

## Gold

### Technical

Gold prices gained traction following the better than expected Chicago PMI which was unable to buoy the greenback. The yellow metal found support near the 10-day moving average near 1,329, while resistance is seen near the July highs at 1,370. While the MACD is printing in the red, the trajectory of the index is turning upward and poised to generate a buy signal. The RSI turned higher with price action reflecting accelerating positive momentum. U.S. Chicago manufacturing PMI dipped 1 point to 55.8 in July, after having climbed 7.5 points to 56.8 in June from 49.3 in May. It's better than expected, and is the second highest of the year. It is also better than the 53.7 a year ago. The index has been above the 50 expansion/contraction line in five of the seven months of 2016 so far, after posting sub-50 readings in seven of the twelve months of 2015.

Pivot:	1,350		
Support	1,343	1,329	1,321
Resistance	1,360	1,365	1,370

### Highlights

- Gold edged down slightly lower, after rising over one percent to a near 3-week high in the previous session
- The U.S Dollar recovered from lows hit after disappointing growth figures
- The U.S economy grew at a 1.2 percent annual rate in the second quarter
- The Fed could raise interest rates up to two times before year end San Francisco Fed President John Williams said
- Holdings in SPDR Gold Trust, rose 0.40 percent to 958.10 tonnes

### Gold - Technical Indicators

RSI 14	48.26
SMA 20	1,324.02
SMA 50	1,339.74
SMA 100	1,302.32
SMA 200	1,210.66

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold remained steady today in Asian session, after rising over one percent to a near 3-week high in the previous session, as disappointing US growth figures last week bolstered safe-haven demand.
- The US Commerce Department reported on Friday that the US economy grew at a 1.2 percent annual rate in the second quarter, much less than expected. Spot gold was nearly unchanged at \$1,349.76 an ounce. Bullion hit a high of \$1,355.10 on Friday, its highest level since July 12.
- US gold futures was nearly flat at \$1,356.9 an ounce. The gold markets will be more prudent ahead of the non-farm payrolls data due on Friday. If it is going to be weak, then people will change their expectations about the US economic prospects drastically. If they are relatively good, bad GDP data could be counterbalanced by a good jobs data.
- Signals for spot gold were mixed and will become clearer when the metal gets out of a range of \$1,346-1,357 per ounce, according to Reuters technical analyst Wang Tao.
- Top US Fed policymakers held varying opinions about rate hikes, with the Dallas Fed President Robert Kaplan calling for caution, while the San Francisco Fed President John Williams expecting the central bank to raise interest rates up to two times before year end.
- Hedge funds and money managers increased their net long position in COMEX silver contracts, but cut net long position in gold, in the week to July 26. Holdings in SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.40 percent to 958.10 tonnes on Friday.
- A sidelined Fed between now and year-end should weaken the dollar, pushing gold to test July highs of \$1,374 levels, with an outside chance of getting to \$1,400.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

WTI Crude oil prices moved lower reaching a low of 40.58, before bouncing as support near the 200-day moving average at 40.63 appears to have held on Friday's trading session. Prices felt downward pressure following the Baker Hughes rig count which showed an increase of 3 active drilling rigs in the latest week. The count rose last week by 14. It has moved higher since mid-May, as higher oil prices has brought producers back into the fold. Brent crude was also under pressure, but seemed to find support. Resistance is seen near the 10-day moving average at 43.58. The RSI appears to have help support near the 33, level just above the oversold trigger level of 30. Momentum on crude oil is negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices.

Pivot:	41.74		
Support	41.00	40.55	40.00
Resistance	42.22	43.17	43.73

### Highlights

- Oil fell after its biggest monthly decline in a year as U.S producers increased drilling
- Crude stockpiles remained at the highest seasonal level in at least two decades
- Drillers boosted the number of active rigs for a fifth week, the longest run of gains since last August
- Libya has reopened four oil ports after the resolution of a pay dispute with guards according to a statement from the Petroleum Facilities Guard
- Oil has slipped about 19 percent from its recent peak in early June

### Crude - Technical Indicators

RSI 14	33.37
SMA 20	45.27
SMA 50	47.43
SMA 100	45.72
SMA 200	40.33

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices rose today earlier in today's trading session, driven by new orders as traders staked out positions at the start of the new month, but the market remains dogged by a crude glut, a flood of refined products, and an economic slowdown.
- U.S. West Texas intermediate was at 41.70 per barrel, up 10 cents from July's last close. WTI shed 13 percent in July. Oil prices rose on the day but appear vulnerable to concerns of oversupply. However, a global glut still weighs: Demand growth remains lackluster and has not made significant inroads to clear the inventory overhang for oil.
- With the macroeconomic picture worsening and Saudi Arabia unlikely to exhibit much restraint, refineries are going to find themselves in the line of fire. China Aviation Oil, Asia's biggest jet fuel supplier, said on Friday that it was concerned about the economic environment and its impact on fuel demand.
- The macro-environment may remain persistently challenging as concerns over demand-supply and economic uncertainty post-Brexit could create volatility in the oil trading environment.
- South Korea, Japan, China and Vietnam on Monday reported weak manufacturing and trade data, stoking concerns that Asia's leading economies were in a sharp slowdown. The weakness is also showing in physical oil markets.
- Top exporter Saudi Arabia slashed the September price for its crude for Asian customers by \$1.30 a barrel ahead of an expected fall in demand in October when about 1 million bpd of refining capacity in Asia will be shut for maintenance.
- Output from the Organization of the Petroleum Exporting Countries (OPEC), helped by a jump in Iraq exports, in July likely reached its highest in recent history, at 33.41 million bpd from a revised 33.31 million bpd in June.

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Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

The silver market went back and forth during the course of the session on Friday, and as a result it looks as if the \$20 level is trying to offer support. With this being the case, the \$20.50 level above should be broken given enough time and we should continue to go much higher. With this being the case, the market pulling back should be a buying opportunity, and I believe that the \$19.50 level below there is even more supportive going forward. This is a market that has most certainly broken out recently and shows quite a bit of bullish pressure. Since touching off on support at 19.20 on 7/20 there is a series of higher highs and higher lows developing, visible on intra-day timeframes, but it's certainly not making for a very strong trend – not much is right now. Vol is low these days, and as such, looking for extended moves has been disappointing.

Pivot:	20.53		
Support	20.17	20.00	19.75
Resistance	20.80	21.00	21.30

### Highlights

- Silver futures for September delivery tacked on 15.5 cents, or 0.77%, on Friday
- On the week, silver futures advanced 46.5 cents, or 1.57%, taking its gains for July to 9.7%
- Investors will continue to focus on U.S economic reports to gauge if the U.S economy is strong enough to hike rates
- Friday's nonfarm payrolls data from the U.S will be in the spotlight
- The advance read on second quarter GDP showed a 1.2% annualized growth rate, well below expectations

### Silver - Technical Indicators

RSI 14	54.10
SMA 20	19.99
SMA 50	18.40
SMA 100	17.49
SMA 200	16.05

### Silver Daily Graph



### Fundamentals

- Silver prices rallied on Friday, ending the session close to a three-week high after data showed that the U.S economy grew at a slower pace than expected in the second quarter, prompting market players to roll back expectations of a rate hike from the Federal Reserve.
- The advance read on second quarter GDP showed a 1.2% annualized growth rate, well below expectations for 2.6%, the Commerce Department said on Friday. First quarter GDP was revised lower to 0.8% from 1.1%. The disappointing data lessened the threat of an early interest rate rise from the Federal Reserve.
- Fed funds futures priced in just a 12% chance of a rate hike by September by late Friday. December odds were at 33%, down from 43% a day earlier and compared to 53% at the start of the week.
- The U.S Dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, plunged to a five-week low of 95.34 in wake of the disappointing GDP report.
- Dollar was at 95.53 by late Friday, down 1.2% for the day and 2.1% lower on the week, amid fading expectations of a Fed rate hike in the next couple of months.
- The Fed left interest rates unchanged on Wednesday and said near-term risks to the U.S. economic outlook had diminished. However, the central bank stopped short of signaling that a further increase in U.S. interest rates is on the cards for later this year.
- Precious metals are sensitive to moves in U.S rates. A gradual path to higher rates is seen as less of a threat to metals than a swift series of increases. In this week, investors will continue to focus on U.S. economic reports to gauge if the world's largest economy is strong enough to withstand a hike in interest rates in the coming months, with Friday's nonfarm payrolls data in the spotlight.

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Monday, August 01, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Aug 01	06:00	CNY Manufacturing PMI (JUL)	High	49.9	50.0	50.0
Mon Aug 01	06:00	CNY Non-manufacturing PMI (JUL)	Medium	53.9		53.7
Mon Aug 01	07:00	JPY Nikkei Japan PMI Mfg (JUL)	Medium	49.3		49.0
Mon Aug 01	13:00	EUR Markit Eurozone Manufacturing PMI (JUL)	Low	52.0	51.9	51.9
Mon Aug 01	13:30	GBP Markit UK PMI Manufacturing s.a. (JUL)	Low	48.2	49.1	49.1
Mon Aug 01	18:45	USD Markit US Manufacturing PMI (JUL)	Low		52.9	52.9
Mon Aug 01	19:00	USD Construction Spending (MoM) (JUN)	Medium		0.5%	-0.8%
Mon Aug 01	19:00	USD ISM Manufacturing (JUL)	High		53	53.2
Mon Aug 01	19:00	USD ISM Prices Paid (JUL)	Medium		61	60.5

Source: Forex Factory, DailyFX

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