

Gold

Technical

Gold prices moved lower as the dollar gained traction following the ECB meeting which saw little inflation and is poised to begin its corporate debt bond purchase program on June 8. Prices were unable to recapture resistance near the 10-day moving average near 1,223. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices for the yellow metal. The RSI remains slightly above the oversold trigger level of 30. The ECB said it has not seen second-round inflation effects yet, according to Draghi and when questioned on the balance of risks to the inflation outlook, the ECB President repeated the phrase from the introductory statement that further stimulus will come from the measures already announced.

Pivot:	1,212		
Support	1,205	1,203	1,199
Resistance	1,217	1,220	1,223

Highlights

- Gold inched up yesterday as the dollar touched a two-week low
- Investors await U.S labour data to assess whether this will boost the prospect of an early interest rate rise by the Federal Reserve
- U.S manufacturing activity expanded for a third straight month in May
- The dollar fell 0.3 percent against a basket of six major currencies, making gold cheaper for foreign currency holders
- Bullion has taken a beating after the latest Fed meeting minutes released

Gold - Technical Indicators

RSI 14	34.14
SMA 20	1,239.02
SMA 50	1,249.33
SMA 100	1,235.83
SMA 200	1,169.86

Gold Daily Graph



Fundamentals

- Gold was nearly unchanged on Friday but headed for a fifth consecutive weekly decline, as the dollar and Asian stocks held firm and the market awaited U.S. nonfarm payroll data.
- Investors remained cautious ahead of the U.S. labour data, a strong reading of which could push the Federal Reserve to hike interest rates sooner rather than later - move that would be bearish for non-interest bearing gold. Bullion was little affected in the previous session with the European Central Bank keeping its rates unchanged.
- A good jobs figure could help cement the case in investors' minds for a June or July Fed rate hike. This would likely weaken gold and the \$1,200 an ounce level could be tested. A hard break may be only temporary as long term the outlook for gold is positive.
- Spot gold was nearly flat at \$1,211.03 per ounce. It touched a low of \$1,206.60 earlier in the session and remained on track for its fifth straight weekly loss. U.S gold held steady at \$1,213.40.
- The dollar index held near a two-month peak, while Asian shares outside Japan advanced 0.4 percent. Gold, which has gained about 14 percent so far this year, has been under pressure the past couple of weeks as comments from senior U.S. central bank officials, including chief Janet Yellen, boosted expectations of an imminent rate rise.
- Depending on data tonight we will see how the market closes. If it closes above \$1,200, then next week will be critical with news from Yellen expected. Yellen is due to speak on Monday, the last chance for the Fed to communicate with markets before it begins a blackout period ahead of its policy meeting on June 14-15. In Vienna, the ECB's Governing Council left interest rates unchanged ahead of the launch of a highly-anticipated corporate bond buying program next week.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	227381	82403	73%	120854	284003	30%	49448	31277	61%	384,974
01- Mar-16	223186	70773	76%	115571	287002	29%	51148	36,819	61%	450555
08- Mar-16	252895	78085	76%	116493	311865	27%	53520	32958	62%	499110
15- Mar-16	247659	78147	76%	118610	304141	28%	49810	33791	60%	493086
22- Mar-16	258646	79815	76%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Crude rallied to 49.18 from 48.30 following the EIA inventory data which showed a 1.4 million barrel fall in crude stocks. Analysts had been expecting a 2.5-million-barrel decrease. Meanwhile, gasoline supplies, seen down 0.5 million barrels actually fell 1.5 million barrels, while distillate stocks were down 1.3 million barrels, versus expectations for a 0.5-million-barrel fall. Refinery usage rose to 89.8% from 89.7%. While crude stocks drew less than expected, the report in its entirety took a more bullish slant, with larger draws for products impacting the complex. Prices bounced off of support levels near the 20-day moving average at 47.78. Prices initially moved to that level following near that OPEC would not implement a freeze or cap. Resistance is seen near last week's highs at 50.20. Momentum has turned negative as the MACD index generated a sell signal.

Pivot:	49.16		
Support	48.85	48.45	48.23
Resistance	49.41	49.72	50.10

Highlights

- Oil prices held around \$49 a barrel today following an OPEC meeting that failed to agree on output targets
- Saudi Arabia pledged not to flood the market with more fuel
- Iran insisted on raising production to regain market share lost during years of sanctions
- U.S crude inventories have fallen in recent weeks but remain near the highest level in more than 80 years
- U.S nonfarm payroll data to be released by the Labor Department today

Crude - Technical Indicators

RSI 14	63.67
SMA 20	48.14
SMA 50	45.18
SMA 100	39.96
SMA 200	39.90

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Crude futures for delivery in July recently traded at \$49.18 a barrel, up \$0.01 in Asian trade today as traders weighed their options between the upbeat U.S. oil data, the resumption of Canadian oil production and the Organization of the Petroleum Exporting Countries' decision not to impose a production ceiling.
- Overnight, crude settled above \$49 for the first time since November after the weekly U.S. crude inventories and production data by the Energy Information Administration showed steady declines.
- U.S crude inventories have fallen in recent weeks but remain near the highest level in more than 80 years, a sign of the global glut of crude that has weighed on oil prices since mid-2014.
- The drawdown occurred despite a significant increase in imports and relatively stable refinery utilization rates across the country. Domestic crude production fell to the lowest weekly level since September 2014, the agency said, indicating that spending cuts by oil companies are taking their toll on output.
- While oil prices have recovered in the past few months, they are still more than 50% lower than the levels in mid 2014, and mounting financial pressure on North American oil producers will likely decrease the region's oil production by around 500,000 barrels this year.
- In the first quarter alone, 268 U.S. energy companies had their ratings cut. The number of rating downgrades so far this year has already exceeded the total number over the previous three years.
- Nigeria's Mohammed Barkindo, a former head of state oil firm NNPC, who was named as OPEC's new secretary-general, said the group may come up with an output ceiling in the future, but for now is comfortable without one. Going forward, the market will be watching the U.S. nonfarm payroll data to be released by the Labor Department today.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01- Mar-16	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
08- Mar-16	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
15- Mar-16	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
22- Mar-16	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets rose slightly during the course of the day on Thursday, but just slightly so. However, we are near a pretty significant support so at this point in time I am not comfortable shorting this market. If the US dollar falls after the jobs number comes out, that could be the fuel to pick the silver markets backup and start reaching towards the \$16.60 level again. A break down from here is possible, but there so much noise between here and the \$15.00 level that I would probably step away and ignore that particular move. The first level of resistance lies not far ahead around 16.15. Beyond there we will look to the top-side of the channel silver has been confined in for the past month; this is a quickly moving downward target given the steep slope, currently clocking in around 16.30. A breakout above the downward sloping channel would be the first sign a broader recovery could be taking shape.

Pivot:	16.03		
Support	15.88	15.79	15.65
Resistance	16.16	16.26	16.34

Highlights

- The U.S jobs report will be released, with the market expecting non-farm payrolls to show the economy added 161k jobs in May
- Silver has retreated 11%, since their highs at the beginning of May, largely due to increased interest rate expectations from the US
- Net long silver positions declined 15% on the week to May 24 to 57,995 contracts
- Silver Price settled almost ungcanged in yesterday's trading session
- The U.S Dollar rose more than 0.10% to an intraday high of 95.55

Silver - Technical Indicators

RSI 14	38.00
SMA 20	16.49
SMA 50	16.66
SMA 100	15.95
SMA 200	15.29

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices continued to inch lower yesterday, coming close to tagging the trend-line off the January lows we noted in the last update. Today, thus far the market players are seeing a small bounce as heading towards the U.S trading session.
- A rebound off trend support could soon develop on a full test, but until the bearish trend structure off the early May peak is broken and the futures market shows a further reduction in speculative long holdings, rallies will continue to be viewed as selling opportunities.
- Today, U.S jobs report will be released, with the market expecting non-farm payrolls to show the economy added 161k jobs in May and the unemployment rate moving lower to 4.9% from 5% in April. Signs of wage growth (inflation) will be of interest as well; average hourly earnings grew by 2.5% YoY in April.
- For most of 2016, metals like gold and silver have enjoyed a bull market. Silver prices rose about 28% from the start of the year through April, hitting \$17.85 an ounce.
- Then in May, the price of silver started to slip a bit. Silver prices fell about 8.4% as the U.S. dollar gained strength. The dollar got a "second wind" due to hawkish Federal Open Market Committee meeting minutes. Now some silver investors are concerned about the future of projected silver prices.
- The silver price reversal that started in May has brought silver prices below the 50-day moving average. Since the \$16 silver price level has been breached – silver is trading around \$15.95 today.
- The U.S. Federal Reserve is unlikely to do much to interest rates in 2016, even if they do another rate hike. It won't be much, and investors have been ready for it for months, so it won't be a surprise that's not factored into pricing.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01- Mar-16	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
08- Mar-16	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
15- Mar-16	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
22- Mar-16	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Friday, June 03, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jun 03	07:00	JPY Nikkei Japan PMI Composite (MAY)	medium			48.9
Fri Jun 03	13:30	GBP Markit/CIPS UK Services PMI (MAY)	medium		52.5	52.3
Fri Jun 03	14:00	EUR Euro-Zone Retail Sales (YoY) (APR)	medium		2.1%	2.1%
Fri Jun 03	17:30	USD Unemployment Rate (MAY)	high		4.9%	5.0%
Fri Jun 03	17:30	USD Change in Non-farm Payrolls (MAY)	high		160k	160k
Fri Jun 03	17:30	USD Average Hourly Earnings (YoY) (MAY)	medium		2.5%	2.5%
Fri Jun 03	17:30	USD Trade Balance (APR)	medium		-\$41.0b	-\$40.4b
Fri Jun 03	19:00	USD ISM Non-Manufacturing Composite (MAY)	high		55.4	55.7
Fri Jun 03	19:00	USD Durable Goods Orders (APR)	medium			3.4%

Source: Forex Factory, DailyFX

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