

Gold

Technical

Gold markets have initially falling yesterday, reaching down towards the \$1310 level, an area that has been both support and resistance as of late. The market bouncing from here means that it will probably go to the \$1320 level. The \$1300 level underneath should be massive support, as not only is it a large, round, psychologically significant figure, but it is also the scene of a major uptrend line. It would like gold longer-term, but there are a lot of moving pieces to deal with, not the least of which is going to be the US dollar strengthening which puts negative pressure on this market, but it also has a lot of geopolitical concerns that can push this market higher. There is the possibility of both gold and US dollar strength. This was what it had seen during most of the 1980s. It is a secondary indication of where we are going, and nothing more. The market will eventually go to the \$1350 level above.

Pivot:	1,313		
Support	1,310	1,306	1,301
Resistance	1,317	1,319	1,322

Source: FX EMPIRE

Highlights

- Gold in 2018 will deliver its strongest annual price performance in five years
- Dollar strength has been the most persistent headwind for gold in recent weeks
- Gold finished with a modest loss yesterday as the dollar touched its highest level in months and financial markets reckon with a surge in oil prices
- The improving sentiment over the economic outlook, particularly in the United States, have investors less interested in gold
- The U.S dollar index hit a 2018 peak against a commodity basket after U.S jobs and wages data

Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose slightly today, after easing in the previous session, as the dollar held steady after marking a fresh 2018 peak. Whereas gold prices slipped yesterday, snapping three days of gains as the U.S dollar index strengthened after last week's soft U.S jobs data did little to dampen optimism about the world's largest economy.
- The dollar in the immediate term is overbought and gold is oversold today. Gold needs to recapture \$1,322 to increase. Spot gold rose 0.1 percent to \$1,315.24 per ounce. U.S gold futures for June delivery were up 0.1 percent at \$1,315.80 per ounce
- The dollar index, which measures the greenback against a basket of six major currencies, was little changed at 92.697 after hitting its best since December at 92.974 yesterday.
- Investors betting that U.S Federal Reserve would proceed with lifting interest rates this year. Higher rates typically weigh on gold, as they increase the opportunity cost of holding non-yielding assets such as bullion.
- The dollar's strength, driven by a less hawkish European Central Bank and a disparity in bond yields (between the United States and Europe), has kept gold lower.
- Investors are cutting their net long positions on Comex gold contracts to the lowest since July 2017 with a "massive reduction" in the last few trading weeks. The continual increase in the gold price has kept bargain hunters on the sideline.
- The yellow metal has displayed a modicum of resilience over the last several sessions, holding last week's low at 1,300.67, even as the dollar index set new 4-month highs. Hedge funds and money managers have trimmed their long position and if this trend continues, it is likely that it may see the gold price breaking below.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude oil markets broke above the \$70 level, which has been a resistance barrier as of late. Now that it has cleared that area, it's likely that it should continue to go higher, and the \$70 level should be supportive. The support runs down to the \$69 level, so it's not until it break down below there that would be concerned about any move higher. There are plenty of support levels underneath to keep this market going higher, despite the fact that the US dollar has been strengthening as of late. That in and of itself is rather impressive. Brent markets have smashed through the \$75 level rather impressively, and it now looks as if it will probably break above the \$76 level. The \$75 level underneath should be supportive, and there is support underneath there as well, especially considering there is such a large gap down to the \$74 level from several days ago.

Pivot:	70.12		
Support	69.50	68.95	68.25
Resistance	70.30	70.80	71.10

Source: FX EMPIRE

Highlights

- Oil ended higher after Trump indicated that a decision was imminent on whether the U.S would decertify a 2015 Iran nuclear pact
- Higher economic growth has led to higher oil consumption
- A large part of the reason the output curbs have had such a sizable impact on global inventories has been growing demand for oil
- OPEC member Iran may be the primary reason for the oil's climb
- Oil prices could jump by as much as \$10 a barrel if sanctions are reintroduced

Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices eased today from 3-1/2-year highs hit on worries the United States may be set to pull out of a key nuclear accord with Iran, while robust tech sector gains in Asia helped support world stocks.
- Oil prices retreated from three-and-a-half-year highs today as investors waited on an announcement by President Donald Trump on whether the United States will reimpose sanctions on Iran. Oil prices are likely near the top, especially if the sanctions are not reinstated.
- As benchmark oil prices touched \$70 a barrel, Federal Reserve officials yesterday said that rising U.S inflation and wage pressures are not enough yet to prompt a change in the central bank's rate outlook.
- Brent futures nevertheless eased 0.8 percent after hitting new highs above \$75 a barrel and MSCI's world equity index inched a touch higher after two days of gains and having touched one-week highs in the previous session.
- Oil prices have risen to levels not seen in 3 1/2 years, reflecting a steady, albeit volatile, ascent to a fresh peak, after a global glut of crude sent energy markets into a tailspin in 2014. The broader market had been enjoying a bump from energy-related companies, which rallied as crude-oil prices hit multiyear peaks.
- The Organization of the Petroleum Exporting Countries' efforts since the start of last year to curb global production have had the biggest influence on crude values, along with growing demand for oil and Venezuela's output woes.
- OPEC and other major oil producers, including Russia, agreed to cut crude production by roughly 1.8 million barrels a day from late 2016 levels in an effort to eliminate a longstanding glut of global supplies.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets pulled back a bit yesterday, reaching down towards the \$16.40 level. The \$16.50 level is an area that is important, as it has been both support and resistance in the past. Pay attention to the US dollar, because it has a major influence on where precious metals go. Recently, it has seen a lot of US dollar strength, so that has been very difficult on silver and gold buyers. If it break above the \$16.60 level, the market then goes to the \$16.70. The short-term pullbacks continue to be buying opportunities over the longer term, but the \$16 level underneath is massive support. There are plenty of short-term buying opportunities that will present themselves. Silver markets are notoriously volatile. If it can break above the \$17 level, that would be an extraordinarily strong sign, but we will need to see some dollar weakness to facilitate that move in my estimation.

Pivot:	16.49		
Support	16.34	16.26	16.19
Resistance	16.58	16.65	16.75

Source: FX EMPIRE

Highlights

- Silver prices edged lower today as strength in the dollar continued to act as a headwind for the precious metal
- Silver specs reduced positioning, liquidating longs and adding new shorts as a resurgent U.S dollar drove the precious-complex lower
- A stronger Dollar tends to hurt demand for silver and other dollar-denominated commodities
- July Comex silver was last down \$0.079 at \$16.44 an ounce
- Disappointing U.S employment could further convince more specs to re-enter

Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were weaker yesterday. A higher U.S dollar index that scored another four-month high overnight continues to cast a bearish shadow over the precious metals markets.
- World stock markets were mostly firmer overnight. U.S stock indexes are pointed toward modestly higher openings when the New York day session begins. A lack of risk aversion in the world marketplace is also a bearish element for the safe-haven silver markets.
- Silver prices steadied on Asian trade after losing its chances of climbing following yesterday's dip, as Asian stock indices rebounded, hurting demand on safe havens such as silver.
- Dollar kept rising against a basket of major rivals, hitting a new four-month high and heaping pressure on dollar-denominated futures such as silver. Recovery in Asian stocks came as markets await the US decision on the Iran nuclear deal.
- The Dollar has gained and silver declined amid evidence in speeches from select Fed officials that they're open-minded to more aggressive interest-rate action even if the official line at the central bank is for a slow approach to reversing easy-money policy.
- Precious metals should recover some since the Federal Open Market Committee once again signaled a willingness to let inflation overshoot, suggesting that officials are not in a hurry to restrict monetary policy.
- Rising U.S Treasury yields and broadly solid economic data have boosted the dollar in recent weeks, underlining expectations for a steady pace of interest rate increases by the Federal Reserve this year. Expectations for a faster pace of rate hikes tend to be bearish for silver, which struggles to compete with yield bearing assets when interest rates rise.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Tuesday, May 08, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues May 08	06:30	AUD Retail Sales Ex Inflation (QoQ) (1Q)	Medium	0.2%	0.6%	0.9%
Tues May 08	08:13	CNY Trade Balance CNY (APR)	Medium	182.80b	189.15b	-29.78b
Tues May 08	10:45	CHF Unemployment Rate (APR)	Medium	2.7%	2.9%	2.9%
Tues May 08	11:00	EUR German Trade Balance (MAR)	Medium	25.2b	22.5b	18.5b
Tues May 08	11:00	EUR German Industrial Production n.s.a. and w.d.a. (YoY) (MAR)	Medium	3.2%	3.0%	2.6%
Tues May 08	12:15	USD Fed's Powell to Speak at SNB/IMF Event in Zurich	High			
Tues May 08	15:00	USD NFIB Small Business Optimism (APR)	Low	104.8	104.7	104.7
Tues May 08	17:15	CAD Housing Starts (APR)	Medium		220.0k	225.2k
Tues May 08	19:00	USD JOLTS Job Openings (MAR)	Low		6100	6052

Source: Forex Factory, DailyFX

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