

Gold

Technical

Gold prices edged higher in yesterday's trading session as the dollar lost ground following Wednesday's FOMC meeting minutes which shows that the central bank is unlikely to raise rates as early as September. Yields dropped allowing the dollar to lose ground. This helped the yellow metal gain traction. Support is seen near the 10-day moving average at 1,342, while resistance is seen near the July highs at 1,370. Momentum is poised to turn positive as the MACD (moving average convergence divergence) index is about to generate a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index is poised to move from negative to positive territory which will confirm the buy signal. Without any clear-cut direction on the timing of the next Fed rate hike, gold investors seem a little reluctant.

Pivot:	1,347		
Support	1,334	1,330	1,325
Resistance	1,355	1,360	1,365

Highlights

- Gold fell for the first time in five sessions today as hawkish comments from U.S. Fed officials renewed bets on a U.S. rate hike
- San Francisco Fed President John Williams signalled support for a U.S. interest rate hike in coming months
- The number of Americans filing for unemployment benefits fell more than expected last week
- Manufacturing activity in the U.S. saw a mild improvement this month
- Holdings of SPDR Gold Trust, fell 0.19 percent to 955.99 tonnes yesterday.

Gold - Technical Indicators

RSI 14	52.45
SMA 20	1,346.70
SMA 50	1,336.18
SMA 100	1,298.07
SMA 200	1,236.30

Gold Daily Graph



Fundamentals

- Gold fell in today's trading session, snapping a week-long streak of gains in tight trade as hawkish comments from U.S. Federal Reserve officials renewed bets on a U.S. rate hike this year while contradicting comments from others curbed losses.
- Spot gold was down 0.34 percent at \$1,347 per ounce while U.S. gold dropped 0.38 percent to \$1,352.10 an ounce. Gold is sensitive to higher rates which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar in which it is priced.
- The week has seen a run of mixed signals from Federal Reserve policymakers. San Francisco Fed President John Williams on Thursday joined a growing chorus of his colleagues signalling support for a U.S. interest rate hike in coming months.
- New York Fed President William Dudley reinforced his confidence in a possible rate hike for a second time in the week. Dallas Fed President Robert Kaplan, however, saw limited room to manoeuvre on rates.
- Meanwhile, European Central Bank rate setters agreed not to discuss any policy change at their July meeting and to keep market hopes for more stimulus in check, minutes showed yesterday. Signals are neutral for gold as it is stuck in a range of \$1,337.22-\$1,358.01 per ounce.
- Gold rising after trading tightly as global central banks were still printing money and the Fed provided mixed signals on interest rate hikes. The main story is that the range is getting tighter and tighter. The big question is which way it will break and we think it's going to break on the upside
- Reports showed the number of Americans filing for unemployment benefits fell more than expected last week, while manufacturing activity in the U.S. Mid-Atlantic region saw a mild improvement 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	
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

Crude oil prices continue to move higher in yesterday's session in the wake of Wednesday report from the Department of Energy that showed a larger than expected draw in both crude oil and gasoline. Demand for gasoline continues to be robust, which could keep prices buoyed for the balance of the summer. A potential OPEC output cut is also keeping the bears at bay. Prices are poised to test resistance near 50 and then a downward sloping trend line that comes in near 52.10. Support is seen near former resistance near 46, and then the 20-day moving average near 43.09. Momentum is positive with the MACD (moving average convergence divergence) printing in the black with an upward sloping trajectory which points to higher prices. The RSI (relative strength index) moved higher with price action reflecting accelerating positive momentum.

Pivot:	47.98		
Support	46.90	45.80	45.15
Resistance	49.15	50.00	50.70

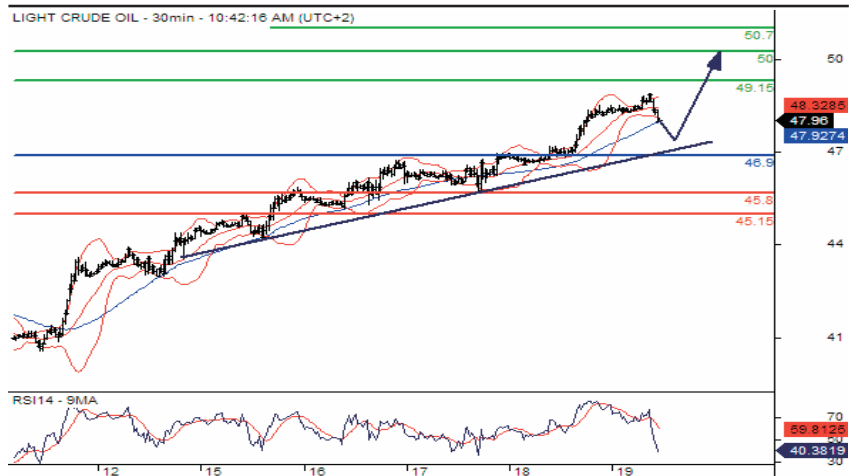
Highlights

- Oil's push into bull-market territory boosted energy shares across Asia today
- Uncertainty over the U.S interest-rate outlook weighs, ahead of the Fed's Jackson Hole symposium scheduled next Friday
- It's hard to expect Janet Yellen will signal a clear message to the market
- The markets are expecting easy monetary policy world-wide to continue
- Oil prices entered into a bull market as falling stockpiles and talk of a production cap by the OPEC

Crude - Technical Indicators

RSI 14	67.33
SMA 20	43.27
SMA 50	45.27
SMA 100	46.36
SMA 200	40.76

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices eased back on Friday as investors stepped in to take some profits, with U.S crude prices hovering atop \$48. On the New York Mercantile Exchange, light, sweet crude futures for delivery in September traded flat at \$48.21 a barrel.
- Upbeat prospects of a rebalance which flipped oil into a bull market Thursday night, was stoked by drawdowns in the U.S. crude and gasoline stocks, declining production in China and Latin America, and recent indications that major producers in and outside of the Organization of the Petroleum Exporting Countries could take steps to stabilize prices.
- Prices are still down by more than half from above \$100 a barrel in 2014, but they are up 80% from six months ago, when they crashed to a decade low of below \$30 a barrel.
- Despite visible signs of a tighter market ahead, much of the trade has been psychologically driven and could easily snap back below the \$50 level. The market is very vulnerable to news right now.
- Higher prices usually drive demand lower, but with the world still flushed with excess barrels, analysts say the overhang, and not the higher prices, is the main reason why demand growth may remain muted over the next few months until it picks up again during winter, the peak season for heating oil.
- A case in point is China, whose crude imports is expected to reach 7.3 million barrels a day, said Energy Aspects, compared with 7.55 million barrels a day seen in the January to June period.
- The slow down is largely due to the existing high inventories, softening domestic demand for fuels and refiners undergoing maintenance. Still, uncertainty over the U.S. interest-rate outlook weighs, analysts say, ahead of the Federal Reserve's Jackson Hole symposium scheduled for next 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	
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 markets initially tried to rally during the course of the day on Thursday but turn right back around to form a bit of a shooting star. By doing so, we are sitting on top of support and it looks very likely that the support below should continue to cause quite a bit of action. With this being the case, I am more comfortable holding onto a trade if I am long, rather than closing out. I do believe that the buyers will jump into this market but at this point in time I do not think that we are going to reach towards the \$20.50 level. Major mints around the world are reporting surging demand, and biggest silver mining product regions are actually reporting declines in silver production. Looking at silver price action. It suggests much higher prices are ahead. Even the short-term outlook looks amazing. Since early 2016, silver prices have been trending higher – making higher highs and lower lows.

Pivot:	19.53		
Support	19.34	19.26	19.18
Resistance	19.78	19.94	20.11

Highlights

- Silver prices fell following the latest comments from Fed officials
- Silver prices were able to find support above \$19.75 late in the US session
- The Dollar pushed higher against the Yen yesterday as Japanese officials stepped up verbal intervention against a strong yen
- US jobless claims data maintained a solid tone with a decline to 266,000 in the latest week from 266,000 previously
- The Philadelphia Fed index strengthened to 2.0 for August from -2.9 previously

Silver - Technical Indicators

RSI 14	42.18
SMA 20	20.04
SMA 50	19.61
SMA 100	18.29
SMA 200	16.62

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver continued to consolidate below the \$20.00 per ounce level on Thursday with prices unable to derive further support from a generally fragile dollar tone. Minutes from July's Federal Open Market Committee (FOMC) meeting confirmed that officials were more confident in the labour market developments following the strong payrolls data at the beginning of July.
- There were significant divisions within the committee with some members pushing for an early move to raise rates with confidence that the Fed was very close to meeting its objectives.
- Some members were also concerned that loose financial conditions suggested the need to remove accommodation soon as failure to raise rates would risk having to act more aggressively later.
- Most voting members wanted to see more data to confirm that the economy was strong enough to withstand higher interest rates. The net impact was fresh doubts surrounding the potential for a near-term increase in rates with the chances of a move by December just below 50% according to Fed futures.
- Following the minutes, the dollar came under renewed selling pressure after a very brief spike higher with EUR/USD testing resistance above 1.1300, while USD/JPY dipped to the 100.00 area.
- Silver briefly spiked below \$19.50 on release before quickly regaining ground and pushed to highs around \$19.90 late in the US session as the dollar stumbled. Prices then drifted lower in the Asian session as failure to break resistance maintained some position adjustment.
- US jobless claims data maintained a solid tone with a decline to 266,000 in the latest week from 266,000 previously, while the Philadelphia Fed index strengthened to 2.0 for August from -2.9 previously. New York Fed Dudley spoke again and stated that his views had not changed.

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

Friday, August 19, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Aug 19	09:30	Japan All Industry Activity Index (MoM) (JUN)	Medium	1.0%	0.9%	-1.3%
Fri Aug 19	11:00	German Producer Prices (YoY) (JUL)	Low	-2.0%	-2.1%	-2.2%
Fri Aug 19	13:30	U.K Public Finances (PSNCR) (Pounds) (JUL)	Medium	-2.1b		13.5b
Fri Aug 19	13:30	U.K Central Government NCR (JUL)	Medium	3.6b		20.0b
Fri Aug 19	13:30	U.K Public Sector Net Borrowing (Pounds) (JUL)	Medium	-1.5b	-2.2b	7.5b
Fri Aug 19	17:30	Canada Retail Sales (MoM) (JUN)	Medium		0.5%	0.2%
Fri Aug 19	17:30	Canada Consumer Price Index (YoY) (JUL)	High		1.4%	1.5%
Fri Aug 19	17:30	Bank Canada Consumer Price Index Core (YoY) (JUL)	High		2.1%	2.1%
Fri Aug 19	22:00	Baker Hughes U.S Rig Count (AUG 19)	Medium			

Source: Forex Factory, DailyFX

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