

Gold

Technical

Gold prices moved lower as the dollar gained traction as investors appeared to take profits ahead of the U.K. referendum vote. Prices sliced through support near the 10-day moving average at 1,280. Resistance is seen near the June highs at 1,315. Momentum appears to be turned negative as the trajectory of the MACD is turning lower which points to lower prices. Yellen's cautious tone helped the dollar gain ground against the yellow metal. Yellen cautioned the recent weakness in the jobs is a loss of momentum, not an erosion in the labor market. She and the FOMC expect further improvement in the labor market in the coming year and look for other measures of unemployment to come down. And while the last couple of months of data were quite disappointing, it's her hope and expectation that it is temporary. She added with the economy near full employment, job creation may naturally slow.

Pivot:	1,267		
Support	1,256	1,249	1,242
Resistance	1,278	1,294	1,300

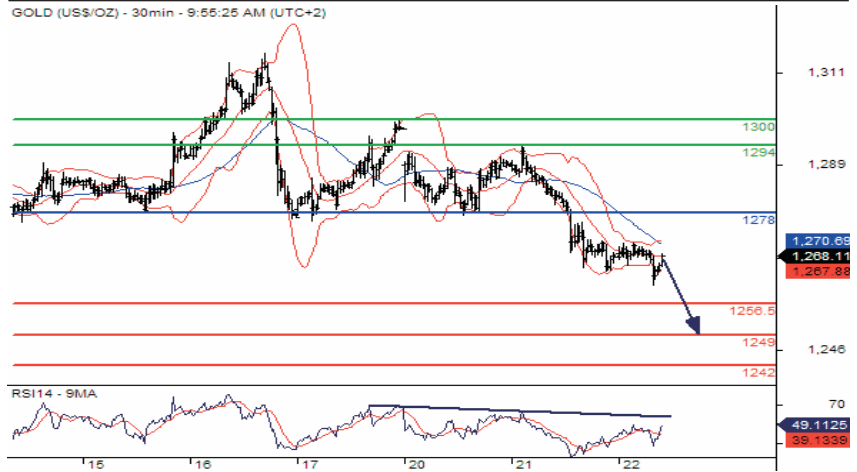
Highlights

- Gold touched its lowest in two weeks amid indications Britain would vote to remain in the European Union
- Spot gold inched down 0.2 percent to \$1,266 an ounce, touching a low of \$1,261.01, its worst since June 9
- Bullion fell nearly 2 percent yesterday in its biggest one-day loss in a month
- For Brexit vote participants seem to be positioning for a 'Remain' vote
- Yellen said Fed's ability to raise interest rates this year may hinge on a rebound in hiring

Gold - Technical Indicators

RSI 14	65.40
SMA 20	1,242.60
SMA 50	1,256.06
SMA 100	1,246.98
SMA 200	1,176.28

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold's sharp gains on uncertainty over Britain's European Union membership are likely to come to an end, regardless of whether Britons vote to leave or remain in Thursday's referendum.
- Prices hit their highest since August 2014 last week as the \$5-trillion a year gold market rose with other "safe" assets, such as German bunds, the Swiss franc and Japan's yen.
- Recent polls suggest an even split and although investors are worried about the economic and market fallout of a "Brexit", bullion's uncertainty premium is not expected to last.
- An "In" vote is seen as quickly unwinding gold's five percent gain in June, as appetite for risk rises and focus returns to the U.S. economy, analysts and fund managers say. A clear win for the Remain side will see U.S. yields rise as the potential drag on the global economy and risk appetite is removed. Gold in dollars would likely drop four to five percent
- The metal is negatively correlated to rising U.S. real yields because the opportunity cost of holding it increases. And while some see a "Leave" result as a risk-off event that could see gold rally, others see lower prices if the dollar rises and oil falls. Gold is often seen as a hedge against rising inflation.
- If investors become overly worried, it is likely that the greenback strengthens with implications for earnings and industry group positioning as precious metals and commodities weaken.
- Another reason for gold to see a sharp, albeit short-lived fall is that in times of financial stress, it can be used as a source of cash to cover losses elsewhere. Gold fell to a near 14-month low in September 2008, at the height of the 2008-2009 financial crisis, and was for a short time positively correlated with riskier assets, as liquidity dried up.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Oil prices moved lower in yesterday's trading session but held support near the 50-day moving average near 48.98. Prices seemed to bounce ahead of this evening's report from the American Petroleum Institute on crude oil supplies. Expectations are for a small draw in inventories. With the U.K. referendum just one day away, traders are leery of whipsaw price action that could generate significant volatility. Resistance on crude oil price is seen near the June highs at 51.65. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the black with a downward sloping trajectory which points to lower prices. The RSI (relative strength index) which is a momentum oscillator that measures overbought and oversold levels, is printing a reading of 55, which is in the middle of the neutral range and reflects consolidation.

Pivot:	50.34		
Support	49.25	48.85	48.34
Resistance	51.40	51.92	52.30

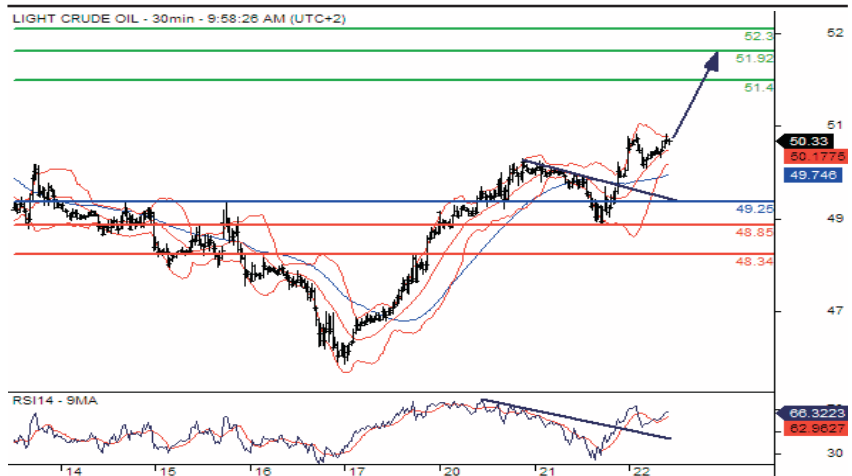
Highlights

- Oil prices rose today on expectations of a decline in U.S. crude stockpiles
- West Texas Intermediate futures were trading up 1.1% at \$50.40 a barrel
- The U.S. Energy Information Administration will release its closely watched inventory data later today
- The American Petroleum Institute, an industry group, said yesterday that U.S. crude stockpiles fell 5.2 million barrels last week
- The API data supports oil prices and increases volatility

Crude - Technical Indicators

RSI 14	46.50
SMA 20	49.26
SMA 50	47.05
SMA 100	41.89
SMA 200	40.01

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil rose further above \$50 a barrel after an industry report showed a large drop in U.S. crude inventories, with analysts expecting volatile trading ahead of Britain's referendum on EU membership.
- Crude inventories fell by 5.2 million barrels, the American Petroleum Institute (API) said yesterday, far more than analysts expected. Official stocks data is due later today from the U.S. Department of Energy.
- U.S. crude climbed 46 cents to \$50.31, marking its first rise above \$50 since June 10. Oil also benefited from a boost in risk appetite in global markets as investors were cautiously optimistic about a "Remain" vote in the EU referendum on Thursday.
- Though some may be forgiven for thinking that the outcome is a foregone conclusion, the inconsistency between the betting money and the polls mean that conditions are ripe for a fresh bout of volatility.
- Riskier markets also drew support from Federal Reserve Chair Janet Yellen's cautious comments on the U.S. economy the previous day, in which she virtually ruled out a July rate rise. The dollar fell against a basket of currencies. A weaker dollar makes oil cheaper for other currency holders and tends to support oil prices.
- The drop in U.S. crude inventories, if confirmed by the DOE figures, would be the fifth straight weekly decline and adds to signs that a supply glut which has halved oil prices in the last two years is easing. Other signs include lower U.S. shale oil production due to reduced investment
- A spike in unplanned supply losses has also supported prices this year. Nigerian rebels who have been sabotaging the country's crude exports denied in yesterday's trading session they had agreed to a ceasefire, lending support to prices.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	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 tried to rally but then turn right back around and fell during the day on Tuesday. Because of this, the market looks as if it is still consolidating overall, and I believe that there is a significant amount of support below at the \$17 level. With that being the case, I'm waiting to see whether or not we get a supportive candle or a bounce off of the \$17 region in order to start going long again. Eventually, we will break above the \$18 level in our estimation, but it may take a bit of momentum building to do so. The break in silver below the lower parallel opens the path up for a move towards and below the 6/16 swing low at 17.13. The expectation is that silver will take out support, leading to another leg lower off last week's peak before potentially finding good short-term support in the 16.70/16.90 region. Gold is already amidst its next leg lower.

Pivot:	17.25		
Support	17.07	16.91	16.73
Resistance	17.41	17.60	17.84

Highlights

- Silver fell as global shares rose and expectations that Britain could vote to leave the EU in Thursday's referendum receded
- Two opinion polls showed the "Remain" camp had recovered some ground
- With the odds for a 'Brexit' outcome lower, riskier assets increased and silver is coming under increasing pressure
- Wider markets seem to be too confident in a 'remain' victory
- A vote to leave would strengthen the Dollar and limit precious metals rally

Silver - Technical Indicators

RSI 14	68.08
SMA 20	16.61
SMA 50	16.93
SMA 100	16.18
SMA 200	15.37

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver dropped 0.1 percent to \$17.24 per ounce as global shares rose and expectations that Britain could vote to leave the European Union in Thursday's referendum receded.
- Two opinion polls on Monday showed the "Remain" camp had recovered some ground in the referendum debate though a third poll found those wanting to leave were ahead by a whisker.
- With the odds for a "Brexit" outcome lower, riskier assets increased and precious metals are coming under increasing pressure. A vote on June 23 by Britain to leave the 28-member EU, dubbed "Brexit," could tip Europe back into recession, putting more pressure on the global economy, thereby increasing the safe-haven appeal for metals.
- The Federal Reserve's ability to raise interest rates this year may hinge on a rebound in hiring that would convince policymakers the U.S. economy is not faltering, its head Janet Yellen told lawmakers yesterday.
- The dollar clung onto modest gains early today, while sterling's short-covering rally lost momentum. Asian stocks were steady today in Asian session as nervous investors counted down to Britain's make-or-break EU referendum, while Yellen's cautious tone on future rate hikes added to a subdued mood in markets.
- Silver could push on to its highest in nearly three years if the vote for Britain to leave the EU on Thursday lifts prices above key resistance at last week's high.
- Wider markets seem to be too confident in a 'remain' victory," adding that a decision to stay in the European Union could mean the U.S Federal Reserve could get on with raising interest rates, which would be negative for gold and silver.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Wednesday, June 22, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jun 22	05:30	AUD Westpac Leading Index (MoM) (MAY)	medium	0.21%		0.14%
Wed Jun 22	14:00	CHF ZEW Survey (Expectations) (JUN)	medium	19.4		17.5
Wed Jun 22	16:00	USD MBA Mortgage Applications (JUN 17)	medium			-2.4%
Wed Jun 22	17:30	CAD Retail Sales (MoM) (APR)	medium		0.8%	-1.0%
Wed Jun 22	18:00	USD House Price Index (MoM) (APR)	medium		0.6%	0.7%
Wed Jun 22	19:00	USD Yellen Testifies on Monetary Policy to House Financial Service	medium			
Wed Jun 22	19:00	EUR Euro-Zone Consumer Confidence (JUN A)	low		-7	-7
Wed Jun 22	19:00	USD Existing Home Sales (MoM) (MAY)	medium		0.9%	1.7%
Wed Jun 22	19:30	USD DOE U.S. Crude Oil Inventories (JUN 17)	medium			-933k

Source: Forex Factory, DailyFX

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