

## Gold

### Technical

Gold markets went sideways most of the day on Tuesday, but then dipped lower, reaching towards the \$1255 level. The market has stabilized at the 72 hour moving average as I record this, but I think that the \$1250 level underneath is even more supportive, and therefore it's likely that buyers will return in that general vicinity. I don't have any interest in selling gold currently, as we have seen such bullish pressure. We have slowed down the velocity of the rally though, and that is probably a good thing after the impulsive move that we had seen previously. Remember, gold markets get a little bit of a boost in the "safety trade." There are a lot of things out there that could have traders running right back to that trade, not the least of which would be North Korea. So having said all that I think there is still a nice amount of bullish pressure underneath, so I don't think that selling is going to be easy to do.

Pivot:	1,249		
Support	1,245	1,241	1,236
Resistance	1,254	1,258	1,263

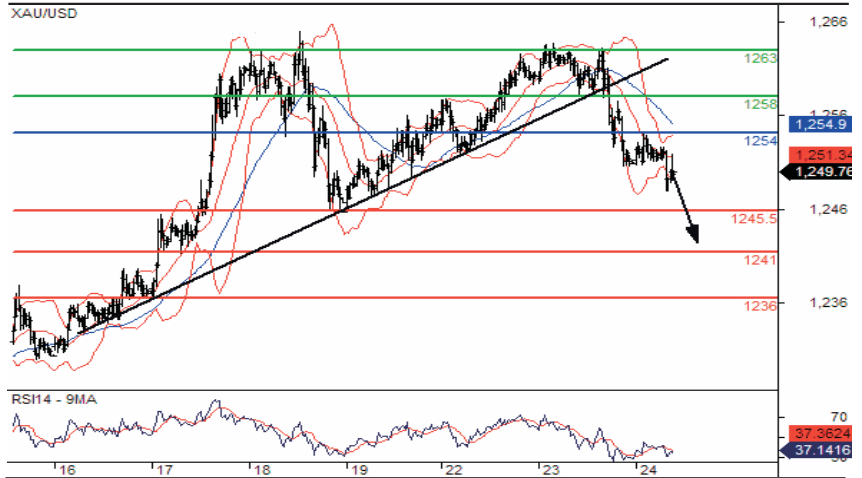
### Highlights

- Rising U.S interest-rate hike expectations were pressuring gold today
- Gold prices fell \$5.90 to settle at \$1,255.50 an ounce yesterday
- Gold prices settled lower yesterday, pulling back from a three-week high, with the U.S. dollar finding support
- Minutes from the Fed's most recent meeting will be released today
- Economic data yesterday showed manufacturing PMI slipped to 52.5 this month from 52.8—marking an eight-month low

### Gold - Technical Indicators

RSI 14	65.71
SMA 20	1,323.2
SMA 50	1,291.3
SMA 100	1,234.5
SMA 200	1,235.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold held steady today, after slipping in the previous session, as investors awaited cues on the U.S. Federal Reserve's rate hike stance from the minutes of its last meeting due later in the day.
- Federal funds futures suggested traders saw about a 79 percent chance that the U.S. central bank would raise key short-term rates by a quarter point to 1.00-1.25 percent at its June 13-14 policy meeting, little changed from Monday's close, CME Group's FedWatch program showed.
- Spot gold was little changed at \$1,250.52 per ounce. U.S gold futures shed up to 0.4 percent to \$1,250.20 an ounce. My expectations are that the pace of interest rate hikes will be kept steady and stable regardless of the short-term fluctuations in the U.S. economic data.
- Higher interest rates tend to boost the dollar and push bond yields up, putting pressure on gold prices by increasing the opportunity cost of holding non-yielding bullion.
- A U.S. interest rate hike next month is a "distinct possibility," the head of the Federal Reserve Bank of Philadelphia Patrick Harker said. Meanwhile, Minneapolis Federal Reserve Bank President Neel Kashkari said while the U.S. economy is closer now than it was in March to full employment, he still does not know "if we are there yet."
- Gold could face more pain if tonight's FOMC (Federal Open Market Committee) minutes shows that the Fed is on course for two to three more rate hikes this year.
- Spot gold is expected to test a support at \$1,245 per ounce, a break below which could cause a loss to the next support at \$1,233. Yellow metal prices rose 3 percent since hitting a near-two month low of \$1,213.81 on May 9, primarily supported by the political turmoil in the U.S.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market went back and forth during the day on Tuesday, dipping below the \$51 level but finding enough support at the gap from a couple of sessions ago to turn around and rally. The market breaking back above the \$51 level is a good sign, so having said that I think that if we can break above the top of the range for the day that would be bullish. However, is very likely that the market will probably be quiet until the OPEC announcements coming out of the meeting on Thursday, so ultimately it's difficult to imagine a situation where buying a large position can be done ahead of time. However, based upon the gap that we had seen a couple of sessions ago, it does suggested there is a proclivity of bullish pressure. The question now probably isn't whether or not OPEC will announce further production cuts, but whether or not they will expand them. If they don't, look out below.

Pivot:	51.67		
Support	50.90	50.56	50.15
Resistance	52.20	52.65	52.95

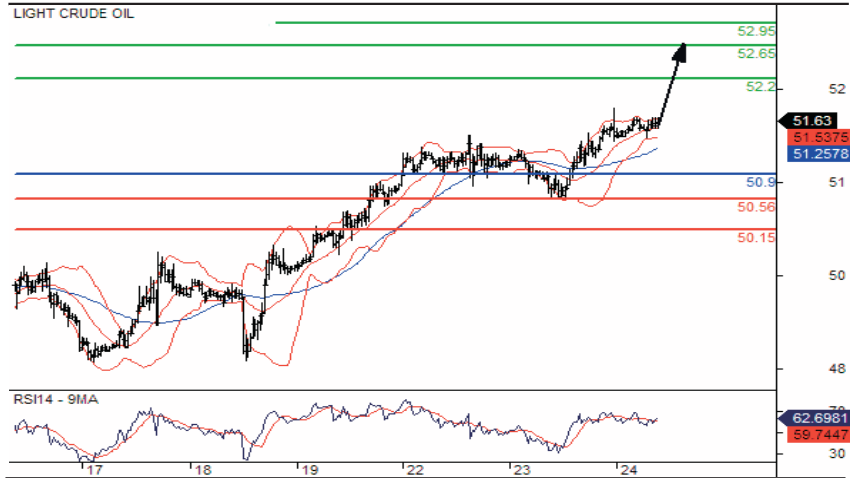
### Highlights

- Oil futures rose slightly today, building on a week's of gains ahead of a looming decision on output cuts by major producers
- The American Petroleum Institute, a private industry group, said the U.S. that crude stockpiles declined last week
- Drops are also anticipated to be seen in later today's government report
- An extension of ongoing production cuts is anticipated
- Crude for July delivery was recently up 13 cents, or 0.3%, to \$51.60

### Crude - Technical Indicators

RSI 14	46.23
SMA 20	45.56
SMA 50	47.63
SMA 100	48.76
SMA 200	50.11

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices rose today, supported by growing confidence that OPEC and other big producers would agree to keep output restricted for the rest of 2017 and into the first quarter of next year.
- U.S. light crude oil was up 20 cents at \$51.67. Crude has gained more than 10 percent from its May low, rebounding on a consensus that the OPEC and other producers will maintain strict limits on oil production in an attempt to drain a global oversupply.
- OPEC has promised to cut supplies by 1.8 million barrels per day (bpd) until June and is expected tomorrow to decide to prolong that cut to March 2018. With oil stocks nowhere near OPEC's self-assigned objective of the recent five-year average level, an extension of cuts seems all but a forgone conclusion.
- Over a five-plus-year horizon, oil price growth is in a structural slowdown, pressured by persistent supply gains. One reason why markets have not tightened more has been U.S. oil production, which has soared by 10 percent since mid-2016 to 9.3 million bpd.
- Benefiting from a market known as contango, in which future oil prices are higher than those for immediate delivery, U.S. drillers have sold future production in order to finance expanding output.
- To stop this, analysts at Goldman Sachs have suggested the oil futures price curve should be pushed into backwardation, where forward prices are below current ones.
- But while backwardation might be able to reduce inventories, it is less clear how OPEC could alter the forward price curve, or if that would stop production rising. Investors' hopes the past 2 1/2 weeks have been buoyed by reports that Saudi Arabia is garnering support among major producers for a potential nine-month extension of production cuts.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	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 fell during the session on Tuesday, but found enough support at the 24-hour exponential moving average to turn around and bounce, reaching towards the \$17.30 level. That's an area that caused enough resistance to turn the market back around, and now late in the US session we are starting to see Silver test the lows again. The \$17 level below should be supportive, so I suspect that the buyers are waiting to pick up silver in this general vicinity. If we broke down below the \$17 level, the market could go looking for the \$16.75 level, which is a psychologically important level. The market looks very likely to continue to go to the upside over the longer term, especially if there is more of the "safety trade" that we had seen in the gold market. Pay attention to the US dollar, as it is a massive influence in the silver market as well as the risk appetite.

Pivot:	16.97		
Support	16.83	16.72	16.59
Resistance	17.11	17.21	17.31

### Highlights

- Silver slipped 0.2 percent to \$16.99 an ounce, in the previous session, silver hit its highest in over three weeks at \$17.30
- The dollar held firm early, having rebounded from 6-1/2-month lows
- New U.S single-family home sales tumbled from near a 9-1/2-year high in April
- U.S President Donald Trump asked lawmakers yesterday to cut \$3.6 trillion in government spending over the next decade
- Investors waited for cues from minutes of the central bank's latest meeting, due later in the day

### Silver - Technical Indicators

RSI 14	56.32
SMA 20	19.22
SMA 50	18.34
SMA 100	17.49
SMA 200	17.54

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices lost some of their zeal in yesterday's trading session, but continued to trade at three-week highs as investors turned their attention to the economic calendar.
- Silver for July delivery slipped 7 cents, or 0.4%, to \$17.12 a troy ounce. The futures price fluctuated between \$17.04 and \$17.21 through the overnight session.
- The combination of a weaker dollar and political risks pushed silver prices north of \$17.00 on Monday for the first time this month. The grey metal has returned nearly 7% since May 9.
- Gold prices also shifted into higher gear at the start of the week, reaching their highest settlement since April 28. The June futures contract was last seen trading at \$1,259.60 a troy ounce, down 0.1% from the previous close.
- The dollar continued to lose ground at the start of the week, with the euro reaching its highest level since early November. The dollar index settled below 97.00 on Monday and was last seen trading flat at 96.99.
- Minneapolis Fed Neel Kashkari said yesterday that while the U.S. economy is closer now than it was in March to full employment, he still does not know "if we are there yet," and that the recent decline in core inflation is "concerning".
- U.S. President Donald Trump asked lawmakers on Tuesday to cut \$3.6 trillion in government spending over the next decade, taking aim at healthcare and food assistance programs for the poor in an austere budget that also boosts the military.
- Soldiers will be deployed to key sites in Britain to boost security as the country raised its terror threat to the highest level of "critical" following a suicide attack in Manchester that killed 22 people, including children.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, May 24, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 24	03:45	NZD Trade Balance (New Zealand dollars) (APR)	Medium	578m	267m	277m
Wed May 24	05:30	AUD Westpac Leading Index (MoM) (APR)	Medium	-0.12%		0.08%
Wed May 24	11:00	EUR German GfK Consumer Confidence Survey (JUN)	Medium	10.4	10.2	10.2
Wed May 24	16:00	USD MBA Mortgage Applications (19 MAY)	Medium	4.4%		-4.1%
Wed May 24	17:45	EUR ECB President Draghi speaks in Madrid	High			
Wed May 24	18:00	USD House Price Index (MoM) (MAR)	Medium		0.6%	0.8%
Wed May 24	19:00	CAD Bank of Canada Rate Decision (24 MAY)	High		0.50%	0.50%
Wed May 24	19:30	USD DOE U.S. Crude Oil Inventories (19 MAY)	Medium		-2081	-1753k
Wed May 24	23:00	USD FOMC Meeting Minutes (3 MAY)	High			

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	(Assistant 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