

Gold

Technical

Gold prices are higher on the session but well off their highs as the dollar gained traction late in the North American trading session. This follows a softer than expected Empire State index. The contract had been on the rise through the London morning session, as the dollar headed marginally lower. The soft N.Y. Fed data has likely scaled back June Fed rate hike expectations marginally, initially a catalyst for firmer gold prices. Resistance comes in at the 10-day moving average at 1,275 and then the 1,307 mark. Support on gold is seen near the May lows at 1,256. Momentum has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread crosses below the 9-day moving average of the spread.

Pivot:	1,273		
Support	1,265	1,261	1,256
Resistance	1,289	1,295	1,302

Highlights

- Gold rose yesterday following slowing economic growth in China
- Weakness in Asian stock markets lifted the safe-haven appeal of the precious metal yesterday
- Spot gold gained 0.4 percent to \$1,277.7 an ounce while U.S gold futures added 0.5 percent to \$1,279.5 an ounce
- China's investment, factory output and retail sales all grew slower than expected
- The Dollar Index which tracks the buck against a basket of currencies was steady-lower

Gold - Technical Indicators

RSI 14	55.80
SMA 20	1,265.17
SMA 50	1,249.47
SMA 100	1,207.97
SMA 200	1,158.02

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose yesterday, supported by a weaker U.S. dollar and investor concerns over the strength of the global economy. Gold for June delivery settled up 0.1% at \$1,274.20 a troy ounce on the Comex division of the New York Mercantile Exchange, paring gains from earlier in the session when it traded as high as \$1,290.40.
- In the first quarter of 2016, gold notched its best quarterly gain in 30 years, as volatile stock markets and economic uncertainty drove investors to seek safety in the precious metal.
- The Dollar Index, which gauges the buck against 16 other currencies, edged lower on Monday to 86.88. A weaker dollar tends to help gold, since the metal is priced in the U.S. currency and becomes cheaper for foreign buyers.
- The Federal Reserve has signaled that it will be slow to raise short-term interest rates this year, which has also helped lift gold prices. Investors aren't expecting the central bank to raise interest rates at the policy meeting in June, which should keep gold prices supported.
- Low interest rates tend to boost gold prices, since the precious metal pays its holders nothing and struggles to compete with yield-bearing assets when borrowing costs rise.
- Gold wrapped up Friday with its first weekly loss in three weeks after a stronger-than-expected reading for retail sales—the biggest monthly gain in a year—lifted Federal Reserve interest-rate expectations, and as a result, pushed up the dollar and depressed gold prices. But the reaction to the data could be fleeting as analysts have turned overly bearish on gold.
- Commodities priced in dollars, including gold and silver, often trade inversely with the dollar, as moves in the U.S. unit can influence the attractiveness of those commodities to holders of other currencies.

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 rally during the course of the session on Monday, breaking higher and reaching towards the \$48 level. A pullback at this point in time should be a buying opportunity, as there is a \$46 level "floor" in this market at the moment, and of course there is quite a bit of support just below and extending all the way to the \$43 handle. At this point in time, it appears that we are trying to reach towards the \$50 level that had been previously resistance. That of course will have quite a bit of psychological resistance due to the fact that it is a large, round number. At this point in time, we have no interest whatsoever in selling, and therefore are essentially "long only" at this point in time as it looks like we still have plenty of strength in this marketplace. Support on crude oil prices is seen near at 45.15. Momentum has turned positive at the MACD index generated a buy signal.

Pivot:	48.32		
Support	47.04	45.80	44.92
Resistance	49.00	49.80	50.40

Highlights

- Investors will now be waiting for key inventory data later today out of the American Petroleum Institute
- The API's data comes a day before official data from the U.S EIA is made public
- The release of U.S housing and inflation numbers will be watched by oil investors
- Weak data would likely hit the dollar and add further support for this greenback denominated commodity
- The West Texas Intermediate was up 0.1% at 47.83 for June delivery

Crude - Technical Indicators

RSI 14	57.26
SMA 20	44.33
SMA 50	41.23
SMA 100	36.47
SMA 200	39.57

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices took a pause from their rally in today's Asian trading session, falling back slightly from the 2016 highs they hit in yesterday's session as some investors took profits.
- The oil price has gained over the last week on the back of continued supply disruptions and bullish analyst forecasts, with Brent, the global crude benchmark, hitting a near seven month high yesterday.
- After early gains today, Brent was down 0.1% at \$48.88 a barrel on London's ICE Futures exchange in midmorning trade in Europe. Its U.S. counterpart, the West Texas Intermediate was up 0.1% at 47.83.
- After a strong day of trading yesterday and similar gains earlier today there seems to be some profit-taking from investors and traders at the moment. Still, like many analysts Fritsch believes that continued production outages and the positive overall sentiment in the market means that the oil price will continue to gain and will soon hit \$50.
- The biggest support for oil prices has been supply disruption caused by continued production outages in Nigeria and Canada. Analysts believe that continued sabotage to Nigeria's oil infrastructure means that the West African nation is now producing about 1 million barrels a day, down 1.2 million barrels a day from its 2015 average.
- Canadian production was hit by wild fires in the country's oil rich Albertan province. While production is starting to trickle back, output is still down by close to 1 million barrel day according to analysts.
- The think-tank Energy Aspects has forecast that disruptions will account for an average of 3.2 million barrels per day of global production being lost from the market this month. The longer these outages last, the quicker the pace of rebalancing.

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 initially tried to rally during the course of the session on Monday, but then turn right back around to form a bit of a shooting star. The \$17.40 level above seem to be far too resistive, and it's not until yet well above that level that we would consider buying on a move higher. On the other hand, if we can see some type of supportive candle or a bounce near the \$16.80 level below, we would be buyers there as well as there is such a massive move higher from last month. The current range keeping silver prices trapped is \$16.78 to \$17.56 and these two price levels appear to be the only two that silver traders respect at this moment. Within the above-mentioned range, there are no strong levels which price is respecting. Below the April 25 low of \$16.78, the next support level is the psychological level of \$16.50 and is followed by the April 13 high of \$16.30.

Pivot:	17.22		
Support	17.06	16.93	16.80
Resistance	17.39	17.51	17.58

Highlights

- Silver prices are trading sideways in a relatively wide range
- Resistance levels above the May 11 high of \$17.56 is the May 5 high of \$17.70
- Today's U.S. Inflation report and Industrial Production figures may provide clues about future Fed monetary policy action
- U.S Industrial Production may rise by 0.3% MoM, which follows a contraction of 0.6% in March
- The Empire Manufacturing Survey rose to 9.6 in April, which was a one-year high

Silver - Technical Indicators

RSI 14	63.14
SMA 20	17.30
SMA 50	16.24
SMA 100	15.47
SMA 200	15.12

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were little changed at the time of writing and stayed firmly trapped between the April 25 low of \$16.78 and the May 11 high of \$17.56. As long as price is trapped in a range, traders tend to have a low tendency to take action, as price does not have a clear direction.
- Consequently, it is common for the range to narrow further and wait for a breakout. On a breakout occurring, it may be the start of a new trend, especially if macro fundamental news triggers the break.
- Potential market moving events in today's session are U.S. Inflation (CPI) and Industrial Production. Headline inflation may rise by 1.1% YoY from 0.9% in March, while the Core Inflation annual growth rate may decline to 2.1% from 2.2% as per a Bloomberg News survey.
- The trends of these series are important as rising inflation readings may force the Fed to hike rates over the next 12 months; this may support a stronger dollar and thereby weaken silver prices. The opposite is also true: a slower pace of inflation may reduce the demand for the USD.
- U.S. Industrial Production may rise by 0.3% MoM, which follows a contraction of 0.6% in March according to a Bloomberg News survey. Since last year, Industrial Production contracted by 2.0% in March, which is the same annual growth rate as in November, while the low of the current downtrend is the December growth rate of -2.30%.
- A lower growth rate than projected in the Bloomberg News survey, suggests that Industrial Production is doing less good than expected and is thereby potentially hinting at lower U.S. GDP growth.
- The last official U.S. GDP report showed a growth of 1.9% YoY, which is lower than the 2.9% growth rate when Industrial Production peaked near 3.9% YoY in the latter half of 2014.

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

Tuesday, May 17, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue May 17	13:30	GBP Core Consumer Price Index (YoY) (APR)	high	1.2%	1.4%	1.5%
Tue May 17	13:30	GBP Retail Price Index (YoY) (APR)	low	1.3%	1.5%	1.6%
Tue May 17	13:30	GBP DCLG UK House Prices (YoY) (MAR)	low	9.0%		7.6%
Tue May 17	17:30	USD Housing Starts (MoM) (APR)	medium		3.3%	-8.8%
Tue May 17	17:30	USD Building Permits (MoM) (APR)	medium		5.5%	-8.6%
Tue May 17	17:30	USD Consumer Price Index (YoY) (APR)	high		1.1%	0.9%
Tue May 17	17:30	USD Real Avg Weekly Earnings (YoY) (APR)	medium			1.1%
Tue May 17	18:15	USD Industrial Production (APR)	medium		0.3%	-0.6%
Tue May 17	18:15	USD Manufacturing (SIC) Production (APR)	medium		0.3%	-0.3%

Source: Forex Factory, DailyFX

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