

## Gold

### Technical

Gold is finding some fresh amplitude to clear \$1,270 or the highest level since May 18, spurred by reports earlier that George Soros intervened in his funds' management to defensively boost gold and gold mining company holdings at the expense of stocks. He and other marquee investors such as Stanley Druckenmiller have touted risks of financial Armageddon in the wholesale central bank pursuit of negative interest rates, something that Janus' Gross also highlighted Thursday. Support on the yellow metal is seen near the 10-day moving average at 1,232, while resistance is seen near the May highs at 1,304. Momentum on the yellow metal has turned positive as the MACD index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread.

Pivot:	1,266		
Support	1,257	1,246	1,234
Resistance	1,276	1,282	1,293

### Highlights

- Gold extended its rally to a three-week high in yesterday's session, supported by falling U.S. Treasury yields
- The metal held its momentum after surging 1.5 percent on Wednesday
- Gold is highly sensitive to rising interest rates, which lift the opportunity cost of holding non-yielding bullion
- Gold prices gained more than 16 percent in the first four months of 2016
- The U.K will hold a referendum on June 23 on whether to stay in or leave the EU

### Gold - Technical Indicators

RSI 14	55.43
SMA 20	1,236.47
SMA 50	1,251.33
SMA 100	1,240.69
SMA 200	1,172.53

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold eased slightly today in Asian trading session as the dollar edged up from recent lows, but the metal held near a three-week high and was on track for a second straight weekly rise.
- The safe haven asset has been on an upswing since last Friday and has risen nearly two percent this week following weaker-than-expected U.S. payrolls data and comments from Federal Reserve Chair Janet Yellen which dampened expectations of an imminent rate hike.
- Spot gold was down 0.1 percent at \$1,267.36 an ounce. Bullion on Thursday touched its highest since May 18 at \$1,271.31. U.S. gold fell 0.2 percent to \$1,270.40.
- Last week's unexpectedly weak U.S. jobs data and subsequent cautious tone by Yellen opened the door for gold to resume its bull cycle. A Brexit could see gold push towards \$1,400 an ounce.
- Investor demand is expected to remain strong in the short term, driven by easing expectations of a rate hike in the United States. However, the backdrop of easing monetary policies, negative bond yields, and a likely pause in dollar appreciation should also be supportive.
- The Fed is likely to raise U.S. interest rates in September and possibly as early as July, according to a Reuters poll taken in the days after news of a sharp drop in hiring that has led some to worry that the economy is losing momentum. Gold is highly sensitive to rising interest rates, which lift the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced.
- Safe haven and hedge-related buying ahead of the UK referendum on continued EU membership is becoming more noticeable, with a portion of this demand being funnelled into physical gold purchases. Holding in SPDR Gold Trust, the world's largest gold-backed ETF, rose 0.71 percent to 887.38 tonnes.

### 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 moved lower on Thursday dropping below 51, per barrel. The firmer U.S. dollar Thursday, which is rebounding after a near one-week phase of underperformance, has prompted a retreat in oil prices. Declines in U.S. inventories, Chinese trade data showing a sharp rise in demand and a generally soft dollar had been underpinning oil prices. Support is seen near the 10-day moving average at 49.69, while resistance is seen near 51.65. Momentum has turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal. The RSI on the other hand, moved lower with price action, reflecting accelerating negative momentum.

Pivot:	50.00		
Support	49.80	49.40	48.75
Resistance	51.15	51.70	52.25

### Highlights

- Oil prices pulled back in yesterday's session as the dollar strengthened
- Crude remained near 10-month highs amid supply outages and falling U.S. inventories
- The U.S. oil benchmark ended down 1.3% at \$50.56 a barrel on the New York Mercantile Exchange
- There was little in the way of supply-and-demand fundamentals driving the market
- The key driver was the U.S Dollar, falling U.S. inventories and production outages in Nigeria continue to support oil prices

### Crude - Technical Indicators

RSI 14	70.85
SMA 20	49.18
SMA 50	46.13
SMA 100	40.71
SMA 200	39.99

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell today in Asian session, as a stronger dollar pulled crude off the 2016 highs hit this week, although strong refinery demand and global supply disruptions lent some support.
- U.S. West Texas Intermediate (WTI) futures were down 38 cents at \$50.18 a barrel. Analysts said that a rebound in the dollar had dented oil prices by making fuel imports for countries using other currencies more expensive. Oil prices eased back from a near 12-month high as the dollar reversed its recent trend.
- However, strong overall oil demand especially from refineries, as well as supply disruptions, were helping to keep prices from falling faster and further. Despite falling slightly overnight, the outlook for oil (prices) remains positive – which should keep the recent upward trend intact.
- Crude prices have virtually doubled since touching their lowest in more than a decade in early 2016 as strong demand and supply disruptions erode a glut that pulled down prices by as much as 70 percent from a mid-2014 peak.
- Market rebalancing is ongoing. On the demand side, global refining activity is about to hit its highest on record just as crude supply disruptions around the world tighten the market.
- Data in Thomson Reuters Eikon shows that currently available global refining capacity will reach 101.8 million barrels per day (bpd) in August, its highest on record, and up from around 97.25 million bpd in March.
- Oil prices gained ground after data on Wednesday from the U.S. Energy Information Administration (EIA) showed U.S. crude stocks last week fell 3.23 million barrels to 532.5 million, the third consecutive weekly fall. The Niger Delta Avengers militant group on Wednesday rejected an offer of talks with the government to end its attacks on oil facilities and said it had blown up a Chevron pipeline site in the Niger Delta.

### 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 broke higher during the course of the day on Thursday, clearing the \$17 level. That of course is a bullish sign, and as a result I believe that this market will continue to go higher given enough time. Pullbacks should find support, and those of course could be buying opportunities as we have seen such a massive move higher. Ultimately, I believe that this market will reach towards the \$18 level, and have no interest whatsoever in selling silver as precious metal seem to have taken off in general lately, as gold certainly is showing strength. Follow-through may only last a few days, but typically momentum led to additional gains, barring the extreme reading came at the tail-end of a long advance (blow-off top) or decline (panic low); which in this case it is not. However, after those gains were notched the trend became exhausted and turned lower.

Pivot:	17.23		
Support	16.91	16.65	16.48
Resistance	17.58	17.80	18.00

### Highlights

- The price of silver yesterday gained 1.1% to \$17.18
- That's the first time silver prices have broken above the \$17 mark since May 18. These gains put the silver price up 23% in 2016
- Silver prices rose thanks to more rate hike speculation from the U.S Fed
- The chances of the Fed raising interest rates this summer have recently diminished
- The dismal May jobs report showed only 38,000 jobs were added, odds of a June rate hike fell to a slight 4%

### Silver - Technical Indicators

RSI 14	56.67
SMA 20	16.38
SMA 50	16.77
SMA 100	16.04
SMA 200	15.32

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver held near 3-week highs against the Dollar in yesterday's trading session bucking a sell-off in all other tradable assets bar major government bonds amid fresh worries about Eurozone growth and this month's Brexit vote on European Union membership in the UK.
- With silver trading near \$17 per ounce respectively, Western stock markets followed Asian shares lower, losing over 1% for the day in Frankfurt and Paris, following what news-wires called an "urgent warning" on the Eurozone's long-term economic outlook from European Central Bank chief Mario Draghi.
- Silver funds have taken in a wave of new cash this year and assets are approaching an all-time high. Prices are up 25 percent in 2016, tracking a similar rally in gold on speculation the Federal Reserve will hold off on raising interest rates.
- Silver is often used as a more volatile play on gold's inflation and risk-hedging properties. The performance this year has beaten other precious metals -- gold, platinum and palladium. While silver funds have seen a surge in popularity, they're still a tiny part of the market compared to gold.
- Exchange-traded funds backed by silver have seen assets increase for the past eight days, rising within 0.6 percent of a record reached in 2014, according to data compiled by Bloomberg as of Wednesday. ETF holdings of the metal are up 6.4 percent this year to 20,067 metric tons.
- Silver futures for July delivery advanced 1.7 percent to settle at \$17.268 an ounce at 1:40 p.m. on the Comex in New York. The 25 percent gain this year outpaces gold's 20 percent rally.
- A lot of people are looking at silver as something that could potentially benefit not only from increased interest in precious metals, but also because it has such a strong industrial 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	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

Friday, June 10, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jun 10	03:45	NZD Card Spending Retail (MoM) (MAY)	medium	-0.3%	0.5%	0.8%
Fri Jun 10	09:30	JPY Tertiary Industry Index (MoM) (APR)	medium	1.4%	0.6%	-0.7%
Fri Jun 10	11:00	EUR German Consumer Price Index (YoY) (MAY)	medium	0.1%	0.1%	0.1%
Fri Jun 10	13:30	GBP Construction Output s.a. (YoY) (APR)	medium		-4.9%	-4.5%
Fri Jun 10	17:30	CAD Unemployment Rate (MAY)	high		7.2%	7.1%
Fri Jun 10	17:30	CAD Net Change in Employment (MAY)	high		1.8k	-2.1k
Fri Jun 10	19:00	USD U. of Michigan Confidence (JUN)	high		94.5	94.7
Fri Jun 10	22:00	USD Baker Hughes U.S. Rig Count (JUN 10)	medium			408
Fri Jun 10	23:00	USD Monthly Budget Statement (MAY)	medium			

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