

Gold

Technical

Gold prices consolidated on Tuesday as a stronger than expected New Home Sales report was offset by a softer than expected Richmond Fed manufacturing index report. Prices were unable to recapture the 10-day moving average at 1,343, while support is seen near the August lows at 1,332. Momentum is flat with the relative strength index (RSI) printing a reading of 50 which is smack in the middle of the neutral range and reflects consolidation. The U.S. Richmond Fed manufacturing index dove 21 points to -11 in August, erasing the 20-point jump to 10 in July from -10 in June. This is the lowest reading since January 2013, which allowed the dollar to drop and gold to hold steady. U.S. new home sales jumped 12.4% to 654k in July, following a 1.7% increase in June to 582k. This is the strongest pace since October 2007, and brought the 3-month average to 602.7k from 574.7k

Pivot:	1,338		
Support	1,331	1,325	1,321
Resistance	1,344	1,348	1,351

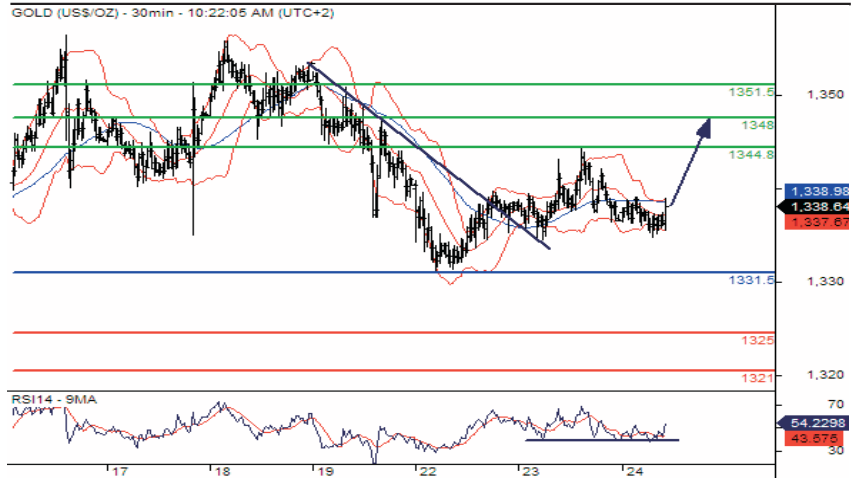
Highlights

- Gold prices traded higher yesterday on the back of a weaker dollar
- Investors are waiting for further clues this week on the timing of an increase in U.S interest rates
- Gold for December delivery settled up 0.2% at \$1,346.10 a troy ounce on the Comex division of the New York Mercantile Exchange
- A weaker dollar can give dollar-denominated commodities like gold a boost
- The gold has benefited this year as the Federal Reserve has dialed back expectations for the number of rate increases in 2016

Gold - Technical Indicators

RSI 14	52.45
SMA 20	1,346.70
SMA 50	1,336.18
SMA 100	1,298.07
SMA 200	1,236.30

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold was largely unchanged yesterday as markets shifted focus from hawkish comments by a Federal Reserve official over the weekend to a meeting of global central bankers later this week that might provide hints on the timing of a U.S. interest rate increase.
- Spot gold rose 0.07 percent to \$1,339.2 per ounce, having hit a two-week low of \$1,331.35 in the previous session. The most active U.S gold futures for December delivery settled up \$2.70, or 0.20 percent, at \$1,346.1 per ounce.
- Prices fell on Monday after weekend comments by the Fed's No. 2 policymaker, Stanley Fischer, saying that the U.S. central bank is close to hitting targets for full employment and 2 percent inflation, raising the prospect of a U.S. rate increase.
- U.S. Federal Reserve Chair Janet Yellen may provide more clarity on interest rates in a speech at the meeting of central bankers, an annual gathering in Jackson Hole, Wyoming, starting Aug. 25. Investors very much locked into a range here and are just waiting for Janet.
- The sense going into that meeting is that the Fed may be a little bit more hawkish than previously and if the Fed does go hawkish, we could see gold retrace back to \$1,300 or maybe slightly lower.
- The Fed last week sent mixed messages in the minutes of its July meeting, though some members have suggested that rates could rise as soon as September. The Fed increased rates for the first time in a decade in December, but expectations that it would hold off on further increases have helped to drive a 26 percent gain in gold prices this year.
- Gold is highly sensitive to rising rates, which boost the opportunity cost of holding non-yielding bullion while lifting the dollar, in which it is priced. Holdings of SPDR Gold Trust rose 0.25 percent to 958.37 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	
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

WTI crude oil surged back up to 48.31 highs, after basing at 46.62 earlier, as reports of Iran coming around to the idea of a production freeze circulate. Reuters reports from sources that Iran has not decided if it will support a freeze, though says it is more open to reaching an "understanding" with other producers.

Brent moved higher in tandem with WTI. Support is seen near the 10-day moving average near 46.17, while resistance is seen near the August highs at 49.36. Mixed API inventory numbers should generate volatility. According to the American Petroleum Institute, crude oil recorded a large build of 4.5mn barrels compared with expectations of a draw of around 0.5mn. There was a substantial draw in gasoline stocks of 2.1mn, significantly bigger than expected, while distillates recorded a draw of 0.8mn barrels on the week.

Pivot:	47.37		
Support	46.59	45.81	45.00
Resistance	48.55	49.35	50.00

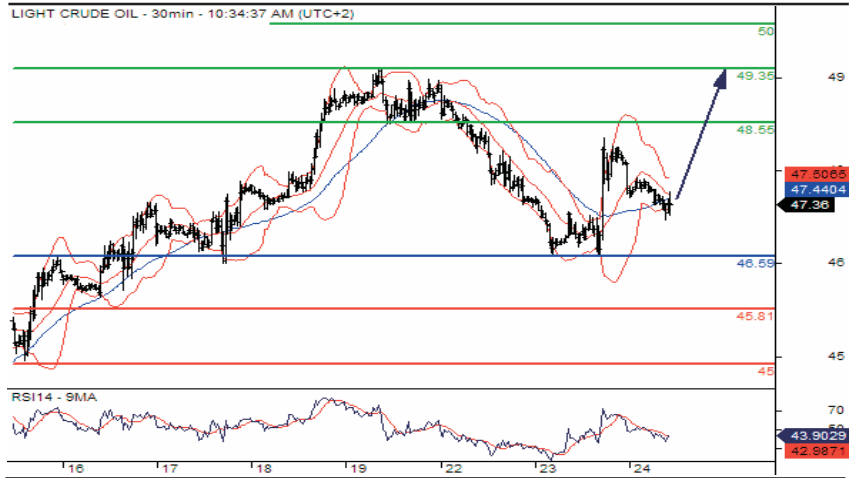
Highlights

- Oil prices fell, with fears over a U.S crude stock build wiping out some gains
- There is news that Iran could participate in a joint production freeze
- U.S West Texas Intermediate was down 1.9% at \$47.20 today in European session
- Prices had spiked yesterday following a report that Iran had agreed to attend an OPEC meeting due to be held in September
- The weekly forecast from the American Petroleum Institute predicted a crude build of 4.5 million barrels

Crude - Technical Indicators

RSI 14	67.33
SMA 20	43.27
SMA 50	45.27
SMA 100	46.36
SMA 200	40.76

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices fell 1.5 percent today in Asian session on an unexpected increase in U.S. crude stocks that revived worries about the supply glut that has capped prices for the past two years..
- U.S West Texas Intermediate (WTI) crude was down 86 cents, or 1.8 percent, at \$47.24 a barrel. Earlier in the session, the contract came close to shedding a dollar at \$47.13.
- API data showed a big build last week and that supported the quick turnaround in sentiment. Industry data from the American Petroleum Institute (API) showed on Tuesday that U.S. crude inventories had risen by 4.5 million barrels in the week ending Aug. 19.
- The U.S. government will publish its own weekly crude stocks data later today. Brent briefly spiked above \$49 in the previous session after Reuters reported Iran was sending positive signals that the country may support joint OPEC action to prop up oil prices.
- But analysts and traders remain skeptical that producers will come to an agreement at a meeting in Algeria scheduled for Sept. 26-28 as various OPEC members have their own agendas.
- Iraq's prime minister said on Tuesday his country had not yet reached its full oil market share, suggesting the government would not restrain crude output as part of any OPEC agreement.
- The bearish API data did dampen enthusiasm among traders and money managers, but some observers are still confident that the official data released Wednesday by the Energy Information Administration won't be as negative as forecast. Oil prices also got a boost yesterday as traders eyed a couple of weather systems in the Atlantic, which could make a run into the Gulf of Mexico as a potential storm and disrupt oil output in the region.

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 tried to rally during the course of the day on Tuesday, but gave back some of the gains in order to form a slightly weak looking candle. Ultimately, I think that there is more support closer to the \$18 level so we may have to drop a bit before we find significant buying pressure. With this being the case, the market could very well find itself grinding to the upside but it may have to fight quite a bit to get up there. Ultimately, this is a market I'm bullish of but I think that we could see a couple of negative days. The short-term trend remains lower, and as such a retest of the 19.20 level and failure may offer a good short set-up, even if only for a hit-n-run trade as silver falls into meaningful long-term support. The drop below 19.20 exposes silver to further selling, but we need to be mindful of long-term support which exists from current prices down to the low-18s.

Pivot:	18.89		
Support	18.69	18.47	18.26
Resistance	19.20	19.45	19.71

Highlights

- Silver prices traded higher to \$18.875, with trading range between \$18.830 and \$19.090 for the contract
- Markets are patiently awaiting Fed Chair Janet Yellen's speech on Friday, August 26th, at an annual symposium in Jackson Hole
- Investors have stepped off the gas pedal due to a lack of information to go on
- People are realizing that the U.S economy is in for a rough road
- The current gold/silver ratio sits at 71.189, based on the December & September contracts

Silver - Technical Indicators

RSI 14	42.18
SMA 20	20.04
SMA 50	19.61
SMA 100	18.29
SMA 200	16.62

Silver Daily Graph



Fundamentals

- Silver prices rebounded from seven-week lows yesterday, but remained within a downtrend after breaking below a key technical support level. Silver for September delivery advanced 9 cents or 0.5% to \$18.95 a troy ounce. The futures price reached a daily high of \$19.09 and is currently trading right around the long-term support area.
- Since the start of August, silver prices have declined more than 8%, as the market continued to consolidate in a lower range after hitting fresh two-year highs.
- Last week silver prices had fallen below \$19.55, which exposes the grey metal to further downside risks. Silver prices came under pressure at the start of the week as the US dollar stabilized ahead of a speech by Federal Reserve Chairwoman Janet Yellen on Friday.
- Yellen will make her speech at the annual Jackson Hole Symposium of central bankers and other policymakers, which begins Thursday. The US dollar declined yesterday, falling 0.2% against a basket of currencies.
- Investors were also digesting a deluge of PMI data through the overnight session. Japan's manufacturing industry showed signs of improvement in August, but remained in contraction territory, according to a preliminary PMI report from Markit/Nikkei.
- Meanwhile, Eurozone PMI manufacturing weakened unexpectedly in August, but the overall economy showed signs of improvement. The Markit flash Eurozone Composite PMI improved slightly to 53.3 in August from 53.2
- Investors will sift through a deluge of economic reports over the next three days. On Wednesday New Zealand will release its latest trade figures for the month of August, followed by revised GDP data from Germany and a report on existing home sales from the U.S.

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	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, August 24, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 24	03:45	NZD Trade Balance (New Zealand dollars) (JUL)	Medium	-433m	-325m	110mm
Wed Aug 24	06:30	AUD Construction Work Done (2Q)	Medium	-3.7%	-2.0%	-2.6%
Wed Aug 24	11:00	EUR German Gross Domestic Product n.s.a. (YoY) (2Q)	Medium	3.1%	3.1%	3.1%
Wed Aug 24	13:30	GBP BBA Loans for House Purchase (JUL)	Medium	37662	38000	39763
Wed Aug 24	16:00	USD MBA Mortgage Applications (AUG 19)	Medium			-4.0%
Wed Aug 24	18:00	USD House Price Purchase Index (QoQ) (2Q)	Medium			1.3%
Wed Aug 24	18:00	USD House Price Index (MoM) (JUN)	Medium		0.3%	0.2%
Wed Aug 24	19:00	USD Existing Home Sales (MoM) (JUL)	Medium		-1.2%	1.1%
Wed Aug 24	19:30	USD DOE U.S. Crude Oil Inventories (AUG 19)	Medium		-850k	-2508

Source: Forex Factory, DailyFX

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