

## Gold

### Technical

Gold prices bounced on Tuesday following softer than expected European data which led to a selloff in riskier asset and buoyed the yellow metal. The stronger than expected U.S. ISM Services report, pushed gold prices off their highs during the North American trading session. Support is seen near the 50-day moving average at 1,216, while resistance is seen near the 10-day moving average at 1,224. With the FOMC Meeting Minutes coming out during the day today, we could get dovish words out of the Federal Reserve that will push down the value of the US dollar. If we get that, then by extension gold should rally. A break above the top of the range would be positive enough to start going long. We have no interest in shorting this market.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,225 |       |       |
| Support    | 1,222 | 1,214 | 1,208 |
| Resistance | 1,232 | 1,236 | 1,243 |

### Highlights

- Gold futures finished higher yestreday as investors rushed toward safety plays amid a global stock-market downdraft
- June gold rose \$10.20, or 0.8%, to \$1,229.50 an ounce yesterday
- Spot prices saw their biggest quarterly rise in nearly 30 years in the three months to March
- Gold is getting a lift "from significantly higher risk aversion among market participants
- Boston Federal Reserve President Eric Rosengren said the U.S central bank should hike rates sooner rather than later

### Gold - Technical Indicators

|         |          |
|---------|----------|
| RSI 14  | 47.00    |
| SMA 20  | 1,235.14 |
| SMA 50  | 1,225.69 |
| SMA 100 | 1,155.36 |
| SMA 200 | 1,139.12 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold fell today as a recovery in the dollar prompted some to cash in gains after Tuesday's 1.8 percent rally, though price moves were muted as traders awaited the minutes of the Federal Reserve's last policy meeting.
- The minutes, due to be published later today, will be scrutinised for clues about the outlook for U.S monetary policy, as well as any signs of dissent over the central bank's decision to leave interest rates on hold at its March meeting.
- Gold is sensitive to any increase in U.S. rates, as it would lift the opportunity cost of holding non-interest bearing metal. It posted its biggest quarterly rise in nearly 30 years in the first three months of 2016 as expectations for rate rises faded.
- Gold rose 1.8 percent on Tuesday as equity markets sold off, fuelling interest in the metal as an alternative asset, but it has since declined as stocks steadied in Europe. Spot gold was down 0.4 percent at \$1,225.41 an ounce while U.S gold futures for June delivery were down \$2.40 an ounce at \$1,227.20.
- The precious metal has eased off today as investors have their focus back towards the equity markets. The FOMC committee needs to show solidarity with respect to a rate hike and as long as we are lacking that, their message will be vague and spawn only more volatility.
- U.S. Fed Chair Janet Yellen sparked a rally in gold late last month after saying the central bank should remain cautious about any further interest rate rises. However, recent hawkish comments have capped gains in the market.
- Boston Federal Reserve President Eric Rosengren and Chicago Fed President Charles Evans indicated this week that the market view about rate rises was pessimistic. Holdings of the world's largest gold-backed exchange-traded fund, New York-listed SPDR Gold Shares, fell 0.28 tonnes to 815.44 tonnes, data from the fund showed. It reported its first weekly outflow this year last week.

### 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 rose just slightly during the course of the session on Tuesday, but more importantly we have Crude Oil Inventories coming out during the day here on Wednesday, so that will have more of an effect on this market. On top of that, we have the FOMC Meeting Minutes coming out during the day, and that of course can have an effect on the US dollar which in turn can affect this market. In other words, we expect quite a bit of volatility but we are at an area that was once supportive, and it looks as if it is starting to crumble a bit. If that's the case, we could very well find ourselves selling off in going down to the \$34 level. Rallies at this point in time would be suspicious, as we have most certainly broken down below a significant uptrend line. Momentum remains negative with the MACD (moving average convergence divergence) index printing in the red.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 36.95 |       |       |
| Support    | 35.88 | 35.20 | 34.50 |
| Resistance | 37.25 | 38.39 | 39.07 |

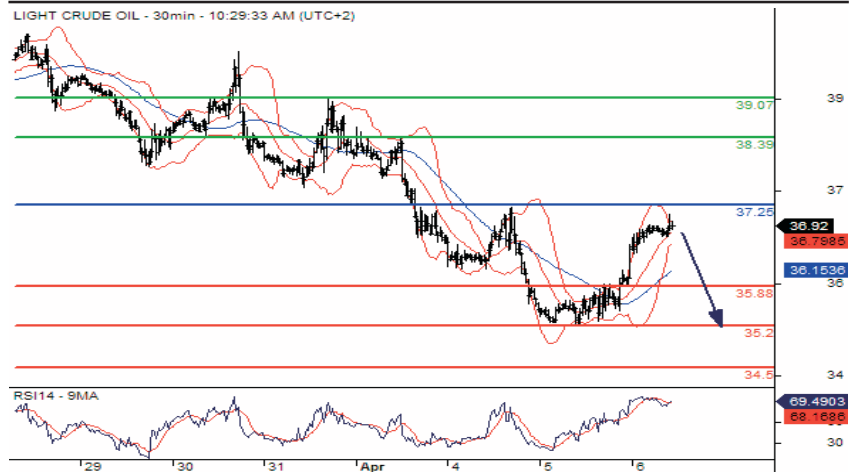
### Highlights

- Crude oil futures jumped, lifted by growing expectations that exporters will agree to freeze their output amid global oversupply
- Iran's plans to boost production are seen as capping bigger price gains
- The Kuwaiti governor for the OPEC said on that there were "positive indications an agreement will be reached"
- Front month U.S. crude futures jumped a dollar, or 2.8 percent, to \$36.89 per barrel
- API, an industry trade group reported that U.S inventories of crude oil fell by 4.3 million barrels

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 47.75 |
| SMA 20  | 38.67 |
| SMA 50  | 34.99 |
| SMA 100 | 34.62 |
| SMA 200 | 39.58 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Crude futures jumped today as hopes for an agreement among exporters to freeze output underpinned the market, although persistent global oversupply and Iran's plans to boost production pressured physical oil prices.
- Oil futures recovered from one-month lows to end the previous session up after the Kuwaiti governor for the OPEC, Nawal Al-Fuzai'a, said there were "positive indications an agreement will be reached" on output during a producer meeting scheduled for April 17 in Qatar.
- U.S crude futures jumped over a dollar, or almost 3 percent, to a high of \$36.92 per barrel before easing to \$36.76 per barrel. International Brent futures rose as high as \$38.64 before easing to \$38.41 a barrel, still up 54 cents from their last settlement.
- Oil futures gained some momentum. The comment by the Kuwait OPEC governor provided some support to prices. An expectation that China's economy might be stabilizing after over a year of slowing also supported prices.
- An initial output freeze agreed in February has helped oil prices rise to almost \$38 a barrel from a 12-year low close to \$27 plumbed earlier this year. However, prices have fallen in recent days on doubts that a wider deal will be reached, largely because Iran has so far said it has no intention of slowing its production after crippling sanctions against it were lifted in January.
- Iranian Oil Minister Bijan Namdar Zanganeh said the country's crude output would reach 4 million barrels per day (bpd) by March 2017, state television reported on Wednesday, with plans to export 2.25 million bpd of those supplies.
- With Iran's exports rising and other producers pledging to freeze production near record-high levels, an agreement would do little to address a global supply overhang that sees at least a million barrels of crude produced every day in excess of demand.

### 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 had a slightly positive session during the day on Tuesday, bouncing above the \$15 level after testing serious support just below. It looks as if the support is still going to be active, and with the FOMC Meeting Minutes coming out during the day, we believe that it's very likely that we will get some type of volatility. In general, if the minutes are fairly dovish, that should be bad for the US dollar, and good for precious metals. On a break above the \$15.20 level, we would become buyers of silver. From a technical point of view, the current rise is seen as corrective given that the overall trend is downward below the March 31 swing high of \$15.56. The trend is bearish as the March 31 swing high of \$15.56 is lower than the prior swing high of \$16.03, which was formed on March 22. Support levels are currently at last week's low of \$14.88.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 15.05 |       |       |
| Support    | 14.97 | 14.88 | 14.76 |
| Resistance | 15.21 | 15.33 | 15.52 |

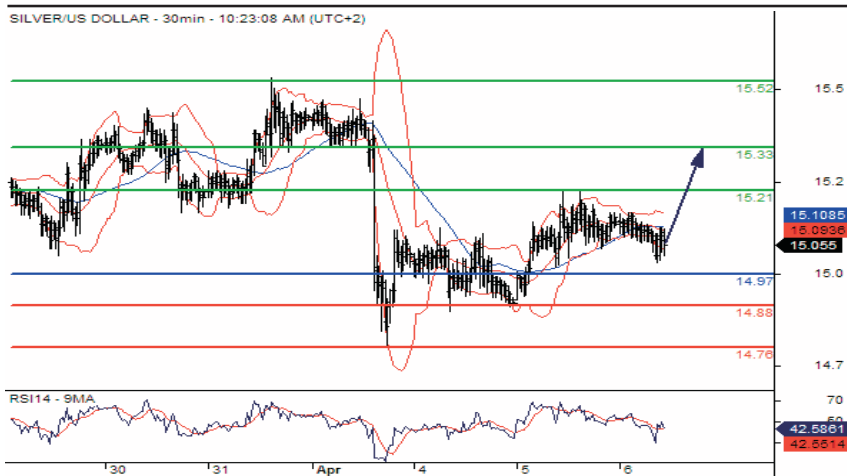
### Highlights

- Silver fell after recovery in the dollar prompted some to cash in gains after yesterday's 1.8 rally in silver
- Price moves are muted as traders awaited the minutes of the Fed's last policy meeting
- The minutes, due to be published today, will be scrutinised for clues about the outlook for U.S. monetary policy
- Precious metal has eased off as investors focused to the equity markets
- Recent hawkish comments have capped gains in the market

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 43.83 |
| SMA 20  | 15.40 |
| SMA 50  | 15.27 |
| SMA 100 | 14.68 |
| SMA 200 | 14.85 |

### Silver Daily Graph



### Fundamentals

- The silver price appreciated more than one percent on Tuesday, snapping a two-day decline, as risk-averse traders hurried to buy safety-haven investments and sell risky assets like stocks amid a global stock-market selloff.
- The May silver price rose to as high as \$15.22 a troy ounce before trimming gains to settle at \$15.12 a troy ounce, or up 1.2%. The silver price had lost 3.4% over the past two sessions following a robust U.S. jobs report last week.
- The silver price is nearly 11% higher than its one-year low reached in December, but still 16% lower than its 52-week high of \$17.90 a troy ounce, touched last May.
- Silver is one of the best performing investments in 2016 with a 9.2% gain, preceded by gold (16% rally), and the Brazilian real (up 12%). Silver prices are higher by 1.55% today as it appears that the softer equity markets have triggered a demand for safe haven assets such as Gold and Silver.
- The current rise amounts to a 50% correction to the decline from the March 31 high of \$15.56 to the April 1 low of \$14.81. The bulk of this decline occurred following the U.S. NFP publication last Friday.
- The precious metal has eased off today as investors have their focus back towards the equity markets. U.S. Fed Chair Janet Yellen sparked a rally in precious metal late last month after saying the central bank should remain cautious about any further interest rate rises.
- However, recent hawkish comments have capped gains in the market. Boston Federal Reserve President Eric Rosengren and Chicago Fed President Charles Evans indicated this week that the market view about rate rises was pessimistic.
- While differences amongst policymakers are quite normal behind the scenes, seeing them played out in so public a manner does run the risk of muddying the message.

### 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, April 06, 2016



## Data Calendar

### Economic Data

| Date       | Time  | Event  | Importance | Actual | Forecast | Previous |
|------------|-------|--|------------|--------|----------|----------|
| Wed Apr 06 | 06:45 | CNY Caixin China PMI Composite (MAR)                           | medium     | 51.3   |          | 49.4     |
| Wed Apr 06 | 10:00 | JPY Coincident Index   | medium     | 110.3  | 110.3    | 113.5    |
| Wed Apr 06 | 11:00 | EUR German Industrial Production n.s.a. and w.d.a. (YoY) (FEB) | medium     | 1.3%   | 0.4%     | 1.8%     |
| Wed Apr 06 | 13:10 | EUR Markit Germany Retail PMI (MAR)                            | medium     | 54.1   |          | 52.5     |
| Wed Apr 06 | 13:10 | EUR Markit Eurozone Retail PMI (MAR)                           | medium     | 49.2   |          | 50.1     |
| Wed Apr 06 | 16:00 | USD MBA Mortgage Applications (APR 1)                          | medium     | 2.7%   |          | -1.0%    |
| Wed Apr 06 | 19:00 | CAD Ivey Purchasing Managers Index s.a. (MAR)                  | medium     |        | 54.8     | 53.4     |
| Wed Apr 06 | 19:30 | USD DOE U.S. Crude Oil Inventories (APR 1)                     | medium     |        |          | 2299k    |
| Wed Apr 06 | 19:30 | USD DOE Cushing OK Crude Inventory (APR 1)                     | low        |        |          | -272k    |

Source: Forex Factory, DailyFX

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## 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 Office

Laiq Ur Rehman      Tel: (+92-68) 5871653-55      Cell: 0300-8670967      laiq.queshi@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  
 Stock Exchange Road, Karachi  
 Tel : (+92-21) 32429613-4, 32462651-2  
 Fax : (+92-21) 32429607