

Gold

Technical

Comex Gold futures are trading lower during the Asian session. The move represents a continuation of yesterday's sell-off. The main trend is down according to the daily swing chart. It turned down last week on a trade through \$1261.00 and was reaffirmed earlier today on the move through \$1227.50. If the selling persists then look for traders to go after the April 1 bottom at \$1211.80. Look for the selling pressure to continue today as long as the market remains on the bearish side of the steep downtrending angle at \$1240.00. Today is the seventh day down from the last main top. If the follow-through is weak today, we could see a turnaround later in the session. This may be strong enough to produce the reversal. So be careful selling weakness.

Pivot:	1,224		
Support	1,218	1,210	1,202
Resistance	1,242	1,248	1,256

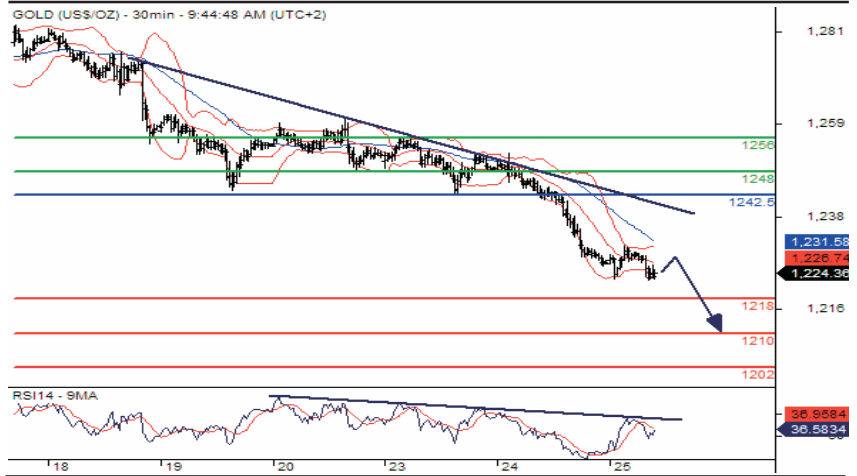
Highlights

- Gold dipped yesterday to trade near a 3-1/2 week low hit on Monday's session
- Gold was pressured by expectations that the U.S. Federal Reserve will raise interest rates sooner rather than later
- A strengthening dollar has also pushed down bullion by 3.6 percent so far in May
- Gold is sensitive to interest rates, gains in which raise the opportunity cost of holding non-yielding bullion
- If the economy is on the firm side in the U.S then gold is ready to see a correction

Gold - Technical Indicators

RSI 14	53.74
SMA 20	1,275.17
SMA 50	1,252.47
SMA 100	1,218.97
SMA 200	1,163.02

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices fell yesterday, coming under pressure from a stronger dollar amid rising expectations of an interest-rate rise this year by the Federal Reserve. Gold futures dropped 1.8% to \$1,229.20 a troy ounce on the New York Mercantile Exchange, their fifth straight decline.
- Gold is up 16% this year amid early concerns about the health of the global economy, but has begun to pull back from its 2016 peak as fears have ebbed and investors increasingly expect an interest-rate increase from the U.S. Federal Reserve.
- Financial investors in the gold market have recently been their most bullish on the precious metal in nearly five years, with long bets outnumbering short sales against the market by more than 8-to-1. But analysts say that trade may be starting to unwind, as the volatility that gripped markets to start the year fades and the prospects for a U.S. interest rate increase grow.
- Last week, the Federal Open Market Committee released minutes from its last monetary policy meeting. The market widely interpreted the tone as hawkish, increasing the likelihood of an interest-rate increase in the next few months.
- The probability of a July U.S. rate hike implied by the Fed fund futures market rose above 50% for the first time since March as traders continued to digest the more hawkish stance from the Fed.
- Higher U.S. rates make it harder for gold to compete as an investment against yield-bearing securities. Higher rates also strengthen the greenback, which is bad news for dollar-denominated gold, and the U.S. currency has benefited in recent weeks.
- The Dollar Index was last up 0.3%, making the metal more expensive for other currency-holders to buy. Increasing chances of a rate hike in June are likely to continue to weigh on gold.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	227381	82403	73%	120854	284003	30%	49448	31277	61%	384,974
01- Mar-16	223186	70773	76%	115571	287002	29%	51148	36,819	61%	450555
08- Mar-16	252895	78085	76%	116493	311865	27%	53520	32958	62%	499110
15- Mar-16	247659	78147	76%	118610	304141	28%	49810	33791	60%	493086
22- Mar-16	258646	79815	76%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market fell slightly during the course of the session here on Tuesday, but found enough support below the \$48 level in order to turn things around and form a slightly positive candle. It looks as if we are still trying to build up enough momentum to break above the \$50 level. Once we do, I feel this point in time it will be more of a “buy-and-hold” situation, but not until we close above there at the end of the day on a daily chart. Pullbacks should continue to offer value, and I believe that short-term traders will continue to start going long, and as a result eventually the momentum will take over and drive the market to the upside but it may take several attempts, so short-term charts will more than likely continue to be the best way to be involved. The WTI Crude Oil market, the \$50 level is a necessarily the beginning of a longer-term trade.

Pivot:	49.29		
Support	48.44	48.20	46.65
Resistance	49.77	50.06	50.50

Highlights

- US crude is hovering at its highest point since October 2015
- West Texas Intermediate touched \$49.28 in European trading session today its highest point in 7 months
- The rally in oil prices was driven by a draw of 5m barrels, when the latest API data was released yesterday
- If oil moves above \$50, it could spur some producers to increase supplies
- News of slowing output in Iraq also added a bullish tinge to the oil trade

Crude - Technical Indicators

RSI 14	69.75
SMA 20	45.75
SMA 50	42.42
SMA 100	37.46
SMA 200	39.64

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil rose towards \$50 a barrel in today's Asian session for the first time in seven months, driven by expectations that shrinking supply will help erode any overhang of unwanted crude, particularly after industry data showed a sharp fall in U.S. inventories.
- A series of outages around the world, such as wildfires in Canada and a spate of violence in Nigeria's oil-producing region, has helped cut global oil supply by nearly 4 million barrels per day this month.
- Although these hitches are temporary, they have contributed to a drop in the supply glut that has plagued the market for nearly two years. U.S. crude futures rose 56 cents to \$49.18 a barrel.
- There have been losses in equities and especially emerging markets this month and still oil is up, so it's definitely about oil fundamentals, rather than tailwinds from equities and currencies.
- Strikes across France that crippled output from most of the country's eight refineries have had little impact so far on crude oil prices, but rather helped lift refining margins for diesel and gasoline. Data on Tuesday showed U.S. crude inventories fell by 5.1 million barrels to 536.8 million last week, double the expectations of analysts polled by Reuters.
- Some of the drawdown was caused by falling imports due to the fires in Canada, which cut production by about 1.5 million barrels per day, said Ben Le Brun, market analyst at Sydney online brokerage OptionsXpress. Some crude producers restarted operations on Tuesday in Canada's energy heartland.
- A strong U.S. economy is (also) good for oil consumption and demand. Investors are awaiting confirmation of the big draw when the U.S. Energy Information Administration (EIA) issues official inventory figures scheduled for release later today.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01- Mar-16	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
08- Mar-16	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
15- Mar-16	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
22- Mar-16	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets went back and forth during the day on Tuesday, as we found support at the \$16.20 level as anticipated. If we can break above the top of the candle for the session on Tuesday, we believe that the market will try to go higher. It will be a bit of a grind, so you will have to be able to deal with volatility. Even if we break down from here, I believe that there is a massive amount of support near the \$16 level as well. This being the case I have no interest in selling and will simply wait for an opportunity to go long on a break out to the upside. Silver prices are short-term bearish below the May 20 high of \$16.63, and the trend is bearish below this high as it's a lower high in relation to the previous high of \$16.90 formed on April 19. In a downtrend similar to the current, the norm is for price to drift lower, creating lower highs and lower lows, according to classic technical analysis.

Pivot:	16.25		
Support	16.05	15.95	15.80
Resistance	16.45	16.65	16.90

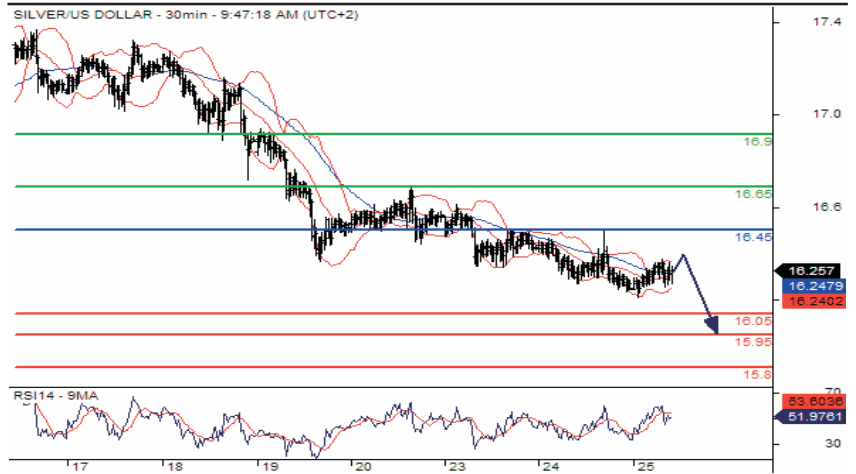
Highlights

- silver rose \$0.045 to \$16.23/\$16.25, but not before dipping to a new five-week low of \$16.168 earlier today
- A near term resistance level is the high of \$16.43, formed yesterday
- According to Fed Funds futures, the likelihood of a June 15 rate hike is now at 32 percent, from being near 4 percent
- New home sales for April came in at 619,000, above the forecast of 521,000
- US data due later today includes goods trade balance and flash services PMI

Silver - Technical Indicators

RSI 14	63.14
SMA 20	17.30
SMA 50	16.24
SMA 100	15.47
SMA 200	15.12

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are drifting lower, and the trend is bearish below the May 20 high of \$16.63. The US dollar index climbed as high as 95.67 on Wednesday and was last at 95.61, unchanged from the previous day's close.
- The dollar rally has been partially fuelled by the hawkish Federal Open Market Committee (FOMC) April meeting minutes. A majority of policy-board members are growing more comfortable with a summer interest rate hike after the global equity calamity at the beginning of the year subsided.
- Throughout the week, investors will be observing various Fed official speeches, but the greater focus will be on Fed chair Janet Yellen, who is scheduled to appear at Harvard on Friday, along with former chairman Ben Bernanke.
- In US data released Tuesday, new home sales for April came in at 619,000, above the forecast of 521,000. The Richmond manufacturing index for May stood at -1, a stark divergence from the 9 figure that was estimated. Other US data due later on Wednesday includes goods trade balance, HPI, flash services PMI and crude oil inventories.
- Profit-taking selling for silver is expected to continue for a while longer, while palladium prices are correcting after the strong gains. The growing confidence towards a pick-up in U.S. economic growth got a boost on Tuesday as official data suggested new U.S. single-family home sales have hit the highest in eight years.
- The driver behind the latest few days of decline to silver prices is speculation of a Fed rate hike in June. According to Fed Funds futures, the likelihood of a June 15 rate hike is now at 32 percent, from being near 4 percent less than two weeks ago. Adding to the speculation of further rate hikes were yesterday's comments by Federal Reserve Bank of Philadelphia President Patrick Harker, when he said he could 'easily see two, three rate hikes in 2016'.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01- Mar-16	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
08- Mar-16	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
15- Mar-16	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
22- Mar-16	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Wednesday, May 25, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 25	03:45	NZD Trade Balance (New Zealand dollars) (APR)	medium	292m	25m	189m
Wed May 25	11:00	EUR German GfK Consumer Confidence Survey (JUN)	medium	9.8	9.7	9.7
Wed May 25	13:00	EUR German IFO - Current Assessment (MAY)	medium	114.2	113.3	113.2
Wed May 25	13:00	EUR German IFO - Expectations (MAY)	medium	101.6	100.8	100.5
Wed May 25	14:00	CHF ZEW Survey (Expectations) (MAY)	medium	17.5		11.5
Wed May 25	17:30	USD Advance Goods Trade Balance (APR)	medium		-\$60.0b	-\$56.9b
Wed May 25	18:00	USD House Price Index (MoM) (MAR)	medium		0.5%	0.4%
Wed May 25	18:45	USD Markit US Composite PMI (MAY P)	medium			52.8
Wed May 25	19:30	USD DOE U.S. Crude Oil Inventories (MAY 20)	medium			1310k

Source: Forex Factory, DailyFX

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