

## Gold

### Technical

A spike into the close on Friday by the U.S. Dollar sent August Comex Gold futures sharply lower. Somewhat hawkish comments from Fed Chair Janet Yellen was the catalyst behind the move. Although gold is ripe for a short-term retracement rally due to oversold conditions, its direction will be determined by the movement in the dollar and the stock market. A higher dollar will pressure gold because it is a dollar-denominated asset and when the dollar rises, demand for gold falls. Stronger equity markets means money is flowing into stocks and away from assets like gold that don't pay a dividend or interest. Technically, the main trend is down according to the daily swing chart. The trend is in no danger of turning up, but the market is 10 days off its recent top.

Pivot:	1,211		
Support	1,199	1,190	1,181
Resistance	1,217	1,223	1,234

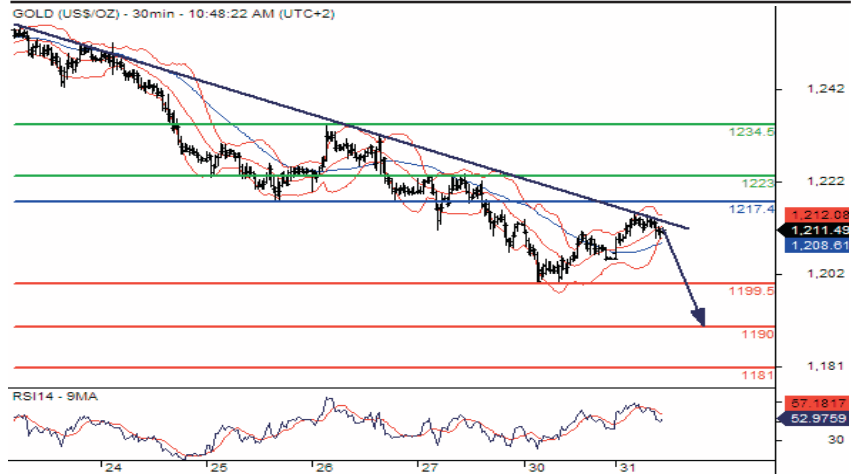
### Highlights

- Gold edged up today after falling to a three-and-a-half month low yesterday
- The yellow metal remained on track for its biggest monthly decline since November on the back of broad strength in the dollar
- Bullion got some support earlier in the session as Asian stocks wobbled
- Yesterday, the safe-haven asset fell as much as 1 percent to \$1,199.60 an ounce, its lowest since Feb. 17
- Gold has fallen about 6.3 percent so far in the month of May

### 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 fell below \$1,200 for the first time since mid-February on Monday, as comments from Federal Reserve chief Janet Yellen on the likelihood of higher US interest rates sent the dollar to two-month highs.
- The Fed should increase interest rates in the coming months if the economy picks up, Yellen said on Friday, bolstering the case for a rate hike in June or July. St. Louis Fed President James Bullard said on Monday global markets appeared to be "well-prepared" for a summer rate hike.
- An increase in US rates would raise the opportunity cost of holding gold, which does not earn interest. It would also bolster the dollar, making gold more expensive for holders of other currencies. Longer term, however, negative interest rates should boost gold, said John Ciampaglia, executive vice-president of corporate development for Sprott Inc.
- Minneapolis Federal Reserve Bank President Neel Kashkari said last week that negative interest rates, used by central banks in Europe and Japan to stimulate their economies, would only be a last resort for the US central bank.
- Gold fell as much as 1 percent to \$1,199.60 an ounce, its lowest since Feb. 17, and was down 0.6 percent at \$1,205.20 an ounce. The metal was on track for nine sessions of losses, its longest losing streak since March 2015. US gold futures dropped 0.8 percent to \$1,207.4.
- Trade was thin with public holidays in Britain and the United States on Monday. Hedge funds and money managers cut their bullish bets in US gold futures and options to their lowest in almost two months, US government data released late on Friday showed.
- Positions were reduced on a similarly radical scale in early November 2015 when the Fed prepared the market for a rate hike in December. Investors are waiting US non-farm payrolls data for May, due on Friday.

### 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

The WTI Crude Oil market went back and forth during the course of the session on Monday, but you have to keep in mind that the Americans were away at the Memorial Day holiday, and as a result liquidity would've been a significantly influential factor, so there isn't too much to trade based upon Monday's action. However, we do overall look very strong, and the \$50 level above should continue to be at the very least psychologically significant. If we can break above the \$50 level, the market then should continue to go much higher. Pullbacks at this point in time should be buying opportunities, and I believe that there is a significant amount of support at lower levels, including the \$48 level, the \$46 level, and the \$43 level. The market should have more than enough buying pressure underneath to continue to push this market high enough to break higher than the psychological barrier.

Pivot:	49.38		
Support	49.07	48.68	48.20
Resistance	49.96	50.20	50.60

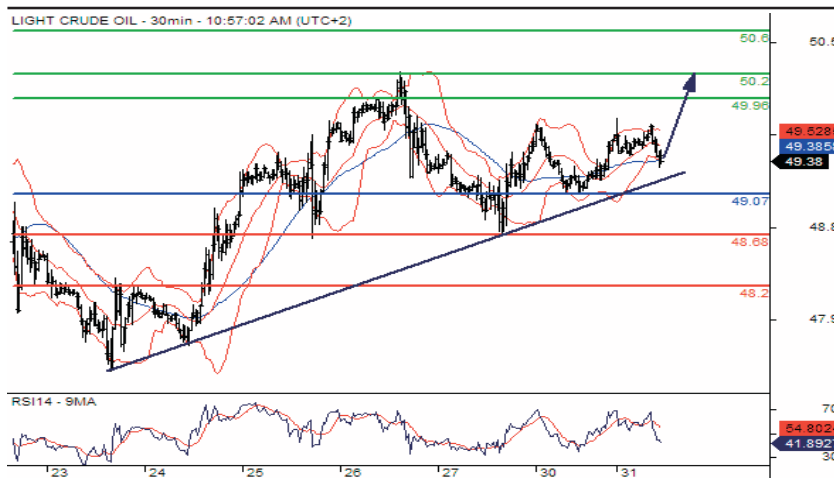
### Highlights

- OPEC members gathering in Vienna on June 2 are expected to fall in with a Saudia-led policy focused on squeezing out rivals
- Oil is now set for the longest run of monthly gains in five years
- Declining production from U.S to Nigeria pushed prices to \$50 a barrel
- Few analysts expect OPEC to change its policy at this week's meeting in Vienna
- Oil prices have rallied over the last two months due to unplanned production outages in Canada and Nigeria

### 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

- U.S crude edged higher as the summer driving season began. U.S West Texas Intermediate (WTI) crude oil futures traded 10 cents higher at \$49.43 a barrel. Iraq will supply 5 million barrels of extra crude to its international oil company partners in June, industry sources familiar with the issue said, joining other Middle East producers by lifting market share.
- Iraq, the second-largest producer in the Organisation of the Petroleum Exporting Countries, had already been targeting record crude export volumes from southern terminals next month of 3.47 million barrels per day.
- Asian imports of Iranian oil rose more than 13 percent in April from a year before as Tehran vies to recoup market share lost under international sanctions. Saudi Arabia, the world's top crude exporter, and fellow OPEC producers Kuwait, Iran and the United Arab Emirates, also plan to raise supplies in the third quarter.
- OPEC's 13 members meet in Vienna on Thursday to set the group's policy, which is more focussed on market share than on influencing prices. Demand in North America is set to pick up as the summer driving season boosts demand, triggering a cut in the amount of open short crude positions that would profit from falling prices.
- Oil prices rose above the key \$50 a barrel mark last Thursday for the first time since November. Almost half a year of lower prices has dragged the year's average down. But analysts see a more positive trajectory for the second half of the year.
- By the fourth quarter of 2016, analysts expect oil to be trading at \$48 a barrel, that's up from a prediction of \$47 in April's survey. Analysts cut their forecasts throughout the start of this year amid a glut of oil and concern over the Chinese economy, the world's second biggest consumer of oil.

### 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 fell during the day on Monday, but you have to keep in mind that the Americans were away at Memorial Day. With this being the case, the liquidity would've been a little lower than usual, so we don't put too much stock into this candle. However, we are sitting in the area that we anticipate to see quite a bit of support and, so we are waiting to see either of bounce or supportive candle so we can start buying. We have no interest whatsoever in selling this market, there is quite a bit of pressure just underneath. Trade was thin with public holidays in Britain and the United States on Monday. Analysts said that traders are still digesting Fed Chair Janet Yellen's comments Friday. At an event at Harvard University, she said she was optimistic that the U.S. economy will continue to expand and added that it could be appropriate to raise interest rates in a few months.

Pivot:	16.08		
Support	15.86	15.76	15.65
Resistance	16.16	16.26	16.37

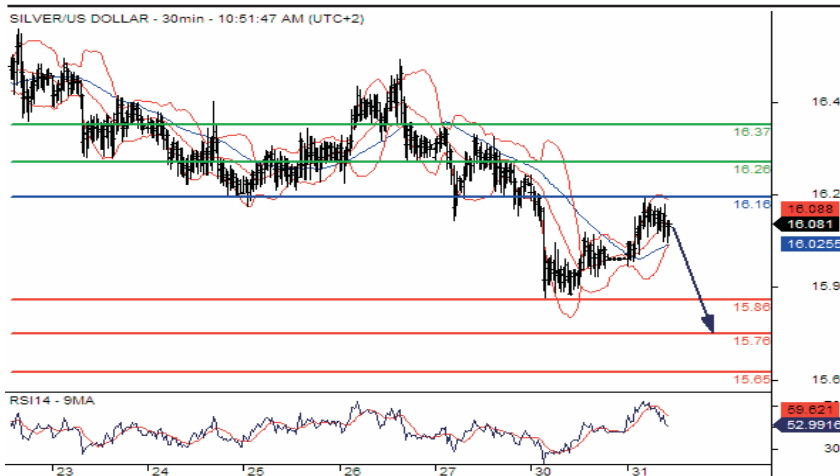
### Highlights

- Silver futures gained the most in a week on speculation that an improving U.S housing market will underpin demand for the metal
- Contracts to purchase previously owned U.S homes climbed in April
- Data showing purchases of new homes surged to the highest in eight years
- Silver futures for July delivery gained 0.5 percent to settle at \$16.34
- Output from mines this year will fall for the first time since 2011, New York-based CPM Group said last month

### 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



### Fundamentals

- Silver futures for July delivery slumped 7.4 cents, or 0.45%, on Friday to settle at \$16.26 a troy ounce after hitting an intraday low of \$16.14, the weakest level since April 18. On the week, silver futures slumped 23.1 cents, or 1.59%, the fourth straight weekly decline.
- The dollar spiked after Federal Reserve Chair Janet Yellen said a rate hike was probably appropriate in coming months. In remarks made during an appearance at Harvard University Friday afternoon, Yellen said a rate increase in the coming months "would be appropriate," if the economy and labor market continue to improve.
- Traders are now pricing in a 28% chance for a rate hike in June and 60% in July, according to CME Group's FedWatch tool. September odds were at about 68%.
- Yellen's comments lifted the U.S. dollar to its highest level in two months against a basket of major currencies on Friday, logging its fourth consecutive week of gains, on hints the Fed is getting closer to raising interest rates.
- A stronger U.S Dollar usually weighs on precious metals, as it dampens the metal's appeal as an alternative asset and makes dollar-priced commodities more expensive for holders of other currencies.
- In the week ahead, investors will be focusing on Friday's U.S. nonfarm payrolls report for May to gauge if the world's largest economy is strong enough to withstand further rate hikes in 2016.
- There is also ISM manufacturing data on Wednesday and ISM services on Friday as traders search for more clues on the timing of the next U.S. rate hike. Market players will also be focusing on the outcome of Thursday's European Central Bank meeting as well as new quarterly forecasts that will signal whether the bank is getting closer to its inflation target.

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

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	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

Tuesday, May 31, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue May 31	04:30	JPY Jobless Rate (APR)	medium	3.2%	3.2%	3.2%
Tue May 31	04:50	JPY Industrial Production (YoY) (APR P)	medium	-3.5%	-5.0%	0.2%
Tue May 31	11:00	EUR German Retail Sales (YoY) (APR)	medium	2.3%	1.7%	0.6%
Tue May 31	12:55	EUR German Unemployment Change (MAY)	high	11k	-5k	-16k
Tue May 31	14:00	EUR Euro-Zone Unemployment Rate (APR)	medium	10.2%	10.2%	10.2%
Tue May 31	14:00	EUR Euro-Zone Consumer Price Index Estimate (YoY) (MAY)	high	-0.1%	-0.1%	-0.2%
Tue May 31	17:30	CAD Gross Domestic Product (YoY) (MAR) (MAR)	high		1.4%	1.5%
Tue May 31	17:30	USD Personal Consumption Expenditure Core (YoY) (APR)	high		1.6%	1.6%
Tue May 31	19:00	USD Consumer Confidence (MAY)	high		96.3	94.2

Source: *Forex Factory, DailyFX*

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## 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