

Gold

Technical

Gold is trading higher shortly before the U.S session. This comes as a surprise since the U.S. Dollar and stocks are also higher. It just be position-squaring ahead of Friday's U.S. Non-Farm Payrolls report. The main trend is up according to the daily swing chart. A trade through \$1306.00 will signal a resumption of the uptrend. It may not be in a position to form a daily closing price reversal top, but it is in a position to form a potentially bearish closing price reversal top on the weekly chart. The main range is \$1225.40 to \$1306.00. Its retracement zone at \$1265.70 to \$1256.20 is the primary downside target over the near-term. Based on the current price at \$1280.80, the direction of the market today is likely to be determined by trader reaction of the steep downtrending angle at \$1282.00.

Pivot:	1,275		
Support	1,264	1,253	1,237
Resistance	1,289	1,301	1,314

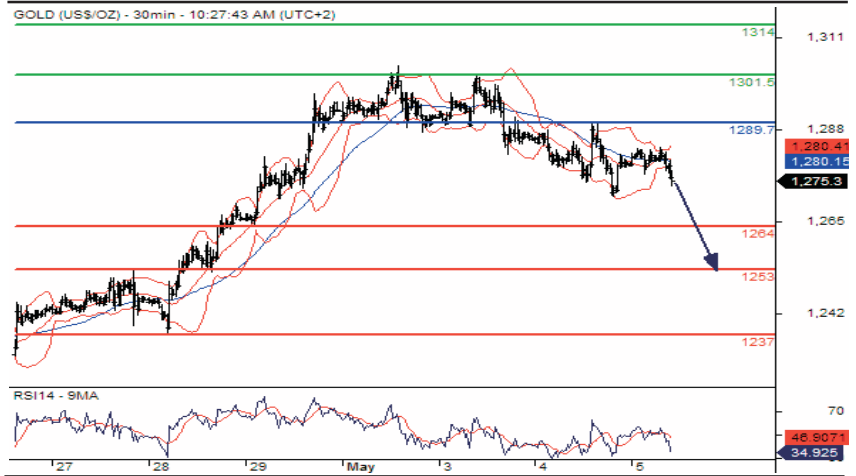
Highlights

- Gold fell for a second straight session yesterday, slipping further away from a 15-month high as the dollar steadied
- Two Federal Reserve officials talked up U.S. interest rate hikes this year
- Spot gold had eased 0.4 percent to \$1,281.10 an ounce, after dropping 0.4 percent in the previous session
- Earlier this week, gold prices had climbed to \$1,303.60
- The dollar index rose as much as 0.3 percent in yesterday's session

Gold - Technical Indicators

RSI 14	67.74
SMA 20	1,253.14
SMA 50	1,246.69
SMA 100	1,193.36
SMA 200	1,153.12

Gold Daily Graph



Fundamentals

- Gold fell 1 percent in yesterday's trading session, falling further away from a 15-month high on pressure from the strong U.S. dollar, which retreated from recent lows against the yen and euro as U.S. trade and factory order data eased some worries.
- Spot gold was down 1 percent at \$1,272.66 an ounce, extending losses below Monday's 15-month high above \$1,300. The U.S futures contract for June delivery settled down 1.3 percent at \$1,274.40 an ounce.
- Atlanta Fed President Dennis Lockhart said on Tuesday the United States could see two more interest rate rises this year, while San Francisco Fed President John Williams said he would support a rate hike in June as long as he sees continued progress on the economy, inflation and jobs.
- The metal is up more than 20 percent this year as expectations had faded that the Federal Reserve would push ahead with U.S. interest rate hikes. Gold is highly exposed to interest rates and returns on other assets, as rising rates lift the opportunity cost of holding non-yielding bullion.
- A report by payrolls processor ADP showed that U.S. private employers added 156,000 jobs in April, well below economists' expectations and the weakest gain in three years.
- Attention is now turning to Friday's non-farm payrolls report, a key barometer of the health of the U.S. economy, with expectations that it will fall short of forecasts. A weaker U.S. employment report on Friday will push gold prices back above \$1,300.
- Speculative positions are in excessive territory but they could remain there for quite some time, meaning prices could go a lot higher before the correction starts. Uncertainty over the timing of rate moves is keeping investors cautious on gold, helping limit any moves.

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

The WTI Crude Oil market initially tried to rally during the day on Wednesday, but turned right back around to form a shooting star. The shooting star of course is a very negative sign, but there is a significant amount of support just below as well. With that being the case, it's likely that this market will continue to try to break down, but I see quite a bit of support at the \$42 level, and as a result it's difficult to imagine selling this market for any real length of time at this point. Having said that, there is a significant amount of noise just above so I think the one thing that you can count on is going to be a lot of volatility. If we managed to break down below the \$40 however, at that point it's likely that we would continue to go much lower. The Brent market initially tried to rally as well during the day, but also turned back around to form a bit of a shooting star, much like the WTI Crude Oil market.

Pivot:	45.27		
Support	44.56	44.00	43.20
Resistance	45.67	46.15	46.80

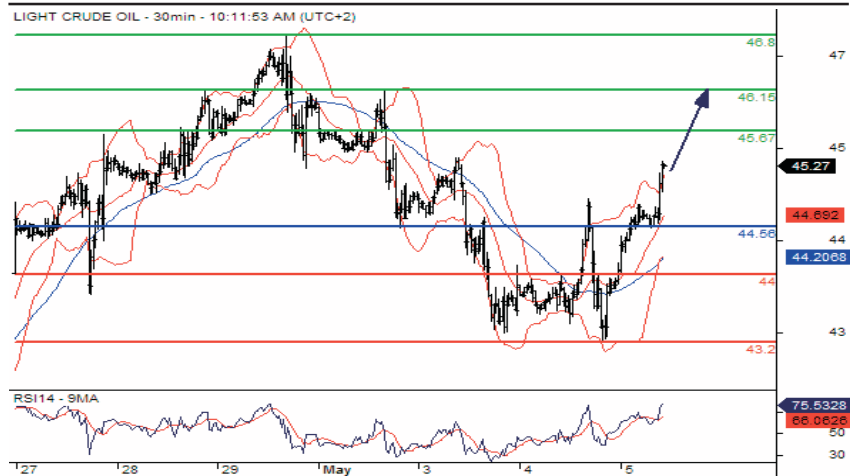
Highlights

- A wildfire near Canada's oil sands and escalating tensions in Libya stoked concern among investors over a near-term supply shortage
- U.S West Texas Intermediate (WTI) futures gained \$1.36 to \$45.14
- The difference today compared with a year ago is the market is starting to price in supply disruptions
- Wildfire has forced the evacuation of all 88,000 people in western Canadian oil city
- Last week, U.S oil stockpiles rose by 2.8 million barrels

Crude - Technical Indicators

RSI 14	60.84
SMA 20	43.11
SMA 50	40.01
SMA 100	35.88
SMA 200	39.50

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rallied today as investors shrugged off a rise in U.S. crude stockpiles and focused on tightening supply in Canada and Libya. On the New York Mercantile Exchange, West Texas Intermediate futures were trading up 4.1% at \$45.56 a barrel.
- Oil prices are back in rally mode as the market switches gears away from yesterday's overall bearish U.S inventory snapshot back to the evolving situation in Alberta.
- Raging forest fires in Canada's oil-rich province of Alberta forced oil-sands companies to shut down or slow operations. Canada produces around 4.5 million barrels a day of oil, of which 2.3 million barrels a day comes from oil sands.
- The situation is clearly very serious and it is reasonable to assume that export volumes will be affected. Analysts at JBC Energy estimate that some 500,000 barrels a day of capacity is currently offline due to the wildfires.
- Traders are also turning their focus to reports of increased tensions in Libya where eastern and western factions seem to have stepped up a fight over petroleum revenue. The authorities that control the eastern half of Libya moved this week to block oil exports, including from the Marsa El-Hariga terminal, which represents the bulk of Libya's exports—more than 150,000 barrels a day.
- Oil output in the war-torn country is dwindling compared with the prewar level of around 1.4 million barrels a day. Today's rally extend a months-long recovery in oil prices, which are up by more than half from their lows earlier in the year.
- A U.S. government report yesterday showed another hefty increase in domestic crude-oil inventories. Last week, U.S. oil stockpiles rose by 2.8 million barrels, more than double the rise forecast by analysts.

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

The silver markets fell initially during the course of the session on Wednesday, but found enough support near the \$17.20 level to form a hammer. The hammer of course is reason enough to suggest that the market will more than likely continue to go higher, as precious metals in general look very healthy at this point. We believe that the \$17 level below will more than likely offer enough support to continue this market higher, perhaps reaching towards the \$18 level and beyond. We have no interest whatsoever in shorting this market at this point in time. Silver prices are short-term bearish below today's high of \$17.48 as it is the most recent swing high of the short-term downtrend which started from the \$18 level this Monday. The next resistance level beyond today's high is the May 3 high of \$17.70 and followed by this week's high of \$18. Short-term support levels are yesterday's lows of 17.15.

Pivot:	17.36		
Support	17.20	17.08	16.90
Resistance	17.50	17.70	18.00

Highlights

- Silver prices yesterday was down \$0.03 at \$17.46 an ounce.
- Precious metal traders and investors remain cautious heading into Friday's unemployment report
- A soft ADP report raised the question if Friday's report can meet expectations
- According to yesterday's ADP report, U.S. private employers added the fewest workers in three years in April
- Silver entered a bull market on April 19 after climbing to a 10-month high

Silver - Technical Indicators

RSI 14	71.02
SMA 20	16.84
SMA 50	15.96
SMA 100	15.23
SMA 200	15.03

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were under pressure yesterday and had given back large parts of last week's gains. If prices were to reach the \$16.78 level then a complete reversal of last week's gains would have occurred.
- The losses to silver prices are on the heels of a stronger USD and the current decline is challenging the current uptrend of silver prices. The ability of prices to stabilize has been low. Price was, at \$17.20 with the next support level being the April 27 low of \$17.03.
- Data yesterday showed the U.S. services sector expanded in April as new orders and employment accelerated. Another report, however, showed U.S. private employers hired the fewest workers in three years in April.
- Investors need a streak of positive data points from the U.S, which economists not expecting this quarter, due to the impact of global growth weakness. Precious metals are sensitive to interest rates and returns on other assets as higher rates lift the opportunity cost of holding the metal.
- The rally has stalled, but not reversed. But it may still be in for further near-term losses. The precious metals market will continue to monitor Fed policy and likely be affected by statements from policymakers. The metal was also dented by stronger European equities, signalling higher investor appetite for risk.
- According to yesterday's ADP report, U.S. private employers added the fewest workers in three years in April. Signs of weak hiring activity were also present across most sectors.
- A weak job report on Friday would give the U.S. Federal Reserve an additional reason to pause on an interest rate increase. Those lower interest rates are bullish for silver prices. And that dovish tone from the Fed, along with a shift away from stocks by many investors, have caused silver prices in 2016 to soar.

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

Thursday, May 05, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu May 05	06:30	AUD Trade Balance (Australian dollar) (MAR)	medium	-2163m	-2900m	-3044m
Thu May 05	06:30	AUD Retail Sales Ex Inflation(QoQ) (1Q)	medium	0.5%	0.7%	0.6%
Thu May 05	06:45	CNY Caixin China PMI Services (APR)	medium	51.8		52.2
Thu May 05	06:45	CNY Caixin China PMI Composite (APR)	medium	50.8		51.3
Thu May 05	13:00	EUR ECB Publishes Economic Bulletin	low			
Thu May 05	13:30	GBP Markit/CIPS UK Services PMI (APR)	medium	52.3	53.5	53.7
Thu May 05	13:30	GBP Markit/CIPS UK Composite PMI (APR)	medium	51.9	53.2	53.6
Thu May 05	16:30	USD Challenger Job Cuts (YoY) (APR)	low	5.8%		31.7%
Thu May 05	17:30	USD Initial Jobless Claims (APR 30)	medium	274K	260K	257K

Source: Forex Factory, DailyFX

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