

## Gold

### Technical

Gold prices are trading in a very tight range which is slightly more than \$35 per ounce, with support beginning to creep higher near 1,316. Resistance is between 1,347/50. The whipsaw nature of the dollar has kept a lid on gold prices, which generally climb as the dollar sell off. What seems to be enjoying upside is gold prices in sterling. With the currency underpressure, traders are moving to positions where the central bank cannot devalue the currency. Momentum has turned neutral. This is reflected by the MACD (moving average convergence divergence) index printing near the zero handle. The trajectory is flat which generally reflects a scenario where prices are consolidating. In addition, the relative strength index (RSI) is printing a reading of 55, which is in the middle of the neutral range and generally reflects consolidation.

Pivot:	1,342		
Support	1,338	1,334	1,329
Resistance	1,350	1,357	1,360

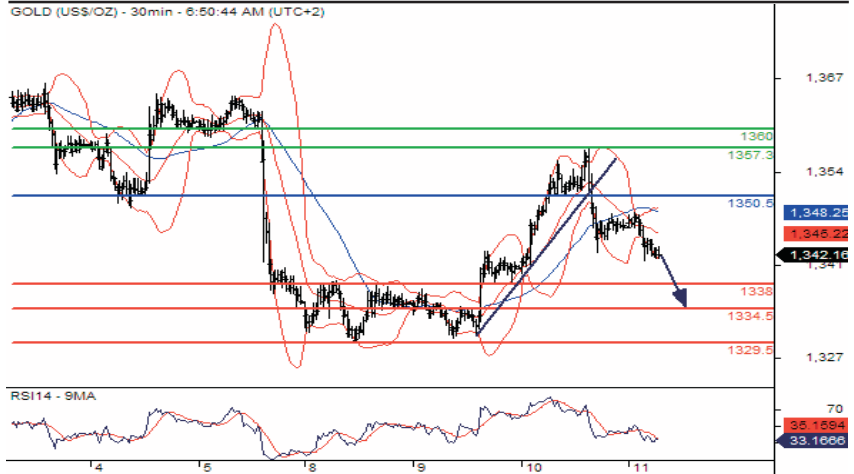
### Highlights

- Gold fell yesterday for the first time after rising in the previous two sessions, as investors cashed in recent gains
- A recovery in the dollar added to the metal's current volatility
- Spot gold fell 0.3 percent to \$1,342.61 an ounce. The yellow metal went up as much as 1.3 percent, touching a high of \$1,357.17
- The profit taking is triggered by people's changing expectations
- Investors expect the U.S Federal Reserve to raise rates in December

### Gold - Technical Indicators

RSI 14	50.77
SMA 20	1,337.02
SMA 50	1,324.64
SMA 100	1,287.92
SMA 200	1,223.47

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices rebounded in today's session, encouraged by a weaker dollar and disappointing U.S. productivity data. Gold for December delivery settled up 0.4% at \$1,351.90 a troy ounce on the Comex division of the New York Mercantile Exchange, paring some gains after rising as high as \$1,363.30 earlier in the session.
- Tuesday data showed U.S. nonfarm productivity -- the goods and services produced each hour by American workers -- contracted 0.5% in the second quarter. The data damped positive sentiment that had followed strong U.S. jobs data at the close of last week, weakening the dollar and boosting gold.
- The Dollar Index was recently down 0.5% at 86.23. As gold is dollar-denominated, it becomes cheaper to buy for holders of other currencies when the greenback falls.
- Finding support from a weaker U.S. dollar, falling bond yields and somewhat lower rate hike expectations in the U.S. -- and despite firm stock markets -- gold has climbed back up. Though U.S. productivity data was disappointing, it may be "near-term noise."
- Net bullish bets on gold reached the highest level in 10 years earlier this year, according to data from the U.S. Commodity Futures Trading Commission. Exchange-traded funds for the precious metal have also surged, with Gold ETF holdings hitting their highest level in three years at the end of June, according to the World Gold Council.
- It is difficult to get a clear handle on the short-term direction of gold, as the complex seems to be teeing off on dollar weakness and what seems to us to be general complacency about the central banks being reluctant to take hawkish action on the rate front. However, strong U.S. macro numbers or rebounding equities could change this calculus, since they raise the spectre of higher rates and alternative investments with potentially better returns.

### 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 is back under 42 per barrel in today's Asian trading session, bottoming so far at 41.84. The modest rally seen after the EIA inventory data was quickly faded, as market talk remains on the earlier OPEC report which revealed record monthly output from production heavyweight Saudi Arabia. The large draw in gasoline stocks provided brief support, was offset by an unexpected build in crude oil inventories which also sent Brent oil lower. With U.S. crude inventories remaining at record highs for this time of year, oversupply remains the main concern. Prices were unable to stay above resistance near 42.86, and slumped hitting a fresh low, and poised to test the 40 level. While momentum is positive with the MACD (moving average convergence divergence) index printing in the black, the RSI turned lower reflecting offsetting momentum.

Pivot:	41.54		
Support	41.00	40.45	39.85
Resistance	42.50	43.50	43.80

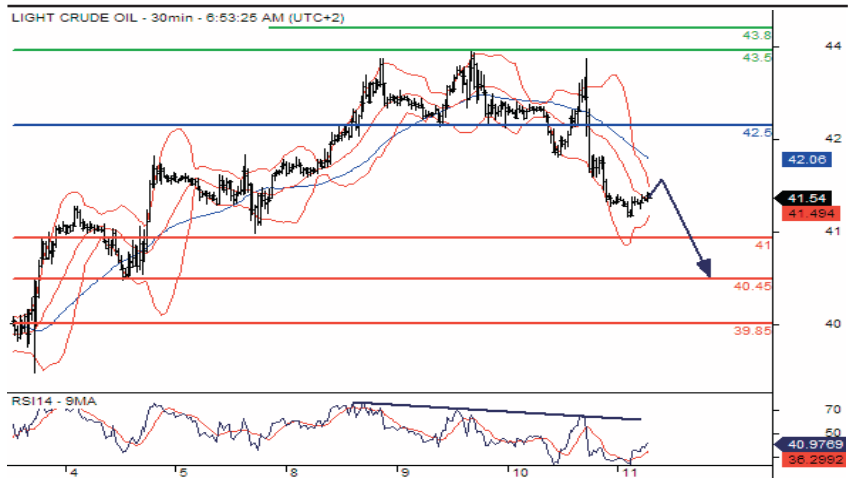
### Highlights

- Oil prices fell yesterday on a surprise build in U.S. crude inventories
- The second-biggest weekly draw in U.S gasoline this summer was countered by an unseasonal build in crude stockpiles
- U.S crude inventories rose 1.1 million barrels in the week ended Aug. 5, the U.S Energy Information Administration reported
- U.S West Texas Intermediate crude settled down 2.5 percent at \$41.71 per barrel
- The U.S Dollar was 0.6 percent weaker against a basket of currencies

### Crude - Technical Indicators

RSI 14	38.63
SMA 20	42.96
SMA 50	45.89
SMA 100	46.02
SMA 200	40.31

### Crude Oil Daily Graph



### Fundamentals

- Oil prices fell today as a build in U.S. crude inventories and record Saudi Arabian production reinforced fears of a persistent supply overhang that will last well into next year and keep weighing on markets.
- U.S. West Texas Intermediate (WTI) crude futures were trading at \$41.59 per barrel, down 12 cents from their last settlement. Brent crude futures were at \$43.95 a barrel, down 10 cents.
- Oil fell sharply yesterday after data from the U.S. Energy Information Administration showed crude inventories rose 1.1 million barrels in the week ended Aug. 5. Analysts polled by Reuters had expected a 1.0 million-barrel crude draw instead.
- Crude oil stocks rose 1.06 million barrels to 523.6 million barrels. The unexpected rise was driven by reduced operating rates at refineries, which fell 1.1 percent to 92.2 percent of capacity. Bearish supply-side news also weighed on the market, with Saudi Arabia reporting a record 10.67 million barrels per day (bpd) production in July.
- Overall production from the Organization of the Petroleum Exporting Countries (OPEC), of which Saudi Arabia is the de-facto leader, also increased, boosted by producers such as Iraq and Iran, who offset the impact of militant attacks in Nigeria.
- Based on figures OPEC collects from secondary sources, the organization pumped 33.11 million bpd in July, up 46,000 bpd from June. OPEC expects demand for its crude in 2017 to average 33.01 million bpd, suggesting a supply surplus of 100,000 bpd if OPEC keeps output steady.
- The price of oil, which has averaged \$45 a day in August so far, has been on a downwards slope, apart from occasional rallies, since July 2014, when it averaged above \$100 a day.

### 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	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

Silver markets broke higher during the course of the day on Wednesday, touching the top of the recent consolidation area near the \$20.50 level. With this being the case, we did find quite a bit of selling pressure in that area, and therefore pullback. However, ultimately this market looks like it is going to go higher given enough time and quite frankly we will eventually break out in my estimation. Pullbacks continue to offer buying opportunities below, and therefore I will be waiting for value and start going long again and again as I do believe eventually silver breaks out and skyrockets. The current range environment and the positioning of silver – somewhere in the middle of the range – makes trying to determine direction with any real certainty, difficult. The best way to trade this type of environment, is to look to sell when price rolls over from resistance and buy when price turns higher from support.

Pivot:	20.09		
Support	19.87	19.73	19.60
Resistance	20.32	20.46	20.56

### Highlights

- Trading conditions were dominated by a weaker dollar yesterday
- A decline in global bond yields also helping to underpin silver demand as prices moved back above \$20.00 per ounce
- Silver prices maintained a robust tone late in the US session and there was a break above the \$20.00 level
- Economic data releases remained generally sparse during the day
- There was a high degree of volatility in precious metals yesterday

### Silver - Technical Indicators

RSI 14	61.11
SMA 20	20.08
SMA 50	19.01
SMA 100	17.87
SMA 200	16.27

### Silver Daily Graph



### Fundamentals

- Silver prices surged in yesterday's trading session, bouncing from two-week lows amid a renewed slump in the US dollar. Silver for September delivery climbed 47 cents or 2.3% to \$20.32 a troy ounce, reversing an earlier slump that sent prices to two-week lows.
- With the gain, the grey metal has broken above a key mid-range resistance and is eyeing the August 2 high of \$20.70 a troy ounce. Precious metals were higher across the board on Tuesday.
- Gains in precious metals came amid a renewed slump in the US dollar. The dollar index plunged 0.7% to 95.56, its second consecutive decline and nearly reversing all of last week's gains.
- The dollar declined sharply against the Japanese yen, British pound and euro. It also lost ground against the commodity-driven Canadian dollar following sharp gains in oil prices earlier this week.
- In economic data, Japan's tertiary index slumped unexpectedly in June, raising concerns about the health of the world's third largest economy at the end of the second quarter. The Ministry of Economy, Trade and Industry's tertiary index fell 0.8% from May, following a 0.7% slump the prior month.
- There were no other major economic releases scheduled for Wednesday. Demand for precious metals is rising in lockstep with growing expectations for looser monetary policy around the world.
- The Reserve Bank of New Zealand (RBNZ) is expected to join in the global easing campaign by cutting interest rates again. Economists expect the RBNZ to lower its benchmark rate by 25 basis points to 2%.
- In terms of upcoming releases, the Melbourne Institute will report on Australian consumer inflation expectations on Thursday. In China, the ministry of Commerce will release latest data on foreign direct investment (FDI) for the month of July.

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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

Thursday, August 11, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Aug 11	02:00	Reserve Bank of New Zealand Rate Decision (AUG 11)	High	2.00%	2.00%	2.25%
Thu Aug 11	04:01	U.K RICS House Price Balance (JUL)	Medium	5%	6%	15%
Thu Aug 11	06:00	Australia Consumer Inflation Expectation (AUG)	Medium	3.5%		3.7%
Thu Aug 11	06:10	RBNZ's Wheeler at Parliament Select Committee	Medium			
Thu Aug 11	17:30	U.S Initial Jobless Claims (AUG 6)	Medium		265k	269k
Thu Aug 11	17:30	U.S Import Price Index (YoY) (JUL)	Low		-4.3%	-4.8%
Thu Aug 11	17:30	Canada New Housing Price Index (YoY) (JUN)	Medium			2.7%
Thu Aug 11	17:30	U.S Continuing Claims (JUL 30)	Medium		2130k	2138k
Thu Aug 11	19:30	U.S EIA Natural Gas Storage Change (AUG 5)	Low			

Source: Forex Factory, DailyFX

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