

## Gold

### Technical

June Comex Gold futures are up a little more than 1% on Tuesday in response to a sell-off in global equity markets and crude oil. Mixed views on the outlook for Federal Reserve monetary policy is also helping to underpin prices. The market could continue to attract buyers throughout the session if stocks continue to tumble as investors are likely to step up their hedge activity in the gold futures market. Technically, the main trend is down according to the daily swing chart. However, momentum and sentiment appear to be shifting to the upside. The short-term range is \$1207.70 to \$1246.80. Its 50% level or pivot price is \$1227.20. This price is controlling the short-term direction of the market. The market accelerated when the buying overcame levels at \$1223.80 and \$1227.20.

Pivot:	1,232		
Support	1,222	1,214	1,208
Resistance	1,238	1,243	1,249

### Highlights

- Gold snapped two days of losses as Asian stocks fell and a slump in crude oil damped the outlook for inflation
- Holdings in exchange-traded funds backed by gold fell 1.2 metric tons to 1,763.2 tons
- Gold has rallied 16 percent this year on the back of the Federal Reserve's commitment to a gradual approach in raising borrowing costs
- The Fed is scheduled to release minutes from its March meeting on Wednesday
- A gauge of the Dollar slumped to a nine-month low last week

### Gold - Technical Indicators

RSI 14	50.74
SMA 20	1,243.54
SMA 50	1,217.50
SMA 100	1,148.93
SMA 200	1,136.16

### Gold Daily Graph



### Fundamentals

- Gold fell on Monday after strong US economic data boosted investor risk sentiment, while uncertainty continued about the Federal Reserve's interest rates path. Spot gold eased 0.2 percent to \$1,220.86 an ounce, while US gold for June delivery slipped \$1.40 to \$1,222 an ounce.
- Spot prices saw their biggest quarterly rise in nearly 30 years in the three months to March, rallying more than 16 percent on speculation the Fed was not in a hurry to normalise interest rates, but drifted back towards the key \$1,200 level after hawkish comments from several Fed officials.
- US interest rate futures suggested traders are now betting the Fed will next raise rates as soon as November, versus December ahead of the report. Wall Street's top banks held firm to their expectation for a rate hike in June, according to a Reuters survey conducted on Friday.
- Higher rates make holding gold, which doesn't offer a yield, less attractive relative to other yield-bearing assets. Gold also came under pressure from technical selling with some investors expecting a near-term decline in prices.
- The more hawkish comments follow on the heels of Chairwoman Janet Yellen's assurances last week that the Fed will continue to take a cautious approach to future rate hikes which the market had taken as a dovish signal.
- Still, gold retreated last week after upbeat economic data revived expectations for higher Fed interest rates. A closely watched report on Friday showed that the U.S. added more jobs than economists forecast in March and the Institute for Supply Management said economic activity at U.S. manufacturing companies expanded for the first time in six months.
- In the wake of that report, short-term Fed funds futures traders priced in about a 26% chance for a Fed rate increase at the central bank's June meeting. A next-to-zero chance is priced in for April action.

### 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

May Crude Oil futures are under pressure. Prices fell on signs of weakening gasoline demand, and on concerns the global crude overhang will persist longer than expected. Technically, the main trend is down according to the daily swing chart. It is going to take some time to form a support base that could lead to a change in trend to up, however, today's session begins with the market in the window of time for a potentially bullish closing price reversal bottom. This chart pattern will not signal a change in trend, but it could lead to a dramatic shift in momentum to the upside. The main range is \$29.85 to \$42.49. Its retracement zone is \$36.17 to \$34.68. This zone was the primary downside target of the closing price reversal top formed at \$42.49 on March 18. This zone is currently being tested. Overcoming \$36.17 will signal the presence of buyers.

Pivot:	35.57		
Support	34.70	34.00	33.00
Resistance	37.25	38.39	39.07

### Highlights

- U.S demand for finished motor gasoline in January dropped to 8.7 million barrels a day
- Producers meeting in Doha on April 17 may freeze output at February levels in move that would help price rise
- Russia may discuss the kingdom's statement made last week that it will only freeze output if Iran and do so
- Inventories in the U.S, the world's biggest oil user, climbed by 2.85 million barrels last week
- WTI for May delivery dropped as much as 46 cents to \$35.24 a barrel

### Crude - Technical Indicators

RSI 14	51.62
SMA 20	38.90
SMA 50	34.64
SMA 100	34.81
SMA 200	39.81

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil slipped to a one-month low on Tuesday after a surprise fall in gasoline demand in the United States, the world's largest oil consumer, and on doubts whether oil producers can agree an output freeze to dampen a global supply glut.
- U.S. gasoline demand, one of the strongest pillars supporting oil consumption, fell in January for the first time in 14 months, U.S. Energy Information Administration data showed.
- The world's largest oil producers are due to meet in Doha on April 17 to negotiate an output freeze, but a jump in Russian oil production to a 30-year high in March has cast doubt over the chances of an output cap being agreed. Crude fell by 21 cents to \$35.49, also a one-month low.
- The OPEC governor of Kuwait said on Tuesday that an agreement at the Doha meeting could freeze production at February levels or an average of January and February. Nawal Al-Fuzaia also said that she expects Brent crude to average between \$45 and \$60 a barrel in the second half of this year and for supply and demand to balance by year-end.
- Iran has been ramping up production after nuclear-linked Western economic sanctions were lifted in January, adding to the saturated market. Iranian officials have made clear they plan to ramp up production to pre-sanctions levels.
- Crude oil, which had fallen in recent days on fading prospects of agreement among producers to curb oversupply, took another hit from data showing U.S. demand for gasoline fell in January for the first time in 14 months.
- Saudi Arabia will only cap production if it's joined by other major producers including Iran, the kingdom's deputy crown prince said last week. Russia and all OPEC members except Libya will attend the meeting in Doha on 17th of this month.

### 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 fell slightly during the course of the day on Monday but then turned back around as we continue to find support just below the \$15 handle. If we can break above the top of the candle for the session on Monday, the market should bounce from here and reach towards the \$15.40 level. Ultimately, the market could go higher than that as we continue to see buyers enter again and again. One thing you can count on though is going to be quite a bit of volatility. Short-term trading will probably be the best thing you can do. The March 31 swing high of \$15.56 is a lower high in relation to the March 22 high of \$16.03 and this leaves the short-term bearish level below the March 31 swing high of \$15.56. This gain above the 50 threshold is the first time since August 2015 that such has been witnessed and implies that the manufacturing sector is in an expansionary phase.

Pivot:	15.07		
Support	14.76	14.60	14.49
Resistance	15.26	15.33	15.52

### Highlights

- Silver prices breached their \$15.08 to \$15.56 range following Friday's better than expected U.S. data reports
- The trend is now short-term bearish below the March 31 swing high of \$15.56
- Fed official suggested that an earlier-than-expected interest rate hike is likely
- On Friday economic data showed that the U.S. added more jobs than economists forecast in March
- May silver slid 10 cents, or 0.7%, to settle at \$14.94 an ounce

### Silver - Technical Indicators

RSI 14	49.38
SMA 20	15.48
SMA 50	15.21
SMA 100	14.64
SMA 200	14.84

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- The silver price closed in New York at \$15.05 down 30 cents on Friday. Ahead of New York's opening the silver price stood at \$14.99. Market players have highlighted the Fed's dislike of a stronger dollar, confirmed by Mrs. Yellen's speech. But to this add the steady excretion of dollars from China as it diversifies out of the dollar into a broader currency based portfolio.
- Silver bullion's reluctant, sluggish participation in early 2016's powerful gold rally has been glaringly obvious. Instead of amplifying the yellow metal's big gains as in the past, silver largely failed to even keep pace.
- The lack of silver confirmation for gold's big move has certainly raised concerns. But despite silver's vexing torpidity in recent months, it is a coiled spring ready to explode higher to catch and surpass gold.
- The price of silver may have ended the stalemate seen over the last few days as prices slid by 66 cents on the back of both Friday's labor market report and the ISM Manufacturing Index result. Prices are now trading below the \$15.08 support level which was keeping silver within a narrow range.
- The decline to silver occurred as the U.S. Dollar gained on the economy adding 215K new jobs versus the +205K expected. Wages gained by 2.3% YoY from 2.2% in February and the latter is important for the Fed at the current stage of the economy cycle as it is said to be considering potential rate hikes later this year if wage growth continues to grow.
- Another boost to the USD and therefore bearish for the price of silver was the U.S. ISM Manufacturing rise to 51.8 from 49.5, an occurrence which beat expectations of seeing 50.7.
- The Fed is scheduled to release minutes from its March 15-16 meeting tomorrow. The odds of a rate increase by December fell to 58 percent, from 68 percent a month ago, according to Fed funds futures data.

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	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

Tuesday, April 05, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Apr 05	06:30	AUD Trade Balance (Australian dollar) (FEB)	medium	-3410m	-2500m	-3156m
Tue Apr 05	07:00	JPY Nikkei Japan PMI Composite (MAR)	medium	49.9		51.0
Tue Apr 05	09:30	AUD Reserve Bank of Australia Rate Decision (APR 5)	high	2.00%	2.00%	2.00%
Tue Apr 05	11:00	EUR German Factory Orders n.s.a. (YoY) (FEB)	medium	0.5%	2.2%	0.4%
Tue Apr 05	13:00	EUR Markit Eurozone Composite PMI (MAR)	low	53.1	53.7	53.7
Tue Apr 05	13:30	GBP Markit/CIPS UK Composite PMI (MAR)	medium	53.6	53.4	52.8
Tue Apr 05	14:00	EUR Euro-Zone Retail Sales (YoY) (FEB)	medium	2.4%	1.9%	2.0%
Tue Apr 05	17:30	USD Trade Balance (FEB)	medium		-\$46.2b	-\$45.7b
Tue Apr 05	19:00	USD ISM Non-Manufacturing/Services Composite (MAR)	high		54.1	53.4

Source: Forex Factory, DailyFX

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