Thursday, April 28, 2016

Gold

Technical

Gold markets rose slightly during the course of the session on Wednesday, but struggled at the \$1250 level. There is quite a bit of bullish pressure underneath the gold markets at this point though, so we do believe that the market will continue to grind higher. Pullbacks will probably be looked at as value going forward, and at this point in time we feel that the market is probably going to try to reach towards the \$1280 level, perhaps even higher and towards the \$1300 handle. Pullbacks should be supported all the way down to at least the \$1200 level. Prices were barely changed following the Fed decision. The Fed continues to proclaim "gradual adjustments" ahead, noting that household spending has slowed even as incomes have risen at a "solid rate."

Pivot:	1,256		
Support	1,244	1,239	1,236
Resistance	1,262	1,265	1,270

Highlights

- Gold futures finished yesterday at their highest level in a week
- The Fed failed to offer any real hints of a potential change to interest rates at the next meeting in June
- Gold got slammed after the FOMC meeting, as traders took cover following the slightly hawkish statements
- The Fed left interest rates unchanged and took a wait-and-see stance
- Beyond the Fed, expectations remain high for the Bank of Japan at a meeting

Gold - Technical Indicators	
RSI 14	48.20
SMA 20	1,236.14
SMA 50	1,239.69
SMA 100	1,180.36
SMA 200	1,149.12

Gold Daily Graph



Fundamentals

- Gold reversed losses to climb to its highest level in a week today, as the U.S. dollar slumped more than 2 percent against the yen after the Bank of Japan surprised markets by keeping monetary policy steady.
- At a two-day rate review ending today, the BOJ decided to maintain its pledge to increase base money at an annual pace of 80 trillion yen (\$732 billion). It also left unchanged a 0.1 percent negative interest rate it applies to some of the excess reserves that financial institutions park at the BOJ.
- Spot gold rose to a one-week high of \$1,256.60 an ounce, after dropping 0.7 percent earlier in the session. Traders said the metal was tracking the dollar/yen move after a Federal Reserve statement on Wednesday that provided few clues on the U.S. central bank's monetary policy outlook.
- The Fed kept the door open for an interest rate hike in June, although it indicated it was in no hurry to take such a step. The U.S. central bank said the labour market was improving but acknowledged that economic growth seemed to have slowed.
- The longer the Fed holds off on raising rates, the better for gold. The bullion
 market will now focus on the prospects of a Fed hike at the next meeting in
 June, and the possibility that the Fed will tighten later this year may help cap
 bullion prices.
- Investors see a 23-percent probability that the Fed's overnight lending rate will
 rise in June, according to CME's FedWatch group. U.S. short-term interest rate
 futures reflect the expectation the Fed will wait until September before raising
 rates.
- Gold has rallied 17 percent this year on expectations that the Fed will not raise rates aggressively this year due to global economic risks. The U.S. central bank raised rates in December for the first time in nearly a decade.

US Commodity Eutures Trading Commission (CETC) Data

co connically ratares ritaling connission (or roy bata										
	Large	e Specula	tors	Commercial			Smal	Open		
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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: CF	Source: CFTC									







Thursday, April 28, 2016

Crude Oil

Technical

The WTI Crude Oil market fell initially during the course of the session on Wednesday, testing the \$44 handle. With this being the case, the market looks as if there are buyers below, so by forming a hammer it suggests that we will eventually break out to the upside. There is a lot of noise all the way up to the \$50 handle though, so having said that, it's likely that the market will continue to go much higher. Pullbacks at this point in time will continue to be bought, as the bullish pressure continues to push into this market. The falling US dollar of course has a great influence as well, but this is going to be a very difficult move to hang onto, as there will be extreme amounts of pushback. With this, short-term traders are probably going to be attracted to this market more than anyone else. U.S commercial crude oil inventories increased by 2.0 million barrels from the previous week.

Pivot:	45.19		
Support	43.75	42.90	42.00
Resistance	46.35	47.25	48.00

Highlights

- Oil prices moved higher yesterday after the Federal Reserve said it would leave interest rates unchanged
- U.S crude futures settled 2.93 percent higher, or \$1.29, at \$45.33, also hitting a new 2016 high
- U.S. crude inventories climbed 2 million barrels last week to an all-time peak of 540.6 million barrels
- U.S crude futures turned negative briefly after the EIA report before climbing again
- Declines in the dollar typically makes prices of commodities denominated in the greenback

Crude - Technical Indicators	
RSI 14	62.54
SMA 20	40.57
SMA 50	38.46
SMA 100	35.39
SMA 200	39.37

Crude Oil Daily Graph



Fundamentals

- Oil futures steadied after setting a 2016 high today as traders locked in profits, though analysts said supply disruptions, strong investor appetite and a weakening dollar could push prices higher soon.
- Brent crude futures were trading at \$47.22 per barrel, up 4 cents from their last settlement and off an earlier high of \$47.47. U.S. West Texas Intermediate (WTI) futures were down 2 cents at \$45.31 a barrel.
- Both Brent and WTI have rallied more than 70 percent since their respective 2016 lows in January and February. Record crude storage figures may have spurred some investors to take profits today by closing positions betting on a rise in prices.
- Government data on Wednesday showed that U.S. crude stocks climbed 2 million barrels last week to an all-time peak of 540.6 million barrels. Despite slipping from the highs, analysts said oil market sentiment had clearly turned bullish, and further price rises were likely.
- Analysts also said there were immediate supply risks from Venezuela, which
 is facing a severe electricity crisis, that needed to be factored in. Venezuela
 is an immediate supply risk. In the next two weeks there is potential to have
 some serious disruption.
- Falling U.S. output has also been a supporting factor in oil's recovery. The
 recent trend of rising crude oil prices received another boost after U.S. output
 was shown to have fallen again last week. Analysts said further bullish momentum
 could emerge due to the ongoing weakness in the dollar. A weaker greenback
 makes dollar-traded crude cheaper to buy for countries using other currencies.
- U.S. Energy Information Administration (EIA) data showed that crude production fell to 8.94 million barrels per day (bpd) last week, down almost half a million bpd from last year.

US Commodity Futures Trading Commission (CFTC) Data

	Larg	e Specula	tors	Commercial			Sma	Open		
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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







Thursday, April 28, 2016

Silver

Technical

Silver markets initially rallied during the course of the session on Wednesday, but found enough resistance above to turn things back around and form a bit of a shooting star. Ultimately, this is a market that continues to show signs of strength, but continues to also pullback. We need to see an impulsive green candle to start buying, or perhaps a pullback that shows a massively supportive candle. At this point, we have no interest in selling silver as it has look so healthy over the last several weeks. Ultimately, we do think that the market will go higher over the longer term. Silver's recent breakout above the key \$16.15 to \$16.35 resistance range still remains the dominant force acting on price. The moving averages, as shown on the chart, are all pointing higher now and this bullish momentum is reflected on the RSI momentum indicator nearing 80. This may point to "overbought" market conditions.

Pivot:	17.26		
Support	17.00	16.78	16.48
Resistance	17.66	17.86	18.00

Highlights

- Silver pheld firmed after the US Federal Reserve's latest policy decision
- Silver prices traded 14% above where they stood at the last Fed meeting
- Silver remains rampant as the ratio with gold continues to drop towards 70:1
- The U.S. Federal Reserve held interest rates unchanged but left the door open to a hike in June
- The Fed cited the moderation in consumption and softness in exports and investment spending

Silver - Technical Indicators	
RSI 14	70.67
SMA 20	16.09
SMA 50	15.64
SMA 100	15.03
SMA 200	14.96

Silver Daily Graph



Fundamentals

- Silver jumped in yesterday's trading session to the highest since mid-May last year, as the metal continues to be rerated against the gold price and industrial metals demand gets a boost.
- Silver futures in New York for delivery in May, the most active contract, added nearly 2% in early dealings to trade at \$17.48 an ounce, before paring some of those gains by the close.
- With a 26% advance year to date, silver is now outperforming gold as investors seek an alternative to gold following the yellow metal's disappointing retreat from 13-month highs hit in March. Gold was last trading at \$1,247 an ounce pushing the much-watched silver-gold ratio to just above 71.
- Deutsche Bank in a recent research note, said based on historical trends of the relationship between the two metals silver could break \$20 an ounce in the near term. The German investment bank is not alone in predicting a rosy outlook for the silver price.
- Analysts with Bank of America Merrill Lynch on Tuesday raised their 2016 average prices forecast for 2015 to \$16.47 (year to date silver is averaging \$15.18) saying silver's fundamentals look the strongest in years thanks to declining mine output and rising industrial demand.
- Some ETF investors have been switching from gold to silver and silver and large-scale futures speculators or "managed money" investors such as hedge funds are also bullish on the outlook for the metal. Hedge funds dramatically raised bullish bets on silver last week pushing the overall market into another record net long position.
- According to the CFTC's weekly data released on Friday speculators once again added to longs, building a bullish position of 378.6 million troy ounces, the highest level since at least 2006.

	Large	e Specula	tors	Commercial			Smal	Open		
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interes
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
5- Mar-16	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
2- Mar-16	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468





Thursday, April 28, 2016

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Apr 28	02:00	Reserve Bank of New Zealand Rate Decision (APR 28)	high	2.25%	2.25%	2.25%
Thu Apr 28	04:30	JPY National Consumer Price Index (YoY) (MAR)	high	-0.1%	0.0%	0.3%
Thu Apr 28	08:01	JPY BOJ Policy Rate (APR 28)	high	-0.10%	-0.10%	-0.10%
Thu Apr 28	12:55	EUR German Unemployment Change (APR)	high	-16k	0k	-2k
Thu Apr 28	17:00	EUR German Consumer Price Index (YoY) (APR)	high		0.1%	0.3%
Thu Apr 28	17:30	USD Initial Jobless Claims (APR 23)	medium		260k	247k
Thu Apr 28	17:30	USD Continuing Claims (APR 16)	medium		2145k	2137k
Thu Apr 28	17:30	USD Gross Domestic Product (Annualized) (1Q)	high		0.6%	1.4%
Thu Apr 28	17:30	USD Personal Consumption (1Q)	high		1.7%	2.4%

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 Offic	ce		
Laiq Ur Rehman	Tel: (+92-68) 5871653-55	Cell: 0300-8670967	laiq.qureshi@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- Liaqat 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

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

