

Gold

Technical

August Comex Gold futures are under pressure today. A stronger dollar and firmer equity prices are behind the selling pressure. Technically, the main trend is down according to the daily swing chart. The market is in no position to change the trend to up, but we could see a reversal bottom if the selling pressure dries up and shorts decide to cover. The short-term range is 1211.80 to 1308.00. Its retracement zone is \$1259.90 to \$1248.50. After consolidating inside this zone for three days, sellers are attempting to take out the lower or Fibonacci level at \$1248.50. This is a sign of weakness. The main range is \$1049.40 to \$1308.00. Its retracement zone at \$1178.70 to \$1148.20 is the primary downside target. A sustained move under \$1248.50 will indicate the presence of sellers.

Pivot:	1,243		
Support	1,237	1,231	1,226
Resistance	1,252	1,256	1,261

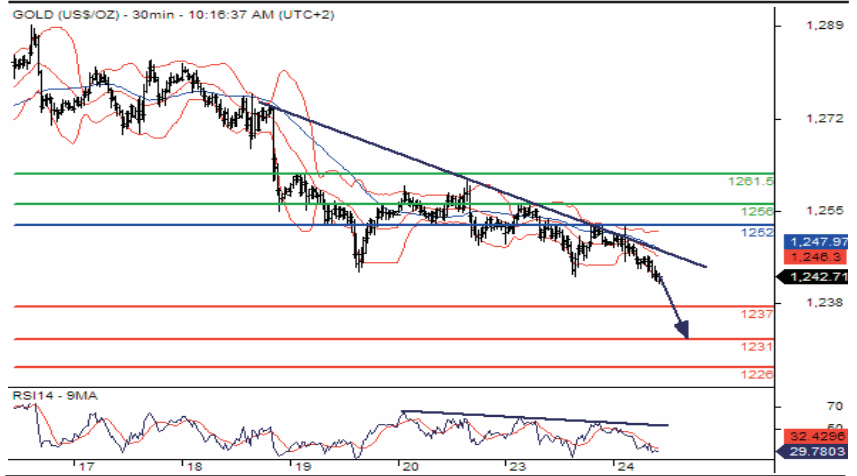
Highlights

- Gold futures settled lower yesterday for a fourth session in a row
- The expectation that the Fed could raise interest rates next month drove gold prices to their lowest levels since late April
- June gold fell by \$1.40, or 0.1%, to settle at \$1,251.50 an ounce
- A host of Fed speakers this week is expected to reaffirm a higher-rate stance
- Higher interest rates would presumably lift dollar demand, dampening buyer interest in dollar-priced precious metals

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 fell to a 3-1/2 week low on Tuesday as hawkish comments from Federal Reserve officials in the previous session sent the dollar to a two-month high against a currency basket.
- The prospect of an early rate hike, as indicated by Fed meeting minutes released last week, and a strengthening dollar have pushed gold down nearly 4 percent so far in May, putting it on track for its biggest monthly decline since November.
- Gold is highly sensitive to rising interest rates, which lift the opportunity cost of holding the non-yielding metal, while boosting the dollar, in which it is priced. Spot gold was down 0.5 percent at \$1,242.95 an ounce, while gold futures for June delivery were down \$7.90 an ounce at \$1,243.60.
- We had more hawkish noises yesterday, with a trio of Fed speakers lining up to say that June or July are live meetings for considering a rate increase. The dollar's in the ascendancy this morning, against the euro and the basket as well, and gold is coming under pressure.
- Senior Fed officials on Monday said that rates being kept too low for too long could cause financial instability, and that the U.S. central bank would continue with rate increases next year.
- The Fed's policymakers are scheduled to speak this week and are expected to back the case for a rate hike within months. Fed Chair Janet Yellen will be at a panel event hosted by Harvard University on Friday.
- Holdings in the world's largest gold-backed exchange-traded fund, SPDR Gold Shares, rose 0.38 percent to 872.52 tonnes on Monday. There appears to be good demand for gold at \$1,243-44 so it will be interesting to see whether this level will prove to be a triple bottom. If it does break through convincingly, there could be a fresh wave of liquidation.

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 fell initially during the day on Monday, but found enough support just above the \$47 level to turn things around slightly. We recently formed not only a shooting star, but we have also formed a hammer. The shows just how much conflict we see in the markets right now, and as a result you have to think of this as more or less a very tight consolidation range. Below current trading there is a significant amount of support at the \$46 level, so any pullback to that area will more than likely find buyers. A supportive candle in that general vicinity would be reason enough to get involved to the upside. The same thing can be set up we break above the \$50 handle, although that looks a little difficult to do at the moment. In the meantime, we prefer buying short-term pullbacks for short-term gains. Brent markets fell a bit during the course of the day on Monday as well.

Pivot:	47.76		
Support	47.25	46.90	46.53
Resistance	48.27	48.60	48.85

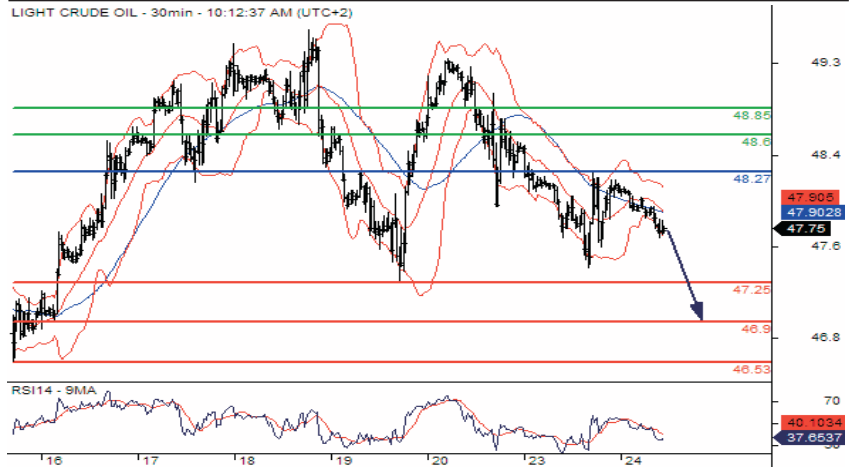
Highlights

- Oil prices fell as the dollar strengthens and supply concerns grow
- U.S West Texas Intermediate, is trading down 0.69% at \$47.75 a barrel
- Later today preliminary data will be released by the API about the level of crude in storage in the U.S
- The supply picture is stronger, Canada's oil sands production expected to resume shortly after wildfires shut down
- Ahead of the meeting, Libyan exports could return to the market

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 fell for a fifth consecutive day today on rising production from major exporters, and as the dollar strengthened. U.S. crude futures dropped 15 cents to \$47.93 a barrel, having settled down 33 cents the day before.
- Iraq's oil output has reached 4.7 million barrels per day (bpd) and exports are running at a record 3.9 million bpd, the state-run Iraqi Media Network reported on Tuesday, citing Deputy Oil Minister Fayadh al-Nema.
- Investor focus was shifting back to global oversupply after a wildfire hit exports from Canada, while protests disrupted Nigerian production. A meeting of the OPEC exporter group, including Iran, is scheduled for June 2.
- Plans for a deal between OPEC and non-OPEC producers to shore up crude prices by freezing output fell apart in April when Saudi Arabia demanded that Iran, its main rival for influence in the region, participate.
- Iran's Deputy Oil Minister Rokneddin Javadi was quoted on Sunday as saying the country's crude export capacity will reach 2.2 million barrels by the middle of summer. The dollar index rose on Tuesday, making dollar-priced oil more expensive for holders of other currencies.
- A strike in France hampered demand for crude oil in Europe as refineries were disrupted by pickets. French police using water cannon and tear gas broke up a strike picket that was blocking access to a large oil refinery in the southern port area of Marseille in a government-versus-union showdown over labor law reforms.
- The American Petroleum Institute releases inventory data on Tuesday, while figures from the U.S. government's Energy Information Administration come on Wednesday. U.S commercial crude stocks likely fell by around 2.5 million barrels to 538.8 million in the week ended May 20, a Reuters poll of economists showed.

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 initially tried to rally during the course of the session on Monday, but turned right back around to lose 0.75%. There is a significant amount of support just below the \$16.20 level though, and most certainly at the \$16.00 level. With this, it's probably only a matter of time before the buyers return near that supportive area, so we are simply waiting to see signs of life in this market that we can start buying on. We have no interest in selling at this point in time, but of course will have to continue to monitor the market. The trend is bearish below the March 19 high of \$16.89, as it is one of the several swing highs created following price reaching a high of \$17.36 on May 16. The preceding swing high of the March 19 high is the intraday high of \$17.15, formed on May 18. A more recent swing high is the March 20 high of \$16.63 in short term technical chart.

Pivot:	16.23		
Support	16.13	15.95	15.75
Resistance	16.45	16.65	16.90

Highlights

- Today's silver prices are down another 0.5% to \$16.46 – the lowest since April 18
- Silver fell mostly following the rise in the U.S dollar, which is near its highest level in over a month
- Silver prices have been battling the U.S Dollar Index (DXY) all year. In recent weeks, the dollar's been winning
- Just three weeks ago, prices topped the \$18 level.
- The fundamental indicators for the silver price remain bullish

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 enjoyed a positive shift in sentiment in the first quarter largely due to an impressive rally in gold prices, which itself was driven by a weaker dollar and a steep fall in US real interest rates amid renewed risk aversion and lower Fed tightening expectations.
- Investors expect sentiment to remain positively skewed in the second quarter, which should translate into further ETF and speculative demand, mainly because risk aversion should prevail amid a macroeconomic environment challenged by growing political uncertainty.
- Importantly, the gold-silver ratio, which averaged 79 in the first quarter, hit an extremely high historical level, making silver look relatively cheap compared to gold at current price levels.
- The ratio could revert toward its longer-term average of 62, which would result in a considerable outperformance of silver relative to gold. Against this backdrop, silver could surprise to the upside and reach new year-to-date highs in the second quarter.
- Silver prices kicked off the last trading week on a high note. After closing at \$17.08 per ounce on Friday, May 13, the price of silver opened for trading on Monday, May 16, at \$17.29. Although prices weakened throughout the day, they still closed at \$17.12 for a gain of 0.2%.
- Thanks to the release of the April FOMC minutes, Wednesday is when the silver price action began. The metal quickly priced in the hawkish sentiment of the U.S. Federal Reserve, which indicated that an April rate hike had support and a June rate hike was firmly on the table.
- Silver prices reacted by plunging to \$16.81. However, the metal recouped some losses and closed at \$16.88 for a 2% loss on the day. The sharp surge in the dollar after the minutes was clear.

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

Tuesday, May 24, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue May 24	11:00	CHF Trade Balance (Swiss franc) (APR)	medium	2.50b		2.18b
Tue May 24	11:00	EUR German Gross Domestic Product n.s.a. (YoY) (1Q F)	medium	1.3%	1.3%	1.3%
Tue May 24	13:30	GBP Public Finances (PSNCR) (Pounds) (APR)	medium	-2.4b		17.8b
Tue May 24	14:00	GBP BOE's Ben Broadbent Publishes MPC Annual Report	medium			
Tue May 24	14:00	GBP BOE's Carney, Broadbent, Weale, and Vlieghe in Parliament	high			
Tue May 24	14:00	EUR German ZEW Survey (Economic Sentiment) (MAY)	medium	6.4	12.0	11.2
Tue May 24	14:00	EUR Euro-Zone ZEW Survey (Economic Sentiment) (MAY)	medium	16.8		21.5
Tue May 24	19:00	USD Richmond Fed Manufacturing Index (MAY)	low		8	14
Tue May 24	19:00	USD New Home Sales (MoM) (APR)	medium		2.0%	-1.5%

Source: Forex Factory, DailyFX

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