

Gold

Technical

Gold prices moved higher as inflation in the EU came in as expected, and stronger than expected U.S consumption gave a boost to the yellow metal. Support on gold prices is seen near the May lows a 1,199 and then the 200-day moving average at 1,163. Momentum is clearly negative as the MACD (moving average convergence divergence) index prints at the lowest reading seen in the past 6-months. The relative strength index seemed to plateau printing a reading of 35, which is on the lower end of the neutral range. The Eurozone May HICP inflation rate lifted from the -0.2% year over year rate posted in April, but remained in negative territory at -0.1% year over year, in line with consensus. The whip saw movements seen over the past 3-months had much to do with the Easter effect.

Pivot:	1,216		
Support	1,210	1,205	1,199
Resistance	1,223	1,227	1,234

Highlights

- Gold futures yesterday settled almost 6% lower for the month, marking their first monthly loss this year
- Expectations for higher U.S interest rates continue to dent the precious metal
- Prices, however, finished the day with a narrow gain, their first in nine sessions
- June gold tacked on \$1, or less than 0.1%, for the session, to settle at \$1,214.80 an ounce
- In the last week net long positions of financial speculators in gold declined

Gold - Technical Indicators

RSI 14	31.47
SMA 20	1,248.02
SMA 50	1,250.33
SMA 100	1,232.83
SMA 200	1,168.86

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold held steady, supported by an easing dollar and weaker Asian stocks, a day after it closed higher for the first time in 10 sessions. Asian stocks were on a weak footing on Wednesday as a slip in crude oil prices dampened investor appetite for riskier assets, while the recently bullish dollar stalled against the euro and yen following mixed U.S economic data.
- U.S consumer spending recorded its biggest increase in more than six years in April as households stepped up purchases of automobiles, although other data showed an ebb in consumer confidence in May.
- Spot gold was little changed at \$1,215.80 an ounce. The precious metal gained 0.8 percent on Tuesday, its biggest single-day percentage gain since May 13. Bullion lost about 6 percent in May, its biggest decline in six months. U.S. gold was nearly flat at \$1,218.50.
- The safe haven asset has climbed nearly 15 percent so far this year, but has been under pressure after minutes from the U.S. Federal Reserve's April meeting released last month boosted expectations of an imminent rate rise.
- The fact that gold did not undergo another sharp selling bout on Tuesday in light of strong U.S macro data and an equally strong dollar tells us that participants may already have discounted a rate rise.
- An increase in U.S rates would raise the opportunity cost of holding gold, which does not earn interest. It would also bolster the dollar, making gold more expensive for buyers in other currencies.
- U.S. non-farm payrolls data for May is due on Friday and a solid reading could heighten expectations for a rate increase this month or as early as July. We expect further correction as the numbers should come in favourably for the Fed to move as early as July and so, taking that into consideration, market players are not done yet in the adjustment process.

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 initially fell during the session on Tuesday, and then raced towards the \$50 level. We did not break above it yet though, so we need to get a daily close above there in order to start buying. However, there are signs that we will eventually, so given enough time it is likely that we will continue to grind our way higher from here. A pullback from here will more than likely have quite a bit of support at the \$49 level, as well as the \$48 level also. We don't have any interest in selling at this point in time, at least not until we get a longer-term sell signal such as one on the weekly chart. One thing that we do know is that there is going to be a lot of volatility in this market over the next several sessions, so expect choppiness regardless of what direction we try to head. Momentum is relatively flat as the MACD prints near the zero index level.

Pivot:	48.63		
Support	48.29	47.95	47.63
Resistance	49.09	49.31	49.75

Highlights

- Oil prices fell as investors adopted a cautious position ahead of Thursday's biannual meeting of the OPEC
- U.S West Texas Intermediate was down 1.16% at \$48.53 for July delivery
- The Energy Information Administration will release the weekly U.S oil inventory data later today
- Any significant fall in U.S. stocks will buoy oil prices
- U.S production fell below 8.8 million barrels a day last week

Crude - Technical Indicators

RSI 14	66.67
SMA 20	47.99
SMA 50	44.46
SMA 100	39.51
SMA 200	39.84

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices fell today on expectations of OPEC inaction on output as its focus stays on retaining market share, while concerns about China's economy weighed on the demand outlook.
- Brent crude was at \$49.19 per barrel, down 70 cents. It earlier fell more than \$1 to the day's low of \$48.86. U.S crude futures were down 74 cents at \$48.36 a barrel.
- Gulf OPEC members including Saudi Arabia are looking to revive the idea of coordinated oil-output action by major producers when the group meets on Thursday, a senior OPEC source said. Oil trimmed some earlier losses after the source spoke.
- Iran signaled it was not ready for any such deal and analysts said it was more likely that OPEC members would continue to focus on defending market share instead of propping up prices by curbing output. The OPEC meeting in Vienna on Thursday is unlikely to see a change in the policy of maintaining market share.
- Saudi Arabia can claim its policy has been successful with oil prices recovering at the same time as non-OPEC oil production has fallen back, leading to a more rapid global market rebalancing than expected. Iran's representative to the OPEC said Tehran would not commit to any oil output freeze and that any discussion of rationing output would have to wait until the oil market had been stabilized.
- Many Middle East oil producers have ramped up deliveries to Asia in an aggressive fight for market share. But on the demand side, Morgan Stanley said it was worried about China. China's official factory activity gauge expanded only marginally in May, data showed on Wednesday, while a private survey showed conditions deteriorated for a fifteenth straight month.

US Commodity Futures Trading Commission (CFTC) Data

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	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 market initially tried to rally during the course of the day on Tuesday, but turned around to form a shooting star. However, there is quite a bit of support just below, based upon all of the noise that we had seen in this market during the early part of the year. With this being the case, we are much more interested in buying this market on either signs of support, or a break above the top of the shooting star from the Tuesday session. One thing you can count on is volatility. The area around 16 has been viewed as an important support level. Continued trade below, which is looking like the case as buyers are currently showing limited interest, will likely carry silver towards the trend-line 15.75 running off the January swing low. A move below this trend-line to the 14.60/80 vicinity looks quite possible given the before discussed positioning extreme.

Pivot:	16.02		
Support	15.86	15.76	15.65
Resistance	16.07	16.16	16.26

Highlights

- Once the hawkish FOMC minutes were released on May 18, U.S Dollar strength weighed on the price of silver
- Silver has been consolidating below \$16.50 since then, as the DXY manages to stay above 95
- All the attention is at the U.S Federal Reserve to see whether a rate hike arrives. The next FOMC meeting is June 14-15
- Silver prices began the last trading week on a sour note
- Yellen said another interest rate hike would be appropriate

Silver - Technical Indicators

RSI 14	35.73
SMA 20	16.67
SMA 50	16.61
SMA 100	15.90
SMA 200	15.27

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are well supported by fundamentals even if market positioning argues for some short-term chop. That's the view of analysts at Commerzbank, who reaffirmed their end-year forecast of \$18 per ounce on Wednesday.
- Admittedly, the metal was in rare retreat through May as investors looked nervously towards the prospect of higher US interest rates. These take a bit of the gleam off precious metals as they make other, yield-bearing securities more attractive compared to the likes of gold or silver, which pay you precisely nothing to hold on to.
- Previously, silver had enjoyed a storming start to the year as market volatility, worries about Chinese growth and a proliferation of sub-zero interest rates supported demand.
- The financial side of the market, as opposed to that concerned with industrial or jewellery demand, had become rather crowded, from the long side. The good news for silver bulls is that the market's fundamentals remain very sound.
- Demand achieved a ten-year high of 62.9 million ounces in 2015, the global silver market looks set to show another supply deficit in 2016. Silver exchange-traded funds have so far recorded net inflows of around 32.7 million ounces since the beginning of the year,
- Silver prices had a solid bull run in the beginning of this year. From January to the end of April, the spot price of silver shot up nearly 30% from \$13.82 to \$17.89 an ounce.
- But according to the latest silver price forecast from one industry insider, this could just be the beginning for silver prices. Today, silver is trading at approximately \$16 an ounce. While the silver market is volatile by nature, there are some elements to gold and silver prices that make them predictable to a point.

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, June 01, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jun 01	06:00	CNY Manufacturing PMI (MAY)	high	50.1	50.0	50.1
Wed Jun 01	06:30	AUD Gross Domestic Product (YoY) (1Q)	high	3.1%	2.8%	3.0%
Wed Jun 01	10:45	CHF Gross Domestic Product (YoY) (1Q)	high	0.7%	0.9%	0.3%
Wed Jun 01	12:15	CHF Retail Sales (Real) (YoY) (APR)	medium	-1.9%		-1.6%
Wed Jun 01	13:30	GBP Net Consumer Credit (APR)	medium	1.3b	1.6b	1.8b
Wed Jun 01	13:30	GBP Mortgage Approvals (APR)	medium	66.3k	67.9k	70.3k
Wed Jun 01	13:30	GBP Markit UK PMI Manufacturing s.a. (MAY)	medium	50.1	49.6	49.4
Wed Jun 01	16:00	USD MBA Mortgage Applications (MAY 27)	medium	-4.1%		2.3%
Wed Jun 01	19:00	USD ISM Manufacturing (MAY)	high		50.4	50.8

Source: Forex Factory, DailyFX

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