

Gold

Technical

The gold markets tried to rally at the beginning of the day on Monday, but turned around to show signs of uncertainty. If we can break above the top of the range for the Friday and Monday sessions, I believe that the market will continue to go higher. If we can break above the top of the range, I think that we then reach towards the \$1250 level and perhaps beyond. I believe longer-term the gold will continue to rise, we may need to build up a bit of momentum in the meantime. The yellow metal sliced through support near an upward sloping trend line at 1,234. Resistance is seen near the 10-day moving average at 1,242. Momentum has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread.

Pivot:	1,225		
Support	1,222	1,219	1,215
Resistance	1,230	1,237	1,242

Highlights

- Gold prices settled slightly lower yesterday, pressured by expectations for a U.S. interest-rate increase as early as this month
- With uncertainty surrounding a wide swath of geopolitics helping to limit any losses for the safe-haven asset
- Troubled French presidential candidate François Fillon fueling political uncertainty
- Gold for April delivery lost \$1 or less than 0.1%, to settle at \$1,225.50
- Gold futures logged a more than 2% decline last week

Gold - Technical Indicators

RSI 14	46.37
SMA 20	1,245.2
SMA 50	1,239.3
SMA 100	1,198.5
SMA 200	1,255.8

Gold Daily Graph



Fundamentals

- Gold prices were little changed today, hovering above a two-week low hit on Friday, amid expectations of a U.S. interest rate hike this month and ahead of key economic data due later in the week.
- The U.S. monthly jobs report due on Friday includes the non-farm payrolls, seen rising by 190,000 in a Reuters poll. Prices on most U.S. interest rates futures rose modestly on Monday as traders bet on a strong likelihood the Federal Reserve will raise rates at its upcoming policy meeting next week.
- We expect the precious metal to have a bumpy ride the rest of the week as we await further economic indicators from the U.S. such as the key February jobs numbers on Friday and the Fed meeting next week.
- Spot gold was mostly unchanged at \$1,225.21 per ounce. The metal hit \$1,222.51, the lowest since Feb. 15, on Friday after U.S. Federal Reserve Chair Janet Yellen said that the Fed was poised to lift benchmark U.S. rates, provided jobs and inflation data held up, comments seen as cementing plans for an increase at the Fed's March 14-15 meeting.
- Spot gold may break a support at \$1,223 per ounce today and fall more to the next support at \$1,213, probably after a moderate bounce to a resistance at \$1,230.
- Higher U.S. interest rates would boost the dollar and make commodities priced in the greenback costlier for holders of other currencies. I think that the rate rise is now in the price more or less, but the market will be focusing on the language surrounding the pace of future rate rises.
- The market will also await monetary policy decisions from the European Central Bank. The ECB will stay in the background through upcoming elections in key European countries and is only likely to signal a shift away from its ultra-easy monetary policy toward the end of this year or early next.

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

Crude Oil market fell initially, but turned around to form a hammer as we bounced off the 50-day exponential moving average. We are currently in the middle of the consolidation area that has been a feature of the market for several months. The fact that we formed a hammer suggests to me that we are going to try to reach towards the top of the range again, and the 50-day exponential moving average suggests that perhaps the buying pressure is building up. However, the \$55 level should continue to be massively resistive, so it's not until we break above there that I feel you can trade this market with any confidence. Alternately, if we break below the 50-day exponential moving average, the market could find itself reaching towards the \$51 level again, which of course is the bottom of the current trading range. Momentum is neutral as the RSI is printing a reading of 46.

Pivot:	53.10		
Support	52.95	52.60	52.30
Resistance	53.50	53.80	54.08

Highlights

- Oil prices fell modestly yesterday, weakening after a downbeat economic growth forecast for China raised concern about demand
- Signs of further growth in U.S. crude production contributed to worries about supply
- April West Texas Intermediate crude fell 13 cents, or 0.2%, to settle at \$53.20 a barrel on the New York Mercantile Exchange
- Baker Hughes on Friday showed the number of rigs drilling for oil in the U.S rose by seven to 609
- Major oil producers continue to lower output data showed

Crude - Technical Indicators

RSI 14	43.33
SMA 20	53.59
SMA 50	53.12
SMA 100	51.31
SMA 200	48.72

Crude Oil Daily Graph



Fundamentals

- Brent gained while U.S. crude eased slightly yesterday, after the market pushed higher early in the day on reports that Iraq would participate if OPEC extended oil production curbs into the second half of the year.
- Output forecasts from oil ministers of crude-producing countries buffeted the market as industry leaders gathered at the annual CERAAweek energy conference in Houston.
- Prices have been rangebound for more than 60 days on concerns U.S. production growth may undermine the Organization of the Petroleum Exporting Countries' agreement to cut output during the first half of the year.
- We're still searching for direction. People are looking for reasons with CERAAweek this week. Right now, we're still stuck in the middle. U.S. West Texas Intermediate crude settled down 13 cents at \$53.20 a barrel.
- Brent crude settled up 11 cents at \$56.01 a barrel. In a session driven by headlines, oil earlier strengthened slightly after Iraq's oil minister was quoted as saying that OPEC would likely need to extend production cuts into the second half of 2017.
- But the oil minister, Jabbar Al-Luaibi, later told Reuters it is too early to discuss whether the policy should be continued. It will depend on oil prices and market stability. If OPEC decides cuts, then Iraq will cut.
- Iraq agreed to reduce production by 210,000 barrels per day under the deal but OPEC's second-largest producer had originally sought to be exempt from any cuts, saying it needed the revenue to fight an Islamic State insurgency.
- U.S shale oil production may grow by 1.4 million barrels per day by 2022 with prices at about \$60 per barrel, the IEA said. More than 3 million bpd of capacity growth could be generated if prices rise to \$80 a barrel, the agency said.

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

Silver markets fell slightly during the day on Monday, but the market have recently crossed all 3 of the major moving average of that I follow, suggesting that were going to go higher. The 50, 100, and 200 day moving averages are all pointing in the same direction, so I think if we can break above the \$18 level, the market should then reach towards the \$19 level, but then eventually the \$20 level. Those moving averages should offer a significant amount of support, so therefore I don't have any interest in buying as I believe in the longer-term validity of the recent turn around. Silver easily sliced through the month-long channel we were using as a guide higher; it's now trading at the lower side of the broader channel dating back to the December low. it won't be long before silver takes out the bottom-side trend-line; especially given yesterday's sharp break.

Pivot:	17.71		
Support	17.60	17.50	17.40
Resistance	17.89	17.98	18.09

Highlights

- Silver pressured by comments from Fed Janet Yellen that reinforced expectations of an increase to U.S. interest rates this month
- Yellen comments seen as cementing plans for an increase at the Fed's March 14-15 meeting
- Economists now expect three rate hikes in 2017 and two in 2018
- Higher U.S rates would boost the U.S currency and make commodities more expensive for holders of other currencies
- The U.S monthly jobs report on Friday includes the non-farm payrolls, seen rising by 190,000

Silver - Technical Indicators

RSI 14	46.12
SMA 20	18.04
SMA 50	17.48
SMA 100	17.12
SMA 200	18.11

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices snapped back into positive territory in yesterday's session, as the market steadied from a 4% plunge on Thursday that shaved \$2 billion from the futures market.
- Silver for May delivery rose 14 cents, or 0.8%, to \$17.88 a troy ounce. Prices opened higher at the start of the week and fluctuated between \$17.82 and \$18.00.
- A fire sale in the futures market on Thursday knocked silver prices from yearly highs. The decline also pushed the grey metal into negative territory for the week after two months of solid gains.
- Gold also snapped back yesterday, with the April futures contract rallying \$5.90, or 0.5%, to \$1,232.40 a troy ounce. Prices traded between \$1,230.50 and \$1,237.30 over night.
- Despite last week's decline, precious metals remain in a firm uptrend that extends all the way back to December. A combination of technical trading and risk aversion in the financial markets has contributed to the rally.
- The U.S. dollar was little changed yesterday, as markets awaited further clues about the health of the domestic economy. The greenback soared to fresh highs against a basket of other major currencies last week as traders began to price in a March interest rate increase.
- Fed Fund futures prices imply an 80% likelihood of a rate hike next week after a parade of Federal Reserve speakers raised expectations of an imminent shift in policy.
- Later this week, the Labor Department will report on February nonfarm payrolls, arguably the most closely watched calendar event of the month. Employers added 227,000 workers to payrolls in January. An increase of 195,000 is expected for February.

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	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, March 07, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Mar 07	05:01	U.K BRC Sales Like-For-Like (YoY) (FEB)	Medium	-0.4%	-0.2%	-0.6%
Tue Mar 07	08:30	Reserve Bank of Australia Rate Decision (MAR 07)	High	1.50%	1.50%	1.50%
Tue Mar 07	12:00	German Factory Orders n.s.a. (YoY) (JAN)	Medium	-0.8%	4.3%	8.0%
Tue Mar 07	13:30	U.K Halifax House Price (3MoY) (FEB)	Low	5.1%	5.3%	5.7%
Tue Mar 07	15:00	Euro-Zone Gross Fixed Capital (QoQ) (4Q)	Low	0.6%	0.6%	0.2%
Tue Mar 07	15:00	Euro-Zone Gross Domestic Product s.a. (YoY) (4Q)	Medium	1.7%	1.7%	1.7%
Tue Mar 07	18:30	U.S Trade Balance (JAN)	Medium		-\$48.0b	-\$44.3b
Tue Mar 07	18:30	Canada International Merchandise Trade (Canadian dollar) (JAN)	Low		0.75b	0.92b
Tue Mar 07	20:00	Canada Ivey Purchasing Managers Index SA (FEB)	Medium			57.2

Source: Forex Factory, DailyFX

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