

Gold

Technical

Gold prices consolidated in yesterday's trading session in a very tight range and unable to make headway above resistance near the 10-day moving average at 1,345. Support on the yellow metal is seen near the July lows at 1,310. As traders await today for U.S. Consumer Price Index report which should shed light on the inflation outlook. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices. July CPI is out on Tuesday and should reveal a flat headline alongside a 0.2% core increase. This compares to June figures which had the headline up 0.2% with the core up 0.2%. The spring rebound in gasoline prices had helped prop up the headline but gasoline prices look poised to dip by 3% in July which could weigh on the headline.

Pivot:	1,350		
Support	1,344	1,338	1,334
Resistance	1,356	1,360	1,365

Highlights

- Gold rose as the dollar weakened on lower expectations of a U.S. Federal Reserve interest rate hike this year
- Spot gold was up about 0.7 percent at \$1,348.86 an ounce
- The gold market is waiting for more economic data to determine the trend
- Markets will look to U.S. data later in the day including consumer prices, housing starts and industrial output
- Precious metals tend to draw buying in a low interest-rate climate

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 rose around 1 percent today as a series of lower-than-expected U.S. economic data weighed on the dollar and reduced prospects for a Federal Reserve interest rate hike this year.
- Spot gold rose to a session high of \$1,353.23 an ounce and was up 1 percent at \$1,351.35. U.S. gold rose 0.7 percent to \$1,357.40 an ounce. Spot gold was within reach of a more than two-year high of \$1,374.91 hit last month as investors sought refuge from volatility across financial markets following Britain's vote to leave the European Union.
- Most of the metal's gains were attributed to a weak dollar, which fell 0.7 percent against a basket of main currencies. A lower dollar makes gold cheaper for foreign-currency holders.
- The trigger for its weakness and, in turn, gold's strength overnight was a paper from San Francisco Fed President John Williams arguing that central banks might have to raise inflation targets, focus more on growth and back much looser fiscal policy in future.
- Markets will monitor U.S. data later in the day including consumer prices, housing starts and industrial output for another chance to gauge the health of the economy. High on the U.S. calendar this week are also the minutes of the last Federal Reserve meeting.
- The Fed should reiterate their data dependency, that in the uncertainty they would want to see inflation and wage targets ...given that the data has been lukewarm, apart from the July jobs data, December now seems the only opportunity for this year.
- Soros Fund Management LLC sharply cut its shares in gold in the second quarter, while New York-based Paulson & Co, led by John Paulson, kept its stake in SPDR Gold Trust unchanged.

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 oil prices closed near session highs in yesterday's trading as oil prices clocked a four-week high and the Brent benchmark, at 47.86. The highs were seen after Russian energy minister Novak said that Russia is working with Saudi Arabia to "achieve market stability," noting that "the dialogue between our two countries is developing in a tangible way, whether in the framework of a multi-party structure or on a bilateral level." Saudi Arabia last week hinted at a coordinated production freeze in crude production. Support on crude oil is seen near the 10-day moving average at 42.55, while resistance is seen near a downward sloping trend line that comes in near 47.02. Momentum fro crude is positive as the MACD (moving average convergence divergence) index prints in the black with an upward sloping trajectory after recently generating a buy signal.

Pivot:	46.00		
Support	44.45	43.80	43.30
Resistance	46.82	47.20	47.70

Highlights

- Oil prices continued to edge higher today, building on a three-day rally
- There are hopes that major oil producers will consider a production freeze
- Prices have gained after Saudi Arabia's Energy Minister signaled his country would work with other producers to stabilize prices
- OPEC announced the 14-member bloc will meet on the sidelines of an energy conference next month in Algeria.
- Investors who bet the global oil glut would push prices down are now suffering

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



Source: Meta Trader

Fundamentals

- Oil prices remained near five-week highs today, fueled by talk of producers taking action to prop up the market, although some investors cashed in during Asian hours on the 16 percent rally since early August.
- U.S West Texas Intermediate crude was trading at \$45.76 a barrel, up 2 cents from its previous close, and still over 16 percent above its \$39.19 monthly low from Aug. 3. Traders said earlier price declines were the result of cashing in following the two-week long rally.
- The gains were driven by expectations from investors that oil producers may take action, possibly freezing output, to rein in ballooning oversupply. Crude oil rose to a four-week high as speculation continued to mount that OPEC would discuss a potential cap on production at an upcoming meeting between the members of the group. Russia joined in, saying it was open to such talks as well.
- Led by top exporter Saudi Arabia, the Organization of the Petroleum Exporting Countries (OPEC), has re-launched a debate about oil producers potentially capping soaring output in an effort to reduce a global overhang in production and inventories of crude oil and refined fuel products.
- Many traders, however, voiced their doubts over OPEC's ability to agree amongst its divided members, and expect talks will fail just as they did in April. Analysts also said that concerns over oil production in Venezuela were backing higher markets.
- Venezuela, which holds the world's largest crude oil reserves, is on track to suffer its steepest annual oil output drop in 14 years as it struggles with an economic and political crisis and years of underinvestment and mismanagement. In the 12 months to June, Venezuela's crude output fell 9 percent to 2.36 million barrels per day (bpd)

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

The silver market initially tried to rally during the course of the session on Monday, but turned back around at the \$20 level to form a bit of a shooting star. The shooting star of course is a negative sign, but there is quite a bit of support just below that should continue to interfere in this market. A break above the top of the shooting star, and by extension the \$20 level, should be a buying opportunity in order to reach back towards the top of the consolidation area in the form of the \$20.50 level. Silver had quite a run-up since December in both price and net long positions amongst large speculators, and, even if it is to head higher, it was due for a period of consolidation. Without a significant driver, volume and volatility are likely to remain low for the next few weeks. It is best to wait for either a rally and reversal off the top-end of the range around the 20.66/76 area.

Pivot:	20.03		
Support	19.81	19.67	19.56
Resistance	20.22	20.36	20.49

Highlights

- Trading ranges were relatively narrow with the dollar's ability to make headway
- The latest COT data recorded a small decline in non-commercial long silver positions to just over 91,000 in the latest week
- Japanese GDP data was weaker than expected for the second quarter
- Silver prices edged higher, but only registered a brief move above the \$20.00 level
- There was no change in Fed Futures contracts with markets giving around a 43% chance of an interest rate increase before the end of 2016

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 advanced yesterday, outpacing gold and other precious metals amid continued weakness in the US dollar. Silver for September delivery climbed 19 cents or 1% to \$19.90 a troy ounce. The futures price reached a daily high of \$20.05 a troy ounce.
- The grey metal declined 0.6% last week, failing to sustain earlier gains. The gold/silver ratio used by investors to determine when to buy and sell precious metals reached a daily low of 67.24. Gold's premium over silver widened last week, reaching its highest level in a month.
- The US dollar traded lower yesterday in belated response to dismal economic data that lowered traders' expectations for a 2016 rate hike by the Federal Reserve. The dollar index declined 0.1% to \$95.63.
- A weaker dollar kept demand for crude higher, as the market extended last week's impressive rally. In economic data, Japan's gross domestic product (GDP) failed to grow in the second quarter, missing already subdued expectations and raising fresh fears about the health of the world's third largest economy.
- GDP growth was flat on a quarterly basis and grew just 0.2% annually, the Cabinet Office reported yesterday. Separately, Japan's industrial production rose 2.3% in June, but was down 1.5% on a year-over-year basis.
- Monday was a relatively light day on the economic calendar. Action resumes on Tuesday with a deluge of reports from Australia, the United Kingdom and United States. The Federal Reserve will also release the minutes of the July FOMC policy meeting on Wednesday, giving investors more insight into last month's decision to hold off on raising interest rates.
- Investors who are looking for a single entry point might be better off waiting for a better price to accumulate bullion or silver contracts. Having said that, the best time of the year for gold and silver is upon us, effective immediately.

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	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

Tuesday, August 16, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Aug 16	13:30	GBP Consumer Price Index (YoY) (JUL)	High		0.5%	0.5%
Tue Aug 16	14:00	EUR German ZEW Survey (Current Situation) (AUG)	Medium		50.2	49.8
Tue Aug 16	14:00	EUR German ZEW Survey (Economic Sentiment) (AUG)	Medium		2	-6.8
Tue Aug 16	14:00	EUR Euro-Zone ZEW Survey (Economic Sentiment) (AUG)	High			-14.7
Tue Aug 16	17:30	USD Housing Starts (MoM) (JUL)	Medium		-0.8%	4.8%
Tue Aug 16	17:30	USD Building Permits (MoM) (JUL)	Medium		0.6%	1.5%
Tue Aug 16	17:30	USD Consumer Price Index (YoY) (JUL)	High		0.9%	1.0%
Tue Aug 16	18:15	USD Industrial Production (JUL)	Medium		0.2%	0.6%
Tue Aug 16	18:15	USD Manufacturing (SIC) Production (JUL)	Medium		0.2%	0.4%

Source: Forex Factory, DailyFX

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