

## Gold

### Technical

Gold prices moved higher, despite a drop in Eurozone inflation, but the yellow metal is trading in a tight range and forming the right should of a head and shoulder reversal pattern. The neckline is an upward sloping trend line near 1,225. A break of this could lead to a drop on higher volume. Resistance is seen near the April highs at 1,295. Momentum is flat, as the MACD prints near the zero-level with a flat trajectory which reflects consolidation. Eurozone HICP falls to just 1.4% year over year in May, after weaker than anticipated national data, but lower than initial forecasts. The deceleration in the headline rate from 1.9% year over year in the previous month will back the arguments of Draghi and Praet, who concede that the recovery is looking stronger, but also stress that inflation is still looking weak. Especially as core inflation fell back to 0.9% from 1.2% in the previous month.

Pivot:	1,266		
Support	1,265	1,262	1,259
Resistance	1,270	1,274	1,278

### Highlights

- U.S Fed's snapshot of economic activity around the country appeared to raise the prospects for June interest-rate hike
- According to the Beige Book report, U.S economy expanded at a "modest to moderate" pace through late May
- Gold rose \$9.70, or 0.8%, to settle at \$1,275.40 an ounce
- The U.S. Dollar Index was down 0.3% yesterday, poised for a loss of 2% for May
- Economists are expecting a nearly 89% probability of a U.S interest rate hike in June

### 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 prices rose as the dollar dipped and simmering geopolitical tensions lent support, though the metal was little changed for the month amid an increased chance of a U.S. interest rate rise next month.
- The dollar edged lower versus a currency basket amid growing political tension in Washington. Sterling recovered after a poll showed Britain's ruling Conservatives still leading ahead of elections next week. A previous projection indicated a hung parliament.
- The greenback's losses, however, were limited by U.S. economic data this week that supported the case for a Federal Reserve interest rate hike next month. U.S. economic data yesterday was mixed.
- Investors are keenly awaiting Friday's U.S. non-farm payrolls report, which could set the dollar's tone in the short term. While electoral uncertainty in Europe and political bickering in the US buoyed gold prices in Q2 2017, we continue to forecast lower gold prices going forward.
- Fed tightening this year and in 2018 - whether in the form of higher interest rates or balance sheet deleveraging - will inevitably dent investors' appetite for gold. The bank forecast gold prices to average \$1,200 per ounce in the fourth quarter and recommended selling gold price rallies.
- Higher rates reduce demand for non-interest bearing bullion and boost the U.S. currency, making dollar-priced gold costlier for non-U.S. investors. U.S. gold futures was up 0.6 percent at \$1,270.30. Economists see an 86.6 percent chance of a 25-basis-point rate hike at the Fed's June 13-14 policy meeting, Thomson Reuters data shows.
- But some market participants said signs of softness in some economic data have raised questions about whether the U.S bank can keep to its plan to hike interest rates two more times this year and begin shrinking its balance sheet.

### 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 has fallen as well, not only drifting lower, but breaking below the psychologically significant support barrier at the \$48.50 level. By doing so, looks as if the market is going to attempt to break down towards the \$45 level over the longer term, and I believe that this market continues to offer selling opportunities on signs of exhaustion. Rallies are looked at as selling opportunities by myself, at least until we can break above the \$50 level, something that doesn't look very likely to happen. I believe that the market no longer worries about OPEC production cuts, and believe that the US and Canada will step in and fill the void. Because of this, I believe the oil markets will continue to be a very negative market through most of the summer. The Brent Oil market initially tried to gap higher but ran into a significant amount of resistance and fell apart.

Pivot:	48.93		
Support	47.75	47.15	46.65
Resistance	49.40	49.85	50.28

### Highlights

- Oil regained some ground today following upbeat data from an industry group that U.S. crude inventories fell sharply last week
- After shedding nearly 3% yesterday crude futures are up 45 cents, or 0.9%, to \$48.78
- The American Petroleum Institute said U.S crude supplies fell 8.7 million barrels last week by its count
- OPEC's decision to prolong the cuts can only provide a strong price floor
- OPEC's next official monthly report is scheduled for release on June 13

### 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 futures rose today from a three-week low touched the previous session, buoyed by expectations the United States could pull out of a global climate accord and by a report that showed U.S. crude stockpiles had fallen more than expected.
- Trump said he would announce a decision on whether to keep the United States in a global pact to fight climate change, as a source close to the matter said he was preparing to pull out of the Paris agreement.
- If he actually withdraws the U.S from the climate accord, this would signal his intention to further roll-back emission regulations that would favor the use and demand of fossil fuels, thus giving a much needed boost to oil prices.
- U.S West Texas Intermediate crude futures were up 64 cents, or 0.8 percent, at \$48.96 a barrel. The U.S benchmark fell for a third month in May, declining 2 percent.
- Data from the American Petroleum Institute (API) showed yesterday that crude inventories were down by 8.7 million barrels at 513.2 million in the week to May 26. That compared with analyst expectations for a decrease of 2.5 million barrels.
- The U.S. Energy Information Administration (EIA) report on stockpiles is due later in today's trading session, delayed by a day because of the Memorial Day holiday on Monday. Output from OPEC rose in May, the first monthly increase this year, a Reuters survey found.
- Further gains may be limited for the two major oil benchmarks as bearish news keeps coming from the Organization of the Petroleum Exporting Countries (OPEC) and other producers including Russia that are locked in a battle against rising shale production in their efforts to boost prices.

### 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 yesterday, but continue to find support near the \$17.25 level to bounce and stay resilient. I believe that the silver market will continue to find buyers on dips, and most certainly that the \$17 level underneath should continue to be very important when it comes to the silver market as it is a large, round, psychologically significant number, and of course an area that has previously shown signs of resistance. With this being the case, I believe the pullbacks represent value the traders will continue to take advantage of. I also recognize that the \$17.50 level above is resistance. I think we will break above there eventually, and when we do we could go much higher as it would show a real surge in bullish pressure. The market should continue to see volatility as usual, because quite frankly the Silver markets are very difficult to hang onto at times.

Pivot:	17.27		
Support	17.23	17.19	17.12
Resistance	17.37	17.42	17.47

### Highlights

- Silver prices slipped 0.3 percent to \$17.31 an ounce, though it was 0.8 percent higher for the month
- Expectations that the U.S Federal Reserve will hike interest rates this month is weighing on silver prices
- We are seeing some safe haven demand ahead of elections in the UK next week
- Prime Minister May could lose control of parliament in Britain's June 8 election
- The dollar languished near a recent 6-1/2 month low against a basket of major currencies

### 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 broke sharply lower yesterday, as the dollar regained momentum ahead of high-profile jobs data. July silver futures fell 12 cents, or 0.7%, to \$17.31 a troy ounce. The futures price traded within a range of \$17.22 and \$17.39 overnight.
- Despite recent declines, silver remains in a firm uptrend following a series of higher highs over the past three weeks. Long-term, analysts say the metal is likely to run into pressure as markets continue to favor higher U.S. interest rates.
- Silver's retreat was preceded by gold, which fell 0.5% in Tuesday's trading session. Bullion was last seen trading at \$1,266.50 an ounce, little change from the previous close. The gold and silver trade has historically been a good hedge against a weak dollar, but not usually a good investment when the greenback is moving higher.
- The U.S. dollar has slowly regained its footing over the past week after a series of heavy losses. The greenback has also benefited from geopolitical risks in the United Kingdom and Eurozone, which has weakened their respective currencies.
- The dollar index was last down 0.2% at 97.14. U.S. economic data were generally favorable to start the week, with consumer spending matching income growth for the month of April. Core inflation weakened slightly, but not by enough to deter the Federal Reserve to scale back plans to normalize monetary policy.
- Economic data could dictate the flow of trading in the latter half of the week. Later in today's trading session, the ADP Research Institute will release private-sector payroll data for the month of May. Just 24 hours later, the Labor Department will issue its nonfarm payrolls report, which provides a more complete picture of the jobs market.

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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

Thursday, June 01, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jun 01	04:50	JPY Capital Spending (1Q)	High	4.5%	4.0%	3.8%
Thu Jun 01	06:45	CNY Caixin China PMI Mfg (MAY)	Medium	49.6	50.1	50.3
Thu Jun 01	10:45	CHF Gross Domestic Product (YoY) (1Q)	Medium	1.1%	1.3%	0.7%
Thu Jun 01	13:00	EUR Italian Gross Domestic Product s.a. and w.d.a. (YoY) (1Q)	Medium	1.2%	0.8%	0.8%
Thu Jun 01	17:15	USD ADP Employment Change (MAY)	Medium		180k	177k
Thu Jun 01	17:30	USD Initial Jobless Claims (27 MAY)	Medium		238k	234k
Thu Jun 01	18:30	CAD Markit Canada Manufacturing PMI (MAY)	High			55.9
Thu Jun 01	19:00	USD ISM Manufacturing (MAY)	High		54.6	54.8
Thu Jun 01	20:00	USD DOE U.S. Crude Oil Inventories (26 MAY)	Medium		-3016k	-4432k

Source: Forex Factory, DailyFX

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