

## Gold

### Technical

Based on Friday's close and the price action, the direction of the gold market is likely to be determined to \$1309.60. Gold futures edged higher early Friday in reaction to softer U.S Treasury yields, but the market couldn't hold on to its earlier gains due to a stronger U.S Dollar. A drop in demand for commodities due to a steep sell-off in crude oil as well as a plunge in the Euro and British Pound also helped limit gains. The main trend is down according to the daily swing chart. However, momentum is trending higher. The main trend will change to up on a trade through \$1332.40. A move through \$1286.80 will signal a resumption of the downtrend. The minor trend is up. This move shifted momentum to the upside. The main range is \$1251.90 to \$1379.30. The market is currently trading inside its retracement zone at \$1315.60 to \$1300.60. This zone is controlling the longer-term direction.

Pivot:	1,298		
Support	1,293	1,287	1,282
Resistance	1,304	1,307	1,311

Source: FX EMPIRE

### Highlights

- Gold prices settled with a modest loss on Friday, holding above the key \$1,300 an ounce
- The settlement above \$1,300 may indicate the worst of the selling is over
- The metal gained about 0.7 percent last week, registering its biggest weekly gain since the week ending April 13
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.42 percent to 848.50 tonnes
- June gold fell 70 cents or less than 0.1%, to settle at \$1,303.70 an ounce. It rose 1% for the week

### 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 fell today following their biggest weekly gain in six weeks, as U.S President Donald Trump revived hopes of his summit with North Korean leader Kim Jong-un, after cancelling the meeting lastweek.
- Sport gold was down 0.3 percent at \$1,297.71 per ounce, while U.S gold futures for June delivery fell 0.5 percent to \$1,297.10 per ounce. Despite the short term technical risks, the medium and long term outlook remains bullish.
- It looks like there is some chance of a meeting between the U.S and North Korea leaders, that would lower the geopolitical risks and lessen the appeal of gold adding that a strong dollar was also pressuring prices. U.S Commerce Secretary Wilbur Ross will visit China early next month for another round of talks amid ongoing trade frictions between the world's two largest economies.
- The dollar index, which measures the greenback against a basket of six major currencies, stood at 93.996, not far from 94.248 hit on Friday, its highest since Nov. 14.
- Risk sentiment has opened in a much friendly place this morning as a relief rally has ensued with the Trump-Kim summit back on, while the EU is in the midst of a relief rally after Paolo Savona was not endorsed for finance minister in Italy.
- Efforts to form a coalition government in Italy collapsed on Sunday after its president rejected a eurosceptic pick for the key economy ministry, triggering a possible constitutional crisis and opening the prospect of fresh elections.
- Hedge funds and money managers cut their net long position in COMEX gold contracts to the smallest in 10 months in the week to May 22, U.S Commodity Futures Trading Commission (CFTC) data showed on Friday.

### 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

Based on the downside momentum into the close on Friday, the direction of the crude oil market is likely to be determined to the 50% level at \$67.32. Crude oil futures plunged on Friday in reaction to reports that Russia, Saudi Arabia and other major non-OPEC producers are seriously considering increasing production to prevent the market from overheating. July West Texas Crude Oil settled at \$67.88, down \$2.83 or -4.17%. The main trend is down according to the daily swing chart. The trend changed to down when sellers took out the swing bottom at \$70.24. After trading on the strong side of a major retracement zone at \$70.60 to \$64.77 since May 14, the market has moved back into this zone, indicating a loss in momentum and the start of a possible long-term sideways trade. Another range is \$61.73 to \$72.90. Another retracement comes in at \$64.92 to \$63.03.

Pivot:	66.19		
Support	65.75	64.90	64.10
Resistance	67.40	68.00	68.55

Source: FX EMPIRE

### Highlights

- Oil futures sank to six-week lows on expectations that major producers may raise output
- Oil prices fell more than \$2 a barrel on Friday as Saudi Arabia and Russia discussed easing production cuts
- It appears the market is reacting negatively to the decline in international oil prices
- U.S crude futures dropped to six-week low of \$65.80 per barrel, shedding 3.1 percent
- Oil prices extended their decline from last week on growing expectations that major oil producers may ease their 17-month-old production cuts

### 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 slumped today, extending steep declines from Friday, as Saudi Arabia and Russia said they may increase supplies and as U.S production gains show no signs of abating.
- Brent crude futures were at \$75.09 per barrel, down \$1.35 or 1.8 percent, from their last close. U.S West Texas Intermediate crude futures were at \$66.22 a barrel, down \$1.66 or 2.5 percent. Brent and WTI have fallen by 6.4 percent and 9.1 percent respectively from peaks touched earlier in May.
- The OPEC, as well as top producer but non-OPEC member Russia, started withholding supplies in 2017 to tighten the market and prop up prices, which in 2016 fell to their lowest in more than a decade at less than \$30 per barrel.
- Prices have soared since the start of the cuts last year, with Brent breaking through \$80 per barrel earlier in May, triggering concerns that high prices would crimp economic growth and stoke inflation.
- The pace of the recent rise in oil prices has sparked a debate among investors on whether this poses downside risks to global growth. Saudi Arabia, de-facto leader of producer cartel OPEC, as well as top producer Russia said on Friday they were discussing raising oil production by some 1 million bpd.
- Crude oil prices collapsed after reports emerged that Saudi Arabia and Russia had agreed to increase crude oil production in the second-half of the year to make up for losses elsewhere under the production cut agreement.
- Oil prices are showing symptoms of a falling knife as investors are jittery on the prospect of increased production from three of the world's top producers. In China, Shanghai crude oil futures tumbled by 4.8% (\$71.64) per barrel.

### 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

The Silver markets went back and forth during the week, essentially going nowhere. Ultimately, the market continues to hover around the \$16.50 level, and it seems as if it continues to give moves ranging \$0.50 at a time. Economists think that the market is essentially trying to build some type of basing pattern, so it is possible that we will eventually see an impulsive move to the upside. There is plenty of support underneath down at the \$16.50 level, and then even the \$15.50 level after that. The market will continue to find buyers on dips, and eventually we could break out to the upside. Market players think that the market will eventually find reasons to go long, and the value hunters will continue to test this market. It's not until it breaks down below the \$15.50 level that it would consider shorting this market, and even then it would be very difficult to do so.

Pivot:	16.48		
Support	16.40	16.29	16.18
Resistance	16.63	16.70	16.75

Source: FX EMPIRE

### Highlights

- Silver speculators cut net short position by 15,620 contracts to 432 contracts. This was the smallest position since February 2014
- The U.S. dollar is the most significant factor for silver
- If global interest rates continue to diverge then it will continue to see a stronger U.S. dollar even if bond yields continue to go down
- Silver prices could benefit if investors cut back on their expectations for four rate hikes this year
- Spot silver was down 0.1 percent at \$16.47 per ounce

### 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 fell on Friday before the weekend but were still on track for a weekly profit after seesawing throughout the week. Silver fell to \$16.60 an ounce from the opening of \$16.64, with an intraday high at \$16.67, and a low at \$16.59.
- The dollar moved little, buoying silver to one-week highs and paving the way for a small weekly profit. However, after North Korea stated that they're ready for negotiations with the US, risk appetite grew again in the market and hurt demand on silver, capping the gains.
- The inevitable bounce has yet to inspire very much enthusiasm into silver stock investors. This does not bode well in the short-term for the safe-haven metal while investors begin to focus on the upcoming Federal Reserve Open Market Committee (FOMC) meeting on June 12-13.
- Silver has also found some relief with the surging U.S. dollar backing off a bit on Thursday and the 10-year U.S. Treasury Note yield back down below 3%. Nevertheless, the technical targets of 95 on the greenback and 3.20% yield on the Treasury Note have yet to be hit as we head into the FOMC meeting speech on June 13th.
- The market has priced in an expected rate hike during the next meeting and there was nothing else in the minutes to suggest any acceleration in the pace of tightening, so this may offer some support in the silver for the time being.
- Even after the Fed minutes, the CME FedWatch Tool shows markets are pricing in a 90% chance of a rate hike June 13, which analysts say is supporting the U.S. dollar even as bond yields push back below 3%.
- Bond bears are being squeezed right now and if yields fall further then it will start to limit U.S. dollar strength. Silver prices in euros hit their highest level since September and this could help even in the face of a stronger U.S. dollar.

### 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

Monday, May 28, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon May 28	00:30	GBP Nationwide House PX (MoM) (MAY)	Low		0.2%	0.2%
Mon May 28	00:30	GBP Nationwide House Px n.s.a. (YoY) (MAY)	Medium		3.0%	2.6%
Mon May 28	04:50	JPY Corporate Service Price (YoY) (APR)	Low	0.9%	0.5%	0.5%
Mon May 28	13:00	CHF Total Sight Deposits CHF (25 MAY)	Low			576.4b
Mon May 28	13:00	CHF Domestic Sight Deposits CHF (25 MAY)	Low			470.4b

Source: Forex Factory, DailyFX

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