

Gold

Technical

Gold markets fell a bit during the session on Tuesday, but found support just above the \$1251 level to bounce. This market has been drooping to the downside, but I see the \$1250 level to be massively supportive on the longer-term charts as it is the center of the overall consolidation that extends all the way down to the \$1240 level. Because of this, I recognize that the market has been well supported below, but currently it looks as if the short-term charts are continuing to show selling pressure. However, it does not take much imagination to think that the headlines coming across the wires could drive of the value of gold higher. After all, we have situations in North Korea and Syria that both can cause all kinds of trouble. However, that's probably a short-term situation at best. If we breakdown below the \$1250, the market will probably go looking for the \$1245 level next.

Pivot:	1,254		
Support	1,252	1,250	1,247
Resistance	1,258	1,261	1,264

Highlights

- Gold prices finished with a slight gain yesterday, a day after settling at the lowest level in three weeks
- Investors awaited the outcome of the Federal Reserve's two-day policy meeting
- The central bank's statement due today will be closely watched for clues on the pace of future interest-rate hikes
- June gold tacked on \$1.50, or 0.1%, to settle at \$1,257 an ounce
- Since reaching a recent peak of \$1,294.10 an ounce on April 18, gold has failed to hold on

Gold - Technical Indicators

RSI 14	46.37
SMA 20	1,245.2
SMA 50	1,239.3
SMA 100	1,198.5
SMA 200	1,255.8

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold hovered near three-week lows today as the dollar firmed on expectations of a U.S. interest rate increase in June and the market discounted a surprise win by France's far-right presidential candidate.
- The U.S Federal Reserve is expected to hold interest rates steady after concluding its two-day meeting on Wednesday, but it might focus on future rate hikes, which would reduce demand for non-interest bearing gold.
- Spot gold was down 0.2 percent at \$1,253.86 per ounce, after touching its lowest since April 10 on Tuesday at \$1,251.37. U.S. gold futures fell 0.1 percent to \$1,255.40 an ounce.
- The focus for gold today is definitely on the Fed and markets are now speculating that next hike will take place at the June FOMC meeting. We have the typical drivers for gold: the U.S. interest rate ... the U.S. dollar and also a decline of political uncertainty in Europe.
- As well as reducing demand for non-interest bearing gold, higher rates would make the dollar-denominated metal more expensive for buyers paying with other currencies.
- Investors are pricing in a 70 percent chance of a June rate increase, according to the CME Group's FedWatch Tool. The dollar firmed 0.1 percent at 98.920 against a basket of major currencies.
- In French elections, the top two presidential rivals go head-to-head on Wednesday in a televised debate in the last encounter before Sunday's run-off in which opinion polls predict a win by centrist Emmanuel Macron.
- Fears that far-right candidate Marine Le Pen could sweep to a surprise victory had buoyed gold in recent sessions due to its safe-haven appeal. The yellow metal is finding it difficult to move away from \$1,250 amid firming global equity markets.

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 had a very rough session on Tuesday, as we initially tried to rally but found the \$49.25 level to cause far too much resistance. We turned around and fell significantly, wiping out all the gains from the session. As I record this, we are sitting on the \$48.50 level, and if we can break down below there I think the market will then reach towards the \$48 level underneath. If we can break down below that level, the market should then go down to the \$47.50 level after that. Ultimately, rallies continue to be selling opportunities as oil demand continues to be soft, and has funds continue to abandon the idea of OPEC being able to control supply. Momentum is negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices for crude. The RSI moved lower with price action, pushing through support.

Pivot:	47.90		
Support	47.35	46.95	46.65
Resistance	48.18	48.55	48.90

Highlights

- Oil futures pared losses in New York after a U.S. industry report was said to show a drop in crude and gasoline stockpiles
- The API's tally for American crude supplies shrank by 4.16 million barrels last week
- In an EIA report due today, crude stockpiles are forecast to have decreased
- Oil has fallen the past two weeks on concern that increasing U.S. crude production will offset efforts by the OPEC
- West Texas Intermediate for June delivery traded at \$48.13 a barrel

Crude - Technical Indicators

RSI 14	43.33
SMA 20	53.59
SMA 50	53.12
SMA 100	51.31
SMA 200	48.72

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices pushed higher today, partially reversing further declines posted in the previous session, as an industry-group reading showed a sizable decline for last week in U.S. oil and gasoline stockpiles.
- Light, sweet crude futures for delivery in June rose 32 cents, or 0.7%, to \$47.98 a barrel on the New York Mercantile Exchange. July Brent crude on London's ICE Futures exchange climbed 37 cents, or 0.7%, to \$50.83 a barrel.
- Futures yesterday fell 2% to fresh 5-week lows, driven by accelerating output from Libya and continued uncertainty about the Organization of the Petroleum Exporting Countries' plan for regarding the current production-cut deal.
- Some buyers returned to the market, though, after the American Petroleum Institute said late Tuesday that U.S. oil inventories fell 4.2 million barrels last week and bulging gasoline stockpiles dropped 1.9 million barrels.
- Both are larger than the supply drops anticipated in later Wednesday's government report from the Energy Information Administration. Even a U.S. inventory drawdown looks unable to offer too much support for prices.
- Most market watchers aren't betting for gains to last given the market is still bloated and U.S. oil production continues to pick up. We need to see a sustainable uptrend in prices "and we are definitely not there yet.
- Uncertainty over the OPEC-led production curtailments has been weighing on oil prices of late. Even though most OPEC members have voiced support for extending the cuts, skepticism of their commitment and non-committal attitude of Russia the world's biggest oil producer is keeping investors cautious.
- You have to wonder what is the incentive for countries like Russia to keep cutting its own production when it is clear the benefits of the cuts are flowing straight to the U.S. shale producers.

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

The Silver markets continue to grind sideways during the yesterday's trading session, below the psychologically important \$17 level. This is an area that of course attracts a lot of attention, and the \$16.75 level underneath seems to be supportive. However, there are a lot of issues surrounding precious metals overall, and it makes quite a bit of sense that the geopolitical risks continue to take center stage. The 24-hour moving average has been very reliable as of late, and it appears if it continues to point in a general downward movement, it's likely that we will see sellers. Nonetheless, I do see an opportunity to go long if a couple of things happen. A break above the \$17 level would be the first thing that I would need to see the start buying silver, and more importantly. A breakdown from here, that could send this market looking for \$16 longer term.

Pivot:	16.84		
Support	16.70	16.57	16.45
Resistance	17.00	17.15	17.26

Highlights

- The streak of losses continues for silver prices, extending it to twelve consecutive down days as of yesterday
- A bounce is due, and given the way in which this precious metal in particular trades, it could be rather sizable
- The dollar firmed 0.1 percent at 98.920 against a basket of major currencies
- The focus for precious metals today is definitely on the Fed and markets
- The U.S Federal Reserve is expected to hold interest rates steady

Silver - Technical Indicators

RSI 14	46.12
SMA 20	18.04
SMA 50	17.48
SMA 100	17.12
SMA 200	18.11

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices rose in yesterday's session, but continued to hover near five-month lows as investors turned their attention to day one of the Federal Reserve's policy meeting.
- July silver futures climbed 11 cents, or 0.7%, to \$16.96 a troy ounce. Prices traded within a narrow daily range of \$16.87 and \$16.98 overnight. Despite reaching multi-year highs last summer, silver prices are down roughly 4% over the past 12 months, reflecting sharp volatility in the commodities market.
- Prices have declined more than 8% over the past two weeks as part of a broader reversal for precious metals. Gold futures stabilized Tuesday after falling below \$1,260.00 for the first time in three weeks. The June futures price was little changed Tuesday morning at \$1,256.20 a troy ounce.
- The U.S. dollar saw little action at the start of the week, as prices stabilized for a fourth consecutive day. The dollar index, a performance measure of the buck against a basket of world currencies, held steady at 99.07 through the morning session.
- The Federal Open Market Committee (FOMC) kicks off its two-day policy meeting this morning, with an official rate statement scheduled for today. Thirty-day Fed Fund futures prices imply a less than 5% probability of a rate hike today following a string of disappointing data releases.
- The probability of liftoff jumps to 70% at the June meeting, which will be accompanied by a revised summary of economic projections. In economic data, China's manufacturing expansion slowed in April, raising doubts about the mainland's ability to maintain its recent cycle of faster than expected growth.
- The Caixin China manufacturing purchasing managers' index (PMI) slipped to 50.3 in April from a reading of 51.2 the previous month. On the PMI scale, 50 separates expansion from contraction.

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
Wed May 03	03:45	NZD Unemployment Rate (1Q)	High	4.9%	5.1%	5.2%
Wed May 03	12:55	EUR German Unemployment Change (APR)	High	-15k	-11k	-29k
Wed May 03	12:55	EUR German Unemployment Rate s.a. (APR)	High	5.8%	5.8%	5.8%
Wed May 03	14:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (1Q)	High	1.7%	1.7%	1.7%
Wed May 03	16:00	USD MBA Mortgage Applications (APR 28)	Medium	-0.1%		2.7%
Wed May 03	17:15	USD ADP Employment Change (APR)	Medium		175k	263k
Wed May 03	19:00	USD ISM Non-Manufacturing Composite Index	High		55.8	55.2
Wed May 03	19:30	USD DOE U.S. Crude Oil Inventories (APR 28)	Medium		-3000k	-3641k
Wed May 03	23:00	USD Federal Open Market Committee Rate Decision (MAY 03)	High		1.00%	1.00%

Source: Forex Factory, DailyFX

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