

## Gold

### Technical

Gold prices attempted to rebound but moved lower in the North American afternoon following a stronger than expected ISM manufacturing report. Resistance is seen near the 10-day moving average at 1,228, while support on the yellow metal is seen near the 200-day moving average at 1,163. Momentum remains negative with the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices. The RSI is consolidating just above the oversold trigger level of 30. U.S. ISM manufacturing index rose 0.5 points to 51.3 in May, better than expected. This is a third month over 50 expansion-contraction mark, following five monthly readings below it. However, the employment component remained soft at 49.2.

Pivot:	1,214		
Support	1,205	1,199	1,193
Resistance	1,220	1,223	1,227

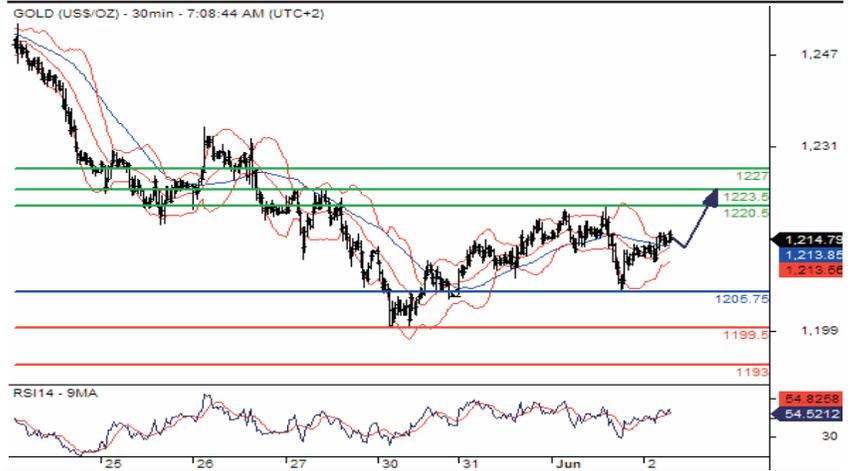
### Highlights

- Gold edged lower yesterday as investors weighed new U.S. manufacturing data
- Gold futures for August delivery, the most actively traded contract yesterday, slipped about 0.2% to \$1,214.70 a troy ounce
- Gold is still up roughly 14% on the year, according to FactSet
- ISM's manufacturing activity index offered a 51.3 reading for May
- The data bolster the view that the Fed could raise interest rates sooner rather than later possibly at its June meeting

### 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 inched up today on the back of a weaker dollar, as investors assess whether the latest set of U.S. economic data will boost the prospect of an early interest rate hike by the Federal Reserve.
- Bullion had turned negative on Wednesday after the greenback got some cushion as data showed U.S. manufacturing activity expanded for a third straight month in May. Spot gold was up 0.2 percent at \$1,214.61 per ounce. It fell 0.2 percent on Wednesday to close at \$1,212.40. U.S. gold gained 0.2 percent to \$1,217.
- The dollar index, which measures the greenback against a basket of six major currencies, was down 0.1 percent today. A weaker dollar makes gold less expensive for buyers in other currencies.
- The safe-haven metal has been taking a beating over the past couple of weeks as senior U.S. central bank officials, including Fed chief Janet Yellen, indicated that a rate rise may be on the cards sooner rather than later. We expect the Fed to move in June rather than in July, in which case gold could be closer to bottoming out, since we see the dollar weakening after the move is out of the way.
- Gold is sensitive to interest rates, gains in which raise the opportunity cost of holding the non-interest-yielding asset. Spot gold is biased to revisit its May 30 low of \$1,199.60 per ounce, as it has failed to break a resistance at \$1,219, Reuters technical analyst Wang Tao said.
- Investors are looking out for trading cues from the U.S. May ADP private employment report due later in the day for potential relief, with the report often seen providing clues to the non-farm payrolls data, scheduled for release on Friday. Holdings in SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.24 percent to 870.74 tonnes on Wednesday, the highest since November 2013.

### 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

Crude oil prices rebounded ahead of today's OPEC meeting where not action is expected. There is a small chance that OPEC will place a cap on production as opposed to a freeze, but this still seems unlikely. Traders await the Energy Information Administration's inventory report which is scheduled for Thursday, which is one day late following the Memorial Day holiday on Monday. Prices moved lower below \$48 testing trend line support but bounced and rebounded up to the 20-day moving average near 48.89. The 50-day moving average has recently crossed above the 200-day moving average which means that a long term up trend is now considered in place. Momentum on the other hand has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread crosses below the 9-day MA.

Pivot:	48.98		
Support	48.70	48.23	47.75
Resistance	49.42	49.72	50.10

### Highlights

- Crude oil prices fell today ahead of the start of an OPEC meeting in Vienna
- The American Petroleum Institute's weekly crude inventory report showed an unexpected build of 2.35 million barrels in crude oil
- Data from the U.S Department of Energy is due later today
- Russian energy officials abandoned plans to take part in a comprehensive OPEC-Non-OPEC production freeze
- Iran supports OPEC's efforts to bring stability to the market with fair prices

### 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 closed near \$49 a barrel in New York as OPEC delegates said the group would be discussing the reintroduction of output ceilings at today's meeting in Vienna.
- West Texas Intermediate was little changed after rising 6.9 percent in May as supply was curbed by wildfires in Alberta and militant attacks in Nigeria. The Organization of Petroleum Exporting Countries is considering a production cap along with other proposals, and any deal would be signal of group unity but unlikely to affect actual production, delegates said.
- Oil in New York has surged about 85 percent since touching the lowest level since May 2003 in February on signs the global surplus is easing. OPEC will probably stick to its policy of squeezing out rivals by maintaining production as the price rally helps justify the group's strategy.
- WTI for July delivery declined 9 cents to close at \$49.01 a barrel on the New York Mercantile Exchange. Futures briefly topped \$50 Tuesday for the second time this year. Total volume traded was 12 percent below the 100-day average.
- Futures slipped from the settlement after the industry-funded American Petroleum Institute was said to report U.S. crude supplies rose 2.35 million barrels last week. WTI is currently trading at \$48.88.
- Saudi Arabia will use this week's meeting to repair relationships with fellow producers after the failure of an April accord to freeze crude output in Doha, according to the people familiar with the matter.
- The global oversupply that sent prices tumbling in 2014 and 2015 is correcting itself, United Arab Emirates Oil Minister Suhail Al Mazrouei said Tuesday after arriving in Vienna. "The market will fix itself to a price that is fair," he said. Nigeria's minister of state for petroleum resources, Emmanuel Ibe Kachikwu, also said prices are moving "in the right direction."

### 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 tried to rally during the day on Wednesday again, but just as we did on Tuesday, we found sellers and we turned right back around to form a bit of a shooting star. However, there is quite a bit of support just below, so it's not can be easy to short this market. Quite frankly, the easiest trade for us is going to be buying this market on a break above the top of shooting star from the past couple of sessions. In the meantime, and looks as if the bearish pressure will continue. A move below this trend-line to the 14.60/80 vicinity looks quite possible given the before discussed positioning extreme. Bounces within the descending parallel are likely to be short-lived and viewed as opportunities to sell. An ideal spot to look for a short at this time is at the upper parallel of this channel. At this time working from the short-side is preferred.

Pivot:	15.99		
Support	15.87	15.79	15.65
Resistance	16.07	16.16	16.26

### Highlights

- Silver rose 0.3 percent to \$15.99 per ounce today. Silver had slipped to \$15.77 yesterday, its lowest since April 12
- Silver exchange-traded funds have so far recorded net inflows of around 32.7 million ounces since the beginning of the year
- Investors are looking out for trading cues from the U.S ADP private employment report
- The Dollar index was down 0.1 percent today in Asian session
- Silver was lower yesterday likelihood the Fed would raise interest rates soon

### 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 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.
- The silver price is set to surge 800% or "ninefold" in the coming years due to global industrial and technological demand, the "gadget boom" and tight supplies according to a leading mining executive, of First Majestic Silver Corporation.
- While long coveted for use in jewelry, silver coins and utensils, silver is increasingly in demand for its industrial applications. Last year, about half of global silver consumption came from such use, including mobile phones, flat-panel TVs, solar panels and alloys and solders, according to data compiled by GFMS for the Washington-based Silver Institute.
- 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 bank's analysts write and "as things currently stand, the global silver market looks set to show another supply deficit in 2016.

### 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

Thursday, June 02, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jun 02	10:00	JPY Consumer Confidence Index (MAY)	medium		40.1	40.8
Thu Jun 02	14:00	EUR Euro-Zone Producer Price Index (YoY) (APR)	low		-4.1%	-4.1%
Thu Jun 02	16:30	USD Challenger Job Cuts (YoY) (MAY)	low			5.80%
Thu Jun 02	16:45	EUR European Central Bank Rate Decision (JUN 2)	high		0.00%	0.00%
Thu Jun 02	16:45	EUR ECB Asset Purchase Target (JUN)	medium		EU80b	EU80b
Thu Jun 02	17:15	USD ADP Employment Change (MAY)	medium		175k	156k
Thu Jun 02	17:30	EUR ECB's Governing Council Reviews Rates, Draghi Speaks to Press	high			
Thu Jun 02	17:30	USD Initial Jobless Claims (MAY 28)	medium		270k	268k
Thu Jun 02	20:00	USD DOE U.S. Crude Oil Inventories (MAY 27)	medium			-4226k

Source: *Forex Factory, DailyFX*

**Disclaimer:** This document has been prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. This document and the information may not be reproduced, distributed or published by any recipient for any purpose.

## 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

#### Multan Office

Mehtab Ali      Tel: (+92-61) 4512003      Cell: 0300-6348471      mahtab.ali@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- Liaquat 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