

## Gold

### Technical

Gold markets broke down significantly during the week, testing the uptrend line that has been crucial for the markets before. By breaking below the \$1300 level, the market looks likely to continue to go lower, perhaps reaching towards the \$1275 level followed quickly by the \$1250 level underneath. Otherwise, if it turn around and break above the \$1300 level that would be a sign that the market is trying to bounce from this uptrend line, and perhaps go to the \$1350 level. Ultimately, this is a market that is going to be paying attention to the 10-year treasury note, and the interest rates offered in the United States. If they continue to rally, and it's very likely they could, Gold will continue to suffer. Ultimately, the market looks likely to be noisy regardless, and ultimately it is going to be hard-pressed to buy or sell a massive amount of gold in anyone trade, as it should continue to see volatility.

Pivot:	1,288		
Support	1,286	1,279	1,273
Resistance	1,294	1,301	1,309

Source: FX EMPIRE

### Highlights

- Gold prices fell as U.S China trade war concerns recede
- As long as the dollar is on the firm side, gold is under pressure
- The price of gold fell below the psychologically important \$1,300 per ounce level last week for the first time since late December
- The dollar opened the week rising against the other major currencies in Asia
- Gold futures for June delivery on the Comex division of the New York Mercantile Exchange was down \$3.9, or 0.3%, to \$1,287.4 a troy ounce

### Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices edged down today as the dollar rose and demand for safe-haven assets eased after U.S Treasury Secretary Steven Mnuchin said the U.S trade war with China was "on hold".
- Spot gold was down 0.2 percent at \$1,289.30 per ounce. U.S gold futures for June delivery were 0.2-percent lower at \$1,289.20 per ounce. The dollar is a weak story in the medium-term but for the time being as interest rates continue to go up in the U.S, the momentum is not on gold.
- The dollar index, which measures the greenback against a basket of six major currencies, hit a five-month high of 93.860. The dollar rose and hit a five month-high against a basket of currencies today, after Mnuchin's comments downplaying a trade dispute with China, boosting risk sentiment amid hopes for an easing of trade tensions between the world's two biggest economies.
- Dollar-denominated assets such as gold are sensitive to moves in the dollar, a gain in the dollar makes gold more expensive for holders of foreign currency and thus decreases demand for the precious metal.
- Hedge funds and money managers cut their net long position in COMEX gold contracts in the week to May 15, U.S. Commodity Futures Trading Commission (CFTC) data showed on Friday.
- The EU is not doing enough to preserve the benefits for Iran from the 2015 international nuclear pact following the withdrawal of the United States, Iran's foreign minister told the EU's energy chief on Sunday.
- A stronger dollar makes dollar-denominated gold more expensive for holders using other currencies. Furthermore, rising U.S interest rates, and the expectation that U.S Federal Reserve will raise rates again next month, limit investor demand in non-yielding bullion.

### 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 WTI Crude Oil market rallied significantly during the week as crude oil continues to get a bit of a boost from geopolitical tensions and of course the idea of the US leaving the Iranian deal taking product off the markets. Economists believe that short-term pullbacks should continue to offer buying opportunities, with the \$67 level underneath is massive support and importance. The uptrend line underneath should continue to offer support as well, so I think that the pullbacks will be thought of as value opportunities. Longer-term, I believe we go to the \$72.50 level, and then perhaps even towards the \$75 level after that. The markets will continue to see a lot of volatility. Brent market higher at the beginning the week, reaching towards the vital \$80 level. It turned around of form a bit of the shooting star though, so it may get a short-term pullback.

Pivot:	71.80		
Support	71.00	70.65	70.25
Resistance	72.25	72.65	73.10

Source: FX EMPIRE

### Highlights

- Oil is climbing to kick off the new week, and WTI spot prices are climbing into 71.90
- Oil prices have surged more than 70% over the last year as demand has risen sharply while production has been restricted by OPEC
- Oil markets responded positive to the news, and risk sentiment took a swing higher
- Geopolitical risks continue to prop up prices. While markets remain on edge due to looming U.S sanctions against Iran
- The U.S oil rig count, an early indicator of future output, is at 844, highest level since March 2015

### Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices rose today as markets reacted to news that China and the United States have put a looming trade war between the world's two biggest economies on hold.
- Brent crude futures were at \$79.13 per barrel, up 62 cents, or 0.8 percent, from their last close. Brent broke through \$80 for the first time since November 2014 last week. U.S West Texas Intermediate crude futures were at \$71.83 a barrel, up 55 cents, or 0.8 percent, from their last settlement.
- The U.S trade war with China is "on hold" after the world's largest economies agreed to drop their tariff threats while they work on a wider trade agreement, giving global markets a lift in early trading today.
- Brent crude crept ever closer to \$80 per barrel, a level it has not seen since November 2014, as supplies tightened while demand remained strong. Meanwhile, production in Venezuela plunged to 1.5 million barrels last month.
- Crude prices were some way off the November 2014 highs reached last week as there is enough supply to meet demand despite ongoing production cuts led by the Organization of the Petroleum Exporting Countries.
- Oil prices falling to between \$50 and \$65 a barrel due to surging shale output and OPEC's capacity to boost production to replace potential falls in Iranian supplies due to sanctions.
- The temporary trade dispute will de-escalate over time through negotiation, U.S bank Morgan Stanley said. On the other hand, U.S crude is increasingly appearing on global markets as a result of its surging production.

### 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 continue to be choppy in general, as we felt towards the uptrend line only to turn around and form a somewhat supportive hammer like candle. This shows that the uptrend line is very much intact, but above we have a downtrend line that makes out a symmetrical triangle, so I think we will need to make some type of decision rather soon, and I think it would be easy to make a trade based upon the longer-term move, and until then it's pure speculation for longer-term traders. If we were to break above the downtrend line, then I think the market could go to the \$18 level, perhaps even \$20 over the longer-term. Otherwise, if the market breaks down below the uptrend line, the market could drop to the \$15.50 level which has been massive support going back to late 2016. A break down below there would of course be very negative. This is a market that should continue to be very noisy.

Pivot:	16.37		
Support	16.29	16.16	16.11
Resistance	16.49	16.55	16.66

Source: FX EMPIRE

### Highlights

- The silver prices edged down today as the U.S Dollar rose and demand for safe-haven assets eased
- COMEX silver is likely close to being washed out already and is unlikely to fall much further
- Silver futures fell 0.13% to \$16.46 a troy ounce as it has been in 2018 fallen to multi-year lows
- Silver prices crashing lower would be the best move investors could want
- Silver prices have fallen significantly, but it still has the potential to perform very well in periods of stock market weakness

### Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices moved little on Friday before the weekend after marking two successive daily gains, but still on track for a weekly decline. While it is also in the negative territory in the morning deals today. Silver last traded at \$16.40 an ounce, near the opening of \$16.41, with a session-high at \$16.44, and a low at \$16.40.
- The dollar held its ground against a basket of major rivals near five-month highs, heaping pressure on dollar-denominated commodity futures as US economic outlook improves.
- A surge in US treasury bond yields also weighed considerably on commodities, including silver futures, due to their inverse relation. The U.S. dollar is likely to reverse its rally later in the year, pressured down by uncertainties in the U.S.
- Italy's two anti-establishment parties promised on Friday to ramp up spending in a programme for a new coalition government, putting them on a collision course with the European Union despite having dropped some of their most radical proposals.
- One of the signs that silver will hold its ground is ETF holdings, which increased to the highest level since 2013 and are showing little sign of liquidation after a drop in prices.
- Despite the uptick in silver prices they remained on track for their biggest weekly fall of the year as they struggled to claw back losses suffered earlier during the week, when U.S bond yields rallied sharply. There were some significant geopolitical events occurring over the weekend.
- Analysts have suggested 10-year treasury bond prices, which trade inversely to yields could come under pressure, sending yields higher. This may pressure silver prices as a rise in U.S rates, lift the opportunity cost of holding silver as it pays no interest.

### 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	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

Monday, May 21, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon May 21	03:45	NZD Retail Sales Ex Inflation (QoQ) (1Q)	Medium	0.1%	1.0%	1.7%
Mon May 21	04:01	GBP Rightmove House Prices (YoY) (MAY)	Medium	1.1%		1.6%
Mon May 21	04:50	JPY Trade Balance (APR)	Medium	¥626.0b	¥440.0b	¥797.0b
Mon May 21	04:50	JPY Exports (YoY) (APR)	Low	7.8%	8.7%	2.1%
Mon May 21	04:50	JPY Imports (YoY) (APR)	Low	5.9%	9.8%	-0.6%
Mon May 21	08:00	NZD Credit Card Spending (YoY) (APR)	Medium	7.0%		7.4%
Mon May 21	17:30	USD Chicago Fed Nat Activity Index (APR)	Low			0.1
Mon May 21	20:30	USD U.S. to Sell USD42 Bln 6-Month Bills	Low			
Mon May 21	23:05	USD Fed's Harker Speaks in New York	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