### Faisalabad Office

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

#### Stock Exchange Office

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

#### Rahim Yar Khan Office

Plot #: 12, Basement of Khalid Market,  
Model Town, Town Hall Road,  
Rahim Yar Khan  
Tel: (+92-68) 5871652-6  
Fax: (+92-68) 5871651

#### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan  
Tel: (+92-992) 408243-44

#### Abbottabad Office

Ground Floor, Al Fatah Shopping Center,  
Opp. Radio Station, Mandehra Road,  
Abbottabad  
Tel: (+92-99) 2408243-44