

Gold

Technical

Gold markets went sideways initially during the day on Thursday, and then fell rather significantly in a sudden downdraft. This looks a lot like profit-taking, so we will have to see what happens next. I believe there is plenty of support down to at least the \$1250 level, so as soon as we get a supportive candle or a bounce, I am willing to buy. It's not until we break down below the \$1240 level that I would be willing to start selling. Yes, I recognize that there is a lot of negativity in the market suddenly, but at the end of the day it is yet a blip on the radar of the overall uptrend. I need to see a supportive candle underneath to start buying again, but that is my plan right now, to buy dips as they occur. I believe that the gold markets will probably go towards the \$1275 level over the longer term, and then eventually the \$1300 level after that. I have no interest in shorting until we break down \$1240 level.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,259 | | |
| Support | 1,254 | 1,250 | 1,248 |
| Resistance | 1,264 | 1,267 | 1,270 |

Highlights

- Gold prices slipped ahead of a U.S GDP report that economists expect to show rebound from a sluggish start to the year
- Gold movement has been relatively choppy since midweek
- When a Fed policy update was read as mostly dovish by investors, lifting gold prices to their highest finish since mid-June
- Today, August gold slipped 70 cents, or 0.1%, to \$1,259.30 an ounce
- Gold got boost as a key gauge for the U.S dollar touched its lowest level in more than year

Gold - Technical Indicators

| | |
|---------|---------|
| RSI 14 | 78.49 |
| SMA 20 | 1,205.2 |
| SMA 50 | 1,174.3 |
| SMA 100 | 1,198.5 |
| SMA 200 | 1,225.8 |

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold held near six-week highs on Friday though its recent rally appeared to falter as investors awaited U.S. gross domestic product (GDP) data for more clues about the pace of U.S. monetary policy tightening.
- Stronger than expected growth would leave the U.S. Federal Reserve on track to raise rates, pushing up bond yields and making non-yielding gold less attractive. It would also bolster the dollar, making bullion more expensive for holders of other currencies.
- Spot gold was flat at \$1,258.61 an ounce after touching \$1,264.99, the highest since June 15, on Thursday. It was on track to rise for a third week in a row. U.S gold futures for August delivery were 0.2 percent lower at \$1,258 an ounce.
- The dollar was slightly weaker and U.S. bond yields slightly higher, while share prices fell. The biggest risk to gold prices was a stronger dollar. Gold has risen by about \$55 since early July thanks to dollar weakness and short-covering, he said, but the rally was on a rather weak footing because at the same time you had the physical market selling.
- The U.S data would have to be very disappointing to push gold significantly higher and he expected prices to fall to \$1,200 an ounce. Economists expected U.S. GDP to have increased at a 2.6 percent annual rate in April-June, but positive economic data released on Thursday prompted some to raise their forecasts.
- On the technical side, fibonacci resistance was firm at \$1,261.30 and support at \$1,250.50. Gold looks well supported ahead of the 100-day moving average at \$1,249, and a consolidation above \$1,260 could support a move higher.
- Chinese data today in Asian session showed consumption of gold in the country rose by 10 percent in the first half of the year while production fell, leading to higher imports.

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 initially went sideways during the session on Thursday, and then dipped. However, somewhere near the \$48.25 level, the trader started to jump back into the market and push it higher. We broke above the \$49 handle, showing signs of strength yet again. I believe that we are going to make a run towards the \$50 level, where I would expect to see a significant amount of resistance. Because of this, the market should continue to see a lot of volatility in that general vicinity, but in the short term I think that the buyers are going to continue to run the show. I believe that there is significant support at \$47.50 below though, so I anticipate that we get a bit of a “2 speed market.” Brent markets have outperformed the WTI market slightly during the day on Thursday, but I think that given enough time we should see buyers get involved as we continue to push towards the \$52.50.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 49.01 | | |
| Support | 48.25 | 47.70 | 47.17 |
| Resistance | 49.58 | 50.17 | 50.70 |

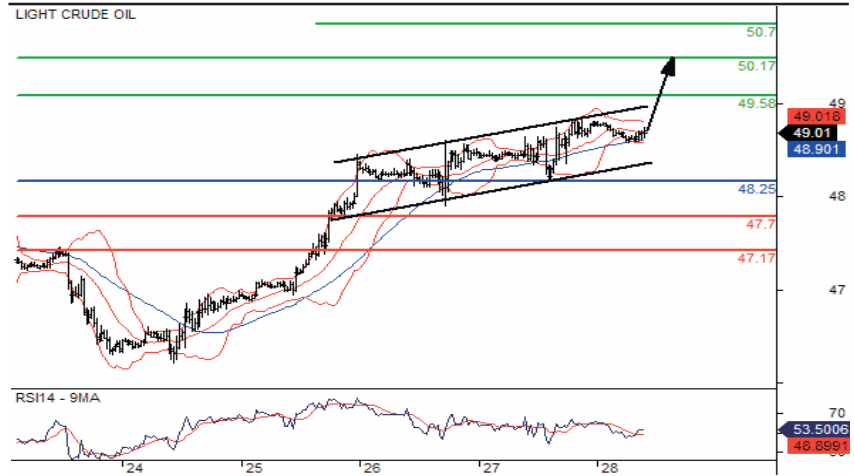
Highlights

- Oil prices rose to an eight-week high on Thursday, as a rally in U.S. gasoline futures spurred further gains this week
- OPEC members pledged to reduce exports and the U.S. government reported a sharp decline in crude inventories
- West Texas Intermediate crude gained 29 cents, or 0.6 percent, to settle at \$49.04
- The U.S Energy Information Administration reported a 7.2 million barrel drop in U.S inventories
- Saudi Arabia said this week it planned to limit crude exports to 6.6 million bpd

Crude - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 37.83 |
| SMA 20 | 46.58 |
| SMA 50 | 50.15 |
| SMA 100 | 51.59 |
| SMA 200 | 49.94 |

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices edged higher today, reaching fresh two-month highs and on track to post the strongest weekly gains this year as investors digested signs of an easing oversupply picture.
- U.S. crude and gasoline inventories fell much more steeply than expected this week and the world's biggest oil exporter Saudi Arabia said it would further reduce oil output in August.
- The front of the crude oil curve jumped into backwardation, with the month-ahead trading above the subsequent month, showing investors are not expecting recent gains to last. U.S. West Texas Intermediate (WTI) crude futures were flat at \$49.04 a barrel, near a two-month high of \$49.24.
- Positive signs came from the draw in gasoline stocks this week, as the U.S. moves into the peak driving season. U.S. crude stocks fell sharply by 7.2 million barrels in the week to July 21 due to strong refining activity and an increase in exports, according to data from the Energy Information Administration (EIA).
- Brimming U.S. crude supplies have been a challenge to production cuts to prop up prices led by the Organization of the Petroleum Exporting Countries, meaning weekly U.S. inventory data is closely watched. Despite these signs, assessments of the oil market remained bearish.
- We believe the latest price rise is on a fragile footing. OPEC production was likely to rise in the coming months as the group has not officially capped output from members Libya and Nigeria. Investors were eyeing an update on the U.S. rig count expected later today to assess any signs of a slowing down in drilling activity.
- More market watchers are getting upbeat about the market, saying falling U.S. and European inventories along with still-robust demand from Asia means oil prices should hold up near-term.

US Commodity Futures Trading Commission (CFTC) Data

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|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
| | 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 rolled over after initially tried to rally on Thursday. By doing so, it looks as if we're going to test the breakout, to see if there is support there. If we can bounce from just below current levels, the market could find itself reaching towards the \$17 level. I believe that the market should continue to favor silver overall, as although the US dollar has seen a bit of a resurgence during the day, this is a bit of a relief rally more than anything else. I believe that the \$16.50 level below should be supportive, so a bounce or a supportive candle from the general vicinity could be a nice buying opportunity. I believe that the market will then go hunting for the \$17 level but obviously Silver will continue to be volatile as it typically is anyway. We had gotten towards a bit of an overextension by the bullish traders out there, so a pullback makes sense as there is a bit of profit-taking.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 16.55 | | |
| Support | 16.48 | 16.38 | 16.32 |
| Resistance | 16.65 | 16.74 | 16.82 |

Highlights

- Silver prices rose sharply, as the dollar fell to 15-month lows in the wake of the Federal Reserve's latest policy decision
- Silver for September delivery gained 30 cents, or 1.8%, to \$16.76 a troy ounce
- The futures contract fluctuated between \$16.60 and \$16.74
- The U.S. dollar index got whacked in overnight trade, where it reached its lowest level since April 2016
- Precious metals have long traded in the opposite direction of the dollar

Silver - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 77.87 |
| SMA 20 | 16.83 |
| SMA 50 | 16.57 |
| SMA 100 | 17.06 |
| SMA 200 | 17.16 |

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver edged lower today in European session, but is holding on to narrow weekly gains as momentum returned to the commodity markets despite a series of volatile moves.
- September silver futures slipped 3 cents, or 0.2%, to \$16.54 a troy ounce. The futures contract hovered within a narrow range of \$16.51 and \$16.59 through the overnight session.
- Silver spiked nearly 2% before giving back most of its gains. As a result, the metal is on track for a weekly gain of around 0.5%. Over the last three weeks, silver has returned more than 7%, erasing heavy losses through the first seven days of July. At its lowest, the grey metal traded at more than one-year lows.
- Gold prices also moderated after a sharp rally during the previous session. The December futures contract was last down \$1.90, or 0.1%, at \$1,264.70 a troy ounce. Bullion is up roughly 0.3% this week.
- Earlier this week, the London Metal Exchange (LME) announced it will begin publishing gold and silver reference prices, possibly challenging the dominance of the Intercontinental Exchange (ICE), which administers benchmarks that are used to price contracts.
- Currently, producers and consumers rely on benchmarks owned by the London Bullion Market Association (LBMA), according to Reuters. The U.S. dollar index (DXY) was down 0.2% through the morning session. The dollar popped on Thursday after the U.S. Commerce Department reported a surge in durable goods orders for the month of June.
- The International Monetary Fund (IMF) recently downgraded its outlook on the world's largest economy. U.S. GDP is now expected to grow just 2.1% this year, down from the previous estimate of 2.3%. The Washington-based lending institution also lowered its 2018 outlook for U.S. growth to 2.1% from 2.5%.

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

Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Fri Jul 28 | 04:01 | GBP GfK Consumer Confidence Survey (Jul) | Medium | -12 | -11 | -10 |
| Fri Jul 28 | 04:30 | JPY Jobless Rate (Jun) | Medium | 2.8% | 3.0% | 3.1% |
| Fri Jul 28 | 04:30 | JPY National Consumer Price Index (YoY) (Jun) | High | 0.4% | 0.4% | 0.4% |
| Fri Jul 28 | 10:30 | EUR French Gross Domestic Product (YoY) (2Q) | Medium | 1.8% | 1.6% | 1.1% |
| Fri Jul 28 | 14:00 | EUR Euro-Zone Consumer Confidence (Jul) | Low | -1.7 | -1.7 | -1.7 |
| Fri Jul 28 | 17:00 | EUR German Consumer Price Index (YoY) (Jul) | High | 1.7% | 1.5% | 1.6% |
| Fri Jul 28 | 17:30 | CAD Gross Domestic Product (YoY) (May) | High | 4.6% | 4.2% | 3.3% |
| Fri Jul 28 | 17:30 | USD Gross Domestic Product (Annualized) (2Q) | High | 2.6% | 2.7% | 1.2% |
| Fri Jul 28 | 22:00 | USD Baker Hughes U.S. Rig Count (Jul 28) | Medium | | | 950 |

Source: Forex Factory, DailyFX

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