

## Gold

### Technical

Gold prices settled higher on Monday and continue to climb to trade at 10 months high on Tuesday morning as Federal Reserve Chair Janet Yellen's disappointing remarks at the Jackson Hole summit failed to include details on US monetary policy or balance sheet. In addition, investors concerns rise as North Korea fired another missile that reached over Northern Japan. Gold futures soared to trade at 1329.25, up 1.02%. Gold has managed to break above \$1300 and the rally continues towards \$1362 as the Triple top reversal pattern was canceled, confirming further upside rally towards \$1340-1362. Gold prices were also supported by generally weaker demand for higher-yielding assets. Gold held a steep uptrending angle at \$1297.30 early in the session. The momentum created by the buying was strong enough to trigger buy stops over the August 18 top at \$1306.90 and the April 17 top at \$1307.00.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,321 |       |       |
| Support    | 1,308 | 1,300 | 1,292 |
| Resistance | 1,329 | 1,335 | 1,342 |

### Highlights

- Gold topped the closely watched \$1,300-an-ounce mark yesterday to mark the highest finish in 11 months
- A key index tracking the U.S Dollar fell to its lowest level since early 2015
- Gold for December delivery rose \$17.40, or 1.3%, to settle at \$1,315.30 an ounce
- U.S nonfarm payrolls data, due for release on Friday, likely remain the key indicator for the gold market
- Gold is sensitive to rising U.S interest rates, which increase the opportunity cost of bullion

### Gold - Technical Indicators

|         |         |
|---------|---------|
| RSI 14  | 78.49   |
| SMA 20  | 1,205.2 |
| SMA 50  | 1,174.3 |
| SMA 100 | 1,198.5 |
| SMA 200 | 1,225.8 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold rallied to a 9-1/2-month high yesterday, breaching \$1,300 per ounce as the dollar fell and the euro rose after the head of the European Central Bank (ECB) said that the euro zone's economic recovery had taken hold at a meeting of central bankers.
- At the meeting in Jackson Hole, Wyoming, the ECB's Mario Draghi said the bank's ultra-loose monetary policy was working and the euro zone's economic recovery had taken hold, refraining from commenting on the euro's recent strength.
- That pushed the euro to its highest in more than 2-1/2 years against the U.S. dollar, while the dollar index fell to its lowest since May 2016. Draghi did not refer to the strong euro being a brake on policy normalization - this is what triggered the rally in the euro and the price reaction in gold mirrors what the currencies did.
- Spot gold rose 1.4 percent at \$1,309.25 an ounce, after rising to its highest since early November at \$1,309.98. U.S gold futures settled up 1.3 percent at \$1,315.30.
- Many traders were away from their desks due to a British public holiday. At Jackson Hole, U.S. Federal Reserve Chair Janet Yellen made no reference to U.S. monetary policy but instead focused on financial regulations, leading traders to expect interest rates to be raised more slowly.
- I think that may have got investors more comfortable to continue doubting the inflation story and whether they'll be able to hike (interest rates). Once we got to \$1,300 and tested it for the fourth or fifth time, it finally gave way.
- Gold is highly sensitive to rising U.S. rates, which lift the opportunity cost of holding non-yielding assets such as bullion while boosting the dollar, in which it is priced. Further supporting gold was geopolitical uncertainty.

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

| Date       | Large Speculators |       |         | Commercial |        |         | Small Speculators |        |         | Open Interest |
|------------|-------------------|-------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short | Bullish | Long       | Short  | Bullish | Long              | Short  | Bullish |               |
| 12/27/2016 | 337251            | 72353 | 82%     | 120854     | 284003 | 30%     | 49448             | 31277  | 61%     | 384,974       |
| 01/03/2017 | 340748            | 74460 | 82%     | 115571     | 287002 | 29%     | 51148             | 36,819 | 61%     | 450555        |
| 01/10/2017 | 291266            | 84634 | 77%     | 116493     | 311865 | 27%     | 53520             | 32958  | 62%     | 499110        |
| 01/17/2017 | 274589            | 77454 | 77%     | 118610     | 304141 | 28%     | 49810             | 33791  | 60%     | 493086        |
| 01/24/2017 | 295688            | 67069 | 82%     | 127081     | 327075 | 28%     | 51562             | 30399  | 63%     | 510579        |

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market broke down significantly on Monday as demand for crude oil will be lower from refineries affected by the Harvey storm. Because of this, I think it's only a matter of time before sellers get back into the market on rallies, and I'm looking for rally that show signs of exhaustion that I can sell. I think that the longer-term outlook for crude oil is negative anyway, so given enough time we should see this market looking towards the \$45 level. Ultimately, I have no interest in buying, and when we rally I just sit on the sidelines and wait for an opportunity to short yet again. The \$50 level above could be targeted eventually, but it's not until the refineries open that we will see that. I think at the \$50 level it should be an excellent selling opportunity. Brent markets fell as well, after initially gapping higher. The \$51.50 level has offered a bit of support.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 46.68 |       |       |
| Support    | 46.15 | 45.70 | 45.35 |
| Resistance | 47.20 | 47.50 | 47.80 |

### Highlights

- Oil futures dropped yesterday to their lowest finish in about a month
- Investors expecting refinery shutdowns in the Gulf of Mexico region due to storm system Harvey to cause an excess in crude supplies
- On the production side, Harvey hasn't been quite as bad as previous major hurricanes such as Katrina and Rita in 2005
- Crude fell 2.7%, to settle at \$46.57, with prices marking their lowest settlement since July 24
- Investors will have their eyes on U.S stockpiles data this week

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 37.83 |
| SMA 20  | 46.58 |
| SMA 50  | 50.15 |
| SMA 100 | 51.59 |
| SMA 200 | 49.94 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- U.S crude futures fell as the refinery shutdowns could reduce demand for American crude. U.S. West Texas Intermediate (WTI) crude futures settled down \$1.30 or 2.7 percent to 46.57. Brent crude futures were down 52 cents or around 1 percent at \$51.89 per barrel.
- Harvey, the most powerful hurricane to hit Texas in more than 50 years, killed at least two people, caused large-scale flooding and forced closure of Houston port and several refineries.
- The International Energy Agency in Paris pledged to respond to major oil supply disruptions. The U.S. National Hurricane Center said Harvey was expected to linger through Tuesday, with floods spreading from Texas eastward to Louisiana.
- Texas is home to 5.6 million bpd of refining capacity, and Louisiana has 3.3 million bpd. Estimates say the storm has taken at least 2.4 million bpd of refining capacity offline.
- U.S. traders were seeking oil product cargoes from North Asia, several refining and shipping sources told Reuters, with transatlantic fuel exports from Europe expected to surge.
- If U.S refineries shut down for more than a week, Asia will need to run at a higher level, because there's no spare capacity in Europe. In Libya pipeline blockades by militia brigades have slashed the OPEC state's output by nearly 400,000 bpd.
- The market was also waiting for data on U.S. crude and refined product inventories. The American Petroleum Institute (API) releases its data on Tuesday, and the U.S. government data is due on Wednesday. Oil price Monday failed to get a boost from a report in The Wall Street Journal that Saudi Arabia and Russia have discussed the possibility of extending their production-cut agreement through June of next year.

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

| Date       | Large Speculators |         |         | Commercial |         |         | Small Speculators |        |         | Open Interest |
|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short   | Bullish | Long       | Short   | Bullish | Long              | Short  | Bullish |               |
| 12/27/2016 | 458,206           | 105,441 | 81%     | 560,983    | 925,531 | 38%     | 82,700            | 70,917 | 54%     | 1,598,935     |
| 01/03/2017 | 462,028           | 106,739 | 81%     | 557,217    | 927,085 | 38%     | 85,279            | 70,700 | 55%     | 1,615,844     |
| 01/10/2017 | 454,829           | 123,816 | 79%     | 571,328    | 916,651 | 38%     | 87,594            | 73,282 | 54%     | 1,619,796     |
| 01/17/2017 | 463,186           | 135,835 | 77%     | 560,029    | 897,400 | 38%     | 87,590            | 77,633 | 53%     | 1,623,027     |
| 01/24/2017 | 473,506           | 133,457 | 78%     | 558,910    | 898,363 | 38%     | 79,121            | 79,717 | 50%     | 1,613,293     |

Source: CFTC

## Silver

### Technical

With the US dollar getting absolutely hammered, Silver markets rallied during the day on Monday, as we broke above the \$17.25 level. That's a very bullish sign, and I believe that Silver now will continue to go higher. This is a simple extension of the gold markets breaking out as well, so I believe that precious metals overall will do well. Buying dips should continue to be the way going forward, and I think that Silver will go looking towards the \$17.50 level next. I have no interest in shorting, and believe that support should be found at the \$17.20 handle. Silver markets were very volatile during the day on Friday as several central bankers were speaking in Wyoming. This is not a huge surprise, and by the end of the day it looks as if we really didn't go anywhere. Ultimately, this is a market that should continue to be very volatile, so I prefer to stay away from market as they could cause quite a bit of trouble.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 17.51 |       |       |
| Support    | 17.25 | 17.10 | 16.90 |
| Resistance | 17.70 | 17.85 | 18.00 |

### Highlights

- Silver was up 2 percent at \$17.39 an ounce today, after touching its highest since early June at \$17.45
- Silver rallied in yesterday's session as the dollar fell and the euro rose
- The head of the ECB said that the euro zone's economic recovery had taken hold at a meeting of central bankers
- Many investors were away from their desks due to a British public holiday
- Further supporting the silver prices were geopolitical uncertainties

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 77.87 |
| SMA 20  | 16.83 |
| SMA 50  | 16.57 |
| SMA 100 | 17.06 |
| SMA 200 | 17.16 |

### Silver Daily Graph



### Fundamentals

- Silver prices rose on Monday, as investors assessed the damage of Hurricane Harvey. December silver futures rose 13 cents, or 0.8%, to reach \$17.26 a troy ounce. The futures contract was trading near session highs.
- Gold prices broke above \$1,300.00 on Monday. The December futures contract was last up \$5.20, or 0.4%, at \$1,303.10 a troy ounce on the Comex division of the New York Mercantile Exchange.
- In currencies, the U.S. dollar plumbed 19-month lows against world peers, as markets continued to react to Janet Yellen's Jackson Hole speech. The Chairwoman of the Federal Reserve gave a strong defense of the regulatory measures put in place following the 2008 financial crisis.
- Those same measures have been met with severe criticism by the Trump administration, which, among other things, is looking to scrap the 2010 Dodd-Frank Act. The dollar index was down 0.3% at 92.47.
- Hurricane Harvey was downgraded to a tropical storm as it made landfall on Friday. The storm has caused widespread damage that local newscasts have described as "tragic" and "unprecedented." The rain is expected to last days, with some areas seeing as much as 50 inches.
- The economic damage could reach \$24 billion, according to one estimate that was published by Bloomberg. The storm has halted roughly one-quarter of oil and natural gas production in the Gulf of Mexico and more than 10% of U.S. refining capacity.
- More than 1,800 flights to and from Houston, Corpus Christi, San Antonio, Austin and Dallas have already been cancelled. Another 1,580 have been cancelled for Monday, according to airline tracking service FlightAware. European equities were down across the board in intraday trading, while U.S. stock futures traded mixed.

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|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|            | Long              | Short  | Bullish | Long       | Short  | Bullish | Long              | Short  | Bullish |               |
| 12/27/2016 | 42,097            | 29,999 | 58%     | 56,157     | 75,843 | 43%     | 23,121            | 15,533 | 60%     | 132,501       |
| 01/03/2017 | 42,083            | 27,402 | 61%     | 54,280     | 79,052 | 41%     | 24,963            | 14,872 | 63%     | 132,475       |
| 01/10/2017 | 41,285            | 23,950 | 63%     | 53,875     | 79,404 | 40%     | 23,378            | 15,184 | 61%     | 131,294       |
| 01/17/2017 | 41,287            | 24,798 | 62%     | 58,869     | 83,678 | 41%     | 21,523            | 13,203 | 62%     | 136,158       |
| 01/24/2017 | 41,334            | 26,466 | 62%     | 60,600     | 84,551 | 42%     | 21,666            | 13,583 | 61%     | 139,468       |

Source: CFTC

# Commodity News

Tuesday, August 29, 2017



## Data Calendar

### Economic Data

| Date       | Time  | Event  | Importance | Actual | Forecast | Previous |
|------------|-------|--|------------|--------|----------|----------|
| Tue Aug 29 | 04:30 | JPY Jobless Rate (JUL)                               | Medium     | 2.8%   | 2.8%     | 2.8%     |
| Tue Aug 29 | 04:30 | JPY Household Spending (YoY) (JUL)                   | Medium     | -0.2%  | 0.7%     | 2.3%     |
| Tue Aug 29 | 11:00 | GBP Nationwide House Prices n.s.a. (YoY) (AUG)       | Medium     | 2.1%   | 2.5%     | 2.9%     |
| Tue Aug 29 | 11:00 | EUR German GfK Consumer Confidence Survey (SEP)      | Medium     | 10.9   | 10.8     | 10.8     |
| Tue Aug 29 | 11:45 | EUR French Gross Domestic Product (YoY) (2Q)         | Medium     | 1.7%   | 1.8%     | 1.8%     |
| Tue Aug 29 | 18:00 | USD S&P/Case-Shiller Composite-20 (YoY) (JUN)        | Medium     |        | 5.6%     | 5.69%    |
| Tue Aug 29 | 18:00 | USD S&P/Case-Shiller US Home Price Index (YoY) (JUN) | Medium     |        |          | 5.58%    |
| Tue Aug 29 | 19:00 | USD Consumer Confidence (AUG)                        | High       |        | 120.7    | 121.1    |
| Tue Aug 29 | 19:00 | USD Conf. Board Present Situation (AUG)              | Medium     |        |          | 147.8    |

Source: Forex Factory, DailyFX

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