

## Gold

### Technical

Gold markets went back and forth during the course of the day on Monday, as there is still quite a bit of volatility in the overall trading community. We initially reached above the \$1240 level, only to turn back around and form a somewhat benign candle. Ultimately, this is a market that seems to favor the upside over the longer term, but in the meantime it looks as if there are a lot of questions. With this, we are cautiously optimistic but recognize that volatility is here to stay. We have no interest whatsoever in selling. Momentum on gold is negative as the MACD recently generated a sell signal. This occurs as the spread crossed below the 9-day moving average of the spread. The index moved from positive to negative territory confirming the sell signal.

Pivot:	1,242		
Support	1,236	1,227	1,223
Resistance	1,250	1,254	1,259

### Highlights

- Gold prices hit a four-day high in today's session, as a softer dollar supported demand for the precious metal
- Spot gold was up 0.9%, having hit its highest level since last week at \$1,246.31 an ounce.
- Gold prices have gained 17% in value since the start of the year, boosted by a weaker dollar and global economic risks
- Dollar was down at 85.89, making the dollar-denominated commodity cheaper
- Today's rally in commodities, particularly in gold is raising alarm bells for investors

### Gold - Technical Indicators

RSI 14	50.47
SMA 20	1,234.14
SMA 50	1,236.69
SMA 100	1,165.36
SMA 200	1,143.12

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold rose 1 percent in today, lifted by a weaker dollar and a 10-month high for silver, which benefited from robust Chinese buying. Gold touched a session high of \$1,246.40 an ounce and was up 1 percent at \$1,242.96.
- One reason is that the dollar is weakening. Another reason is that there is heavy buying in silver in Shanghai, and that has triggered buying in gold as well. The U.S dollar fell 0.2 percent against a basket of major currencies.
- European equities climbed to three-month highs but that did not dampen demand for gold, often seen as a hedge against risk. Gold traders were also watching for comments from Federal Reserve officials to gauge the outlook for U.S. monetary policy.
- Gold should probably hang on to its gains in the second quarter because the dollar is likely to stay relatively subdued with the expectations of U.S. interest rate hikes being pushed out to the second half of this year. That generally means that the yield environment for non-interest-bearing assets remains fairly favourable.
- The Fed raised rates modestly from near zero in December -- its first policy tightening in nearly a decade. While futures markets imply no further increases until December, Fed projections suggest there could be two more hikes by year-end.
- New York Fed President William Dudley said that U.S. economic conditions are "mostly favourable" but the Fed remains cautious on interest rates because threats loom. Boston Fed President Eric Rosengren, however, said the Fed is set to increase rates more rapidly than investors currently expect.
- Top gold consumer China launched a yuan-denominated gold benchmark on Tuesday as the country took an ambitious step to exert more control over the pricing of the metal and boost its influence in the global bullion market.

### 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 gapped lower at the open on Monday, as the meeting in Qatar failed to produce any type of agreement. There are still concerns about oversupply, and the fact that we will not see any type of production freeze suggests that oil markets could struggle a bit. However, demand has been picking up lately, so there should be a continued back-and-forth type of fight when it comes to this marketplace. The fact that we found quite a bit of bullish pressure underneath to form what looks like a hammer suggests of course that there is going to be a lot of struggle in this market. At best, we are probably looking at short-term trades and scalping of this market as although there was a lot of bearish news over the weekend, the reality is that this market has been acting on several different factors for some time. Resistance is seen near the April highs at 42.50.

Pivot:	40.14		
Support	39.35	38.44	37.60
Resistance	40.80	41.73	42.42

### Highlights

- Oil prices rose as a strike by oil workers in Kuwait and outages in other parts of the world renewed hopes for a smaller global glut
- The gains also came as markets continued to grapple with the fallout of the Doha production-talks fiasco over the weekend
- Crude futures for delivery in May rose 65 cents, or 1.7%, to \$40.43
- Kuwaiti oil workers went on strike for a third day to protest against public-sector reforms
- Traders will be watching U.S. crude inventories and production data for cues on global supply

### Crude - Technical Indicators

RSI 14	65.48
SMA 20	39.31
SMA 50	36.18
SMA 100	34.76
SMA 200	39.41

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil rose around two percent on Tuesday as a strike by oil workers in Kuwait nearly halved crude production from the OPEC member, overshadowing bearish sentiment following Sunday's failure by producers to agree to freeze output levels.
- Thousands of Kuwaiti oil workers downed tools for a third day on Tuesday to protest against planned public sector pay reform, cutting crude output to 1.5 million barrels per day (bpd), according to an oil spokesman cited by news agency KUNA. That is little more than half of Kuwait's average output of 2.8 million bpd in March.
- Brent crude futures, the global benchmark, traded at \$43.72 a barrel, 81 cents, or 1.9 percent, above Monday's close. U.S. crude futures were up 64 cents, or 1.6 percent, at \$40.42 a barrel.
- Kuwait's disruption would likely be brief and investors would soon refocus on the market's oversupply given the failure of major exporters on Sunday to agree to freeze output to avoid worsening the glut.
- In the coming days oil production is likely to partially recover from its initial drop as non-striking staff is redistributed and inventories drawn upon, avoiding a force majeure on loadings
- A deal to freeze oil output by OPEC and non-OPEC producers fell apart on Sunday after Saudi Arabia demanded that Iran join in despite calls on Riyadh to save the agreement and help prop up crude prices.
- Iran has repeatedly said it would prioritize regaining pre-sanctions crude output levels over discussing an output freeze. Iran's Deputy Oil Minister Rokneddin Javadi said on Tuesday crude production would reach that level by the end of the Iranian month of Khordad, which falls on June 20, according to state news agency IRNA.

### 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 very volatile session on Monday, as we found both positive momentum and negative. With this, we ended up bouncing around enough to form a bit of a hammer which of course is a strong sign of bullish pressure but we also have seen that preceded by a shooting star. With that being the case, it's likely that there is going to be a bit of confusion and consolidation in this area, but eventually become break above the top of the shooting star from the Friday session we feel that this market should continue to climb. We have no understand selling at this point. A weaker US Dollar is helping to underpin the market while a surge in silver to a 10-month high is contributing to its upside momentum. Silver jumped 3 percent on Tuesday, driven by the weaker dollar and robust buying in China.

Pivot:	16.60		
Support	16.30	16.10	15.96
Resistance	16.81	17.00	17.15

### Highlights

- Silver hit a more than 10-month high as it followed gold higher
- The gold/silver ratio—the amount of silver it takes to purchase one ounce of gold—fell to its lowest level in four months.
- Spot silver was up 3% at \$16.683 an ounce in today's session, its highest level since June last year
- The pressure has been building for silver to explode higher in recent months
- Some investors are uncertain how much higher silver prices can move

### Silver - Technical Indicators

RSI 14	63.83
SMA 20	15.47
SMA 50	15.38
SMA 100	14.77
SMA 200	14.88

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver jumped 3 percent to its highest in more than 10 months on Tuesday on a softer dollar and robust buying in China, helping to lift gold by 1 percent. After quiet trading early in Asia, spot silver surged 3 percent to \$16.73 an ounce, its highest since June 2015. It pared some gains to trade up 2.5 percent at \$16.628.
- The surge boosted gold to a session high of \$1,246.40 an ounce, up more than 1 percent, after it dipped 0.3 percent earlier in the day in choppy trading. Gold is following silver higher.
- One reason is that the dollar is weakening. Another reason is that there is heavy buying in silver in Shanghai. And that has triggered buying in gold as well. The most traded silver contract on the Shanghai Gold Exchange jumped as much as 4.3 percent to 3,595 yuan per kilogram (\$17.28 per ounce).
- Spot silver triggered stops once it breached the \$16.30 level, prompting heavy purchases. The dollar fell 0.2 percent against a basket of major currencies on Tuesday. Commodity currencies rose against the U.S. dollar, drawing support from oil prices which stabilised after a slide.
- A major index of Asian shares rose to five-month highs on Tuesday, but that did not damp demand for gold, often seen as a safe-haven. Silver traders were also watching for comments from Federal Reserve officials to gauge the outlook for U.S. monetary policy.
- The Fed raised rates modestly from near zero in December, its first policy tightening in nearly a decade. While futures markets imply no further hikes until December, Fed projections imply about two more hikes before year end.
- Fed is set to hike interest rates more rapidly than investors currently expect, Boston Fed President Eric Rosengren said, pushing back on what he said was investors' too pessimistic view of the U.S. economy and monetary policy.

### 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, April 19, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Apr 19	03:30	NZD Performance Services Index (MAR)	medium	54.8		56.7
Tue Apr 19	04:00	USD Fed's Rosengren to Speak at Central Conn State University	low			
Tue Apr 19	04:30	AUD ANZ Roy Morgan Weekly Consumer Confidence Index (APR 17)	low	115.8		112.0
Tue Apr 19	06:30	AUD RBA April Meeting Minutes	medium			
Tue Apr 19	10:30	JPY Nationwide Department Store Sales (YoY) (MAR)	low	-2.9%		0.2%
Tue Apr 19	14:00	EUR Euro-Zone ZEW Survey (Economic Sentiment) (APR)	high	21.5		10.6
Tue Apr 19	17:30	USD Housing Starts (MoM) (MAR)	medium	-8.8%	-0.7%	5.2%
Tue Apr 19	17:30	USD Building Permits (MoM) (MAR)	medium	-7.7%	2.0%	-2.2%
Tue Apr 19	20:00	CAD BOC's Poloz Testifies as House of Commons	medium			

Source: *Forex Factory, DailyFX*

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