

## Gold

### Technical

Gold markets continue to find support near the \$1320 level, an area that has been important more than once. Economists believe that the market will eventually reach towards the highs again near the \$1365 level, and then eventually higher than that so that we can take advantage of these pullbacks. The market should continue to be a bit noisy, but anybody who is experiencing trading gold nose this going into the trade. Market players think that the \$1300 level underneath should continue to be a massive supportive level. It have been grinding higher over the longer term, but it has not been an easy move at times. A strengthening US dollar has worked against the gold markets of the last couple of days, as interest rates have been rising in the bond markets. However, there's enough geopolitical concern out there that we should continue to see demand for gold overall.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,325 |       |       |
| Support    | 1,322 | 1,317 | 1,314 |
| Resistance | 1,332 | 1,335 | 1,339 |

Source: FX EMPIRE

### Highlights

- The yellow metal rose 0.5 percent today lifting prices up from the roughly one-month low they settled at in the previous session
- Gold prices fell today as the dollar advanced towards more than three-month highs and might will continue for the next few days
- Rising yields typically make gold less attractive since it does not bear interest
- U.S stocks traded broadly lower, offering support for the haven metal
- Gold is often seen as an alternative investment during times of political and financial uncertainty

### Gold - Technical Indicators

|         |         |
|---------|---------|
| RSI 14  | 33.74   |
| SMA 20  | 1,263.6 |
| SMA 50  | 1,291.6 |
| SMA 100 | 1,287.1 |
| SMA 200 | 1,300.1 |

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices gained after three days of losses as the dollar retreated from an earlier three-month peak and U.S equities weakened as the dollar has been a driving force as of late, even as benchmark U.S Treasury yields passed 3 percent for the first time in more than four years.
- The yield on U.S 10-year Treasury notes rose above 3 percent as investors reduced their U.S bond holdings on worries about rising inflation and growing government debt supply.
- A retreat in world stocks after yields crossed 3 percent and weakness in the U.S. dollar drew investors to gold and lifted its value, since it is priced in the greenback.
- Spot gold gained 0.5 percent to \$1,330.84 per ounce, while U.S gold futures for June added \$9 or 0.7%, to settle at \$1,333 an ounce. The contract closed at \$1,324 Monday, marking its lowest finish since March 21 and dropping for a third day in a row. In fact, the three-session skid was the lengthiest since a similar downturn ended March 16.
- It has benefited in recent weeks from concerns over the U.S and China trade dispute, sanctions on Russia and unrest in the Middle East, but has been kept in check by the prospect of further interest rate hikes from the Federal Reserve.
- Based on interest rates, prices should be lower. But there are a lot of other factors, and a lot of tensions that have been boosting prices. Gold will continue to trade in this range between \$1,300-1,350 depending on what happens with those risks, and the Fed hiking rates.
- The U.S Dollar Index was down less than 0.1% at 90.89. Its moves impact the appeal of dollar-priced commodities, including gold, to investors using other currencies.

### US Commodity Futures Trading Commission (CFTC) Data

| Date       | Large Speculators |       |         | Commercial |        |         | Small Speculators |        |         | Open Interest |
|------------|-------------------|-------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short | Bullish | Long       | Short  | Bullish | Long              | Short  | Bullish |               |
| 12/01/2017 | 337251            | 72353 | 82%     | 120854     | 284003 | 30%     | 49448             | 31277  | 61%     | 384,974       |
| 12/08/2017 | 340748            | 74460 | 82%     | 115571     | 287002 | 29%     | 51148             | 36,819 | 61%     | 450555        |
| 12/15/2017 | 291266            | 84634 | 77%     | 116493     | 311865 | 27%     | 53520             | 32958  | 62%     | 499110        |
| 12/12/2017 | 274589            | 77454 | 77%     | 118610     | 304141 | 28%     | 49810             | 33791  | 60%     | 493086        |
| 12/29/2017 | 295688            | 67069 | 82%     | 127081     | 327075 | 28%     | 51562             | 30399  | 63%     | 510579        |

Source: CFTC

## Crude Oil

### Technical

The Crude Oil market went back yesterday, as we tried to break above the \$69.50 level. So, pulling back towards the \$68.50 level makes quite a bit of sense. That was an area that it had seen resistance in previously. However, there is an upper proclivity in general, but I also recognize that the \$70 level is resistance above, so it will probably take a significant amount of momentum to break above there. That would suggest pullbacks occasionally, but those pullbacks should be thought of as value propositions. Brent market also went sideways yesterday, falling ever so slightly. There is plenty of support underneath though, especially at the \$73 level, so the market should eventually find reasons to go to the upside, but obviously the \$75 level is somewhat psychologically important, and that could keep the market from breaking out in the short term.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 67.67 |       |       |
| Support    | 61.70 | 58.20 | 54.50 |
| Resistance | 70.00 | 73.50 | 77.50 |

Source: FX EMPIRE

### Highlights

- Oil prices were little changed on Tuesday after Brent hit its highest level since November 2014
- U.S crude oil production has shot up by more than a quarter since mid-2016 to over 10.54 million barrels per day
- OPEC led production cuts, and the prospect of renewed U.S sanctions on Iran
- Market sentiment is turning increasingly bullish towards the commodity, as it was fuelled largely by political risk in the Middle East
- OPEC oil output fell in March to an 11-month low due to declining Angolan exports

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 31.91 |
| SMA 20  | 48.72 |
| SMA 50  | 48.27 |
| SMA 100 | 51.11 |
| SMA 200 | 56.32 |

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- The crude oil prices settled lower today after tapping highest levels in more than 3 years and finding little support from uncertainty surrounding Iran's nuclear deal, as a diminished appetite for risk weighed on the U.S stock market. U.S crude inventories rose by 1.1 million barrels in the week to April 20.
- U.S inventories and other indications of energy demand, like U.S GDP on Friday, may also have a significant impact on energy prices. Oil market slump that started in 2014 has now ended and is turning into a sustained price rally due to supply disruptions and also strong demand, especially in Asia.
- June West Texas Intermediate crude lost 94 cents, or 1.4%, to settle at \$67.70 a barrel on the New York Mercantile Exchange, the lowest finish since April 17. It fell from an intraday high of \$69.38, which would have marked its highest settlement since November 2014.
- Global benchmark June Brent settled at \$73.86 a barrel on ICE Futures Europe, down 85 cents, or 1.1%. It had touched a high of \$75.47, the highest level since November 2014.
- The two contracts settled higher on Monday. That was seen as raising the potential for disruptions to crude supply in the Middle East, which is a major oil-producing region.
- WTI bulls may be heavily reliant on geopolitics to keep prices appreciating, which could expose oil to extreme downside risks if geopolitical tensions start to ease, with rising production from U.S shale still a key market theme that continues to weigh on oil prices.
- Brent and WTI crude prices averaging \$71 a barrel and \$68 a barrel respectively this year. It also raised its 2019 price outlook by \$13 with Brent oil seen averaging \$75 a barrel and WTI \$71.

### US Commodity Futures Trading Commission (CFTC) Data

| Date       | Large Speculators |         |         | Commercial |         |         | Small Speculators |        |         | Open Interest |
|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short   | Bullish | Long       | Short   | Bullish | Long              | Short  | Bullish |               |
| 12/01/2017 | 458,206           | 105,441 | 81%     | 560,983    | 925,531 | 38%     | 82,700            | 70,917 | 54%     | 1,598,935     |
| 12/08/2017 | 462,028           | 106,739 | 81%     | 557,217    | 927,085 | 38%     | 85,279            | 70,700 | 55%     | 1,615,844     |
| 12/15/2017 | 454,829           | 123,816 | 79%     | 571,328    | 916,651 | 38%     | 87,594            | 73,282 | 54%     | 1,619,796     |
| 12/12/2017 | 463,186           | 135,835 | 77%     | 560,029    | 897,400 | 38%     | 87,590            | 77,633 | 53%     | 1,623,027     |
| 12/29/2017 | 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 drifted lower yesterday but found enough support near the \$16.55 level to turn things around and bounce higher. The market is trying to form a bit of a base in this region, as it has been the bottom of the overall consolidation. Economists think that it will probably go towards the \$17.25 level, although it will take a lot of effort to get there. The market should continue to find more than enough reasons to look towards the upside, and the Silver markets might will be highly sensitive to where the US dollar is moving. The US dollar has been stronger over the last couple of days, and that in fact has been one of the major drivers of silver to go lower. If it can break above the \$17.30 level, then the market will go looking towards the \$17.50 level after that. The \$16.50 level continues to be an important area, and that will continue to see buyers near that area.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 16.65 |       |       |
| Support    | 16.53 | 16.42 | 16.30 |
| Resistance | 16.75 | 16.84 | 16.90 |

Source: FX EMPIRE

### Highlights

- The price of silver will depend heavily on trends in investment demand in 2018
- May comex silver was last up \$0.128 at \$16.715 an ounce
- Global silver mine production was forecast to rise to 776.6 million ounces in 2018, up 0.2 percent from 2017
- The fundamental story on silver is stronger than the investment
- Financial and political issues facing the world and individual investors seems more likely to lead to a rekindling of silver demand from investors

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 37.92 |
| SMA 20  | 16.60 |
| SMA 50  | 17.09 |
| SMA 100 | 17.05 |
| SMA 200 | 16.83 |

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices were higher yesterday, on rebounds following recent selling pressure. A weaker U.S dollar index on this day and a sell-off in the U.S stock market worked in favor of the precious metals bulls today.
- The U.S stock market bulls may have been spooked a bit today as U.S Treasury 10-year note yields hit a four-year high of 3%. Such hints at rising inflation, but not yet problematic.
- May silver added 11.6 cents or 0.7%, to \$16.703 an ounce. It tumbled 3.4% to \$16.587 an ounce on Monday, pulling back from its own 2 ½-month high hit last week. The decline represented the sharpest daily fall since July 3, 2017 and its longest losing trend since mid-March.
- The U.S stock indexes have also come down from their daily highs, which is mildly supportive for the safe-haven silver markets. The precious metal generally shines vs. dollar weakness, increasing inflation and bottoming stock-market volatility.
- Renewed momentum in the U.S dollar and rising bond yields are helping to keep the gold market in check. The price of silver will depend heavily on trends in investment demand in 2018, but could get a boost from international political and economic risk purchases.
- Spot silver prices finished up 7.2 percent in 2017, versus 2016. However the average price declined 0.5 percent in 2017. Prices are down roughly 2.5 percent so far this year as investors pursue higher-yielding opportunities, including global equities.
- Silver investment demand dropped 52% in 2017 to 50.2 million ounces on a net basis. CPM Group expects 43.9 million ounces in investment during 2018, the lowest since 2006 when investors added 30.6 million ounces to holdings.

### US Commodity Futures Trading Commission (CFTC) Data

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|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short  | Bullish | Long       | Short  | Bullish | Long              | Short  | Bullish |               |
| 12/01/2017 | 42,097            | 29,999 | 58%     | 56,157     | 75,843 | 43%     | 23,121            | 15,533 | 60%     | 132,501       |
| 12/08/2017 | 42,083            | 27,402 | 61%     | 54,280     | 79,052 | 41%     | 24,963            | 14,872 | 63%     | 132,475       |
| 12/15/2017 | 41,285            | 23,950 | 63%     | 53,875     | 79,404 | 40%     | 23,378            | 15,184 | 61%     | 131,294       |
| 12/12/2017 | 41,287            | 24,798 | 62%     | 58,869     | 83,678 | 41%     | 21,523            | 13,203 | 62%     | 136,158       |
| 12/29/2017 | 41,334            | 26,466 | 62%     | 60,600     | 84,551 | 42%     | 21,666            | 13,583 | 61%     | 139,468       |

Source: CFTC

# Commodity News

Wednesday, April 25, 2018



## Data Calendar

### Economic Data

| Date         | Time  | Event                                       | Importance | Actual | Forecast | Previous |
|--------------|-------|---|------------|--------|----------|----------|
| Wed April 25 | 06:10 | JPY BOJ Outright Bond Purchase 5~10 Years   | Low        |        |          |          |
| Wed April 25 | 09:30 | JPY All Industry Activity Index (MoM) (FEB) | Medium     | 0.4%   | 0.5%     | -1.1%    |
| Wed April 25 | 13:00 | CHF Credit Suisse Survey Expectations (APR) | Low        | 7.2    |          | 16.7     |
| Wed April 25 | 16:00 | USD MBA Mortgage Applications (APR 20)      | Medium     | -0.2%  |          | 4.9%     |
| Wed April 25 | 19:30 | USD DOE U.S. Crude Oil Inventories (APR 20) | Medium     |        |          | -1071k   |
| Wed April 25 | 19:30 | USD DOE Cushing OK Crude Inventory (APR 20) | Low        |        |          | -1115k   |
| Wed April 25 | 19:30 | USD DOE U.S. Gasoline Inventories (APR 20)  | Low        |        |          | -2968k   |
| Wed April 25 | 19:30 | USD DOE U.S. Distillate Inventory (APR 20)  | Low        |        |          | -3107k   |
| Wed April 25 | 22:00 | USD U.S. to Sell USD35 Bln 5-Year Notes     | Low        |        |          |          |

Source: Forex Factory, DailyFX

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## Contact Details

### IGI Commodity Team

|                    |                                   |                    |                           |                            |
|--------------------|-----------------------------------|--------------------|---------------------------|----------------------------|
| Zaeem Haider Khan  | (Head of Commodity)               | Cell: 0321-4772883 | Tel: (+92-42) 35777863-70 | zaeem.haider@igi.com.pk    |
| Syed Zeeshan Kazmi | (Deputy Manager)                  | Cell: 0321-4499228 | Tel: (+92-42) 35777863-70 | zeeshan.kazmi@igi.com.pk   |
| Ehsan Ull Haq      | (Commodity Trader - Lahore)       | Cell: 0321-4861015 | Tel: (+92-42) 35777863-70 | ehsan.haq@igi.com.pk       |
| Muhammad Naveed    | (Branch Manager - Islamabad)      | Cell: 0345-5599900 | Tel: (+92-51) 2604861-62  | muhammad.naveed@igi.com.pk |
| Gul Hussain        | (Branch Manager - Faisalabad)     | Cell: 0344-7770878 | Tel: (+92-41) 2540843-45  | gul.hussain@igi.com.pk     |
| Asif Saleem        | (Branch Manager - Rahim Yar Khan) | Cell: 0334-7358050 | Tel: (+92-68) 5871652-56  | asif.saleem@igi.com.pk     |
| Mehtab Ali         | (Branch Manager - Multan)         | Cell: 0300-6348471 | Tel: (+92-61) 4512003     | mahtab.ali@igi.com.pk      |
| Zeeshan Kayani     | (Branch Manager - Abbottabad)     | Cell: 0333-5061009 | Tel: (+92-992) 408243-44  | zeeshan.kayani@igi.com.pk  |

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of  
Pakistan 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-FC.C Ground Floor, Syed Maratib Ali Road,  
Gulberg II, Lahore.  
Tel :(+92-42) 95777863-70, 35876075-76  
Fax :(+92-42) 35763542

#### Islamabad Office

Mezzanine Floor Razia Sharif Plaza,  
90-Blue Area G-7, Islamabad  
Tel: (+92-51) 2802241-42, 2273439  
Fax: (+92-51) 2802244

#### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
Building, 2- Liaqat Road, Faisalabad  
Tel: (+92-41) 2540843-45  
Fax: (+92-41) 2540815

#### Stock Exchange Office

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

#### Rahim Yar Khan Office

Plot #: 12, Basement of Khalid Market,  
Model Town, Town Hall Road,  
Rahim Yar Khan  
Tel: (+92-68) 5871652-6  
Fax: (+92-68) 5871651

#### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan  
Tel: (+92-992) 408243-44

#### Abbottabad Office

Ground Floor, Al Fatah Shopping Center,  
Opp. Radio Station, Mandehra Road,  
Abbottabad  
Tel: (+92-99) 2408243-44