

## Gold

### Technical

Gold futures finished lower on Friday and for the week. The market was crushed last week by speculation the Fed could raise rates in June. This idea was supported by the April Fed minutes and hawkish comments from Fed members. This week's price action will likely be driven by Fed speakers and reports on durable goods and GDP. Technically, the main trend is down according to the daily swing chart. The trend turned down on May 18 when the market crossed the previous swing bottom at \$1258.30. This is a secondary lower top when compared to the main top at \$1306.00. Swing bottoms at \$1225.40 and \$1207.70 are potential downside targets. The intermediate range is \$1207.70 to \$1306.00. Its retracement zone is currently being tested.

Pivot:	1,250		
Support	1,244	1,237	1,231
Resistance	1,261	1,269	1,276

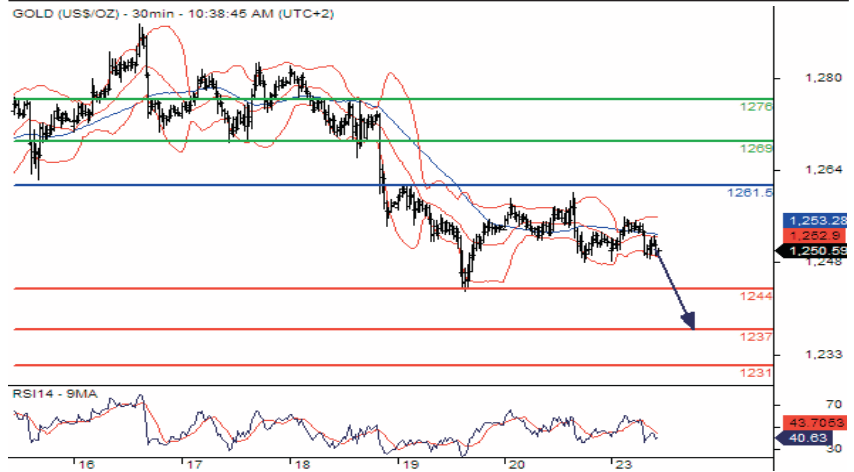
### Highlights

- Gold held near three-week lows early today firmer Asian stocks
- Growing expectations that the U.S Federal Reserve will hike interest rates as early as June weighed on gold prices
- The Dollar was slightly lower against a basket of major currencies today
- Conditions for a rate increase by the Federal Reserve are on the verge
- Hedge funds and money managers raised their bullish bets in COMEX gold futures and options in the week to May 17

### Gold - Technical Indicators

RSI 14	53.74
SMA 20	1,275.17
SMA 50	1,252.47
SMA 100	1,218.97
SMA 200	1,163.02

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold dipped on Monday to a near three-week low on expectations the Federal Reserve will hike interest rates as early as June. Bullion has been under pressure since the Fed last week released the minutes of its April meeting, which showed officials believe the U.S. economy could be ready for another interest rate increase next month.
- Higher interest rates increase the opportunity cost of holding non-yielding bullion. Eric Rosengren, president of the Federal Reserve Bank of Boston, said on Friday that conditions for a rate increase are "on the verge of broadly being met".
- The Fed minutes were clearly more hawkish than expected and this has resulted in some change in sentiment and there is now an increased likelihood that they may raise rates in June or July.
- Spot gold was down 0.2 percent at \$1,249.96 an ounce, not far from \$1,244 touched last week, the lowest since April 28. U.S gold futures also dipped 0.2 percent to \$1,250.60.
- Gold's downside was limited by a lower dollar, which fell against the yen after robust trade data from Japan on Monday, but managed to remain close to its highest in nearly two months against a basket of major currencies, reached last week after the Fed minutes.
- A lower dollar makes dollar-denominated assets such as gold more expensive for other currency holders. Gold continuing to work lower over the course of the coming week, as an upward trending dollar should continue to weigh in on prices.
- The Fed's policymakers are scheduled to speak this week and are expected to back the case for a rate hike within months. Fed Chair Janet Yellen will be at a panel event hosted by Harvard University on Friday.

### 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 rallied during the course of the week, breaking above the \$40 level. With this being the case, the market looks as if it is trying to continue to go higher, and with that being the case we need to see some type of either break out to the upside or a pullback in order to start buying. If we can break above the \$52 level, it looks as if the market will then head to the \$60 handle. It really isn't a scenario in which we are willing to sell this market until we get below the \$43 level, which is something that probably isn't going to happen this week. So in essence, we are simply waiting to buying this market when we get the appropriate signal to do so. A break above the top of the range for the session on Friday is reason enough to buy as well, just as a break above the \$50 level is. It's not until we break well below the \$46 level that it's a market that we are looking to sell.

Pivot:	47.90		
Support	47.25	46.90	46.53
Resistance	48.34	48.60	48.85

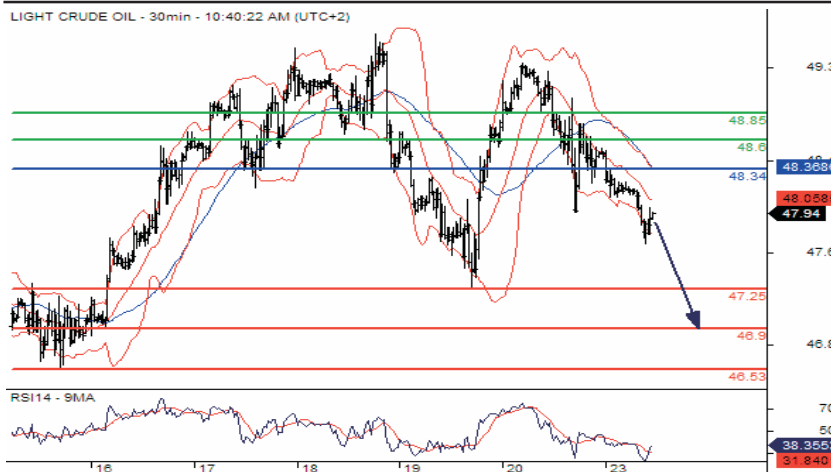
### Highlights

- Oil prices opened the week lower today on renewed concerns about a global glut in crude supply
- U.S West Texas Intermediate was trading down 1.2% at \$47.82
- Last week, supply disruptions helped push oil to a yearly high of nearly \$50 a barrel
- There is downside risk on the eventual return of Canadian supply, the possible return of Libyan supply
- On Friday, Canadian officials lifted the mandatory evacuation order

### Crude - Technical Indicators

RSI 14	69.75
SMA 20	45.75
SMA 50	42.42
SMA 100	37.46
SMA 200	39.64

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell for a fourth consecutive session on Monday after Iran insisted it would not freeze crude output, returning investor attention to a global glut. Adding to signs the oil market will remain oversupplied, data showed last week the number of rigs operated by U.S. drillers held steady for the first time this year, following a near two-year slump in the rig count.
- U.S. crude futures traded at \$47.91 a barrel, down 50 cents on Friday's close. Stagnating rig counts and comments from Iranian officials show that the way up for the oil prices may come to an end now.
- Iran's Deputy Oil Minister Rokneddin Javadi told Iran's Mehr news agency on Sunday his country had no plan to halt a rise in oil production and exports. He said Iranian crude exports, excluding gas condensates, were at 2 million barrels per day (bpd) and would reach 2.2 million bpd by the middle of summer.
- His comments further dampened hopes for a coordinated decision to freeze OPEC oil production at a meeting of the exporter group in Vienna on June 2. The bearish comments outweighed concerns about unplanned oil outages globally hitting a five-year high mainly due to wildfires in Canada that have affected oil-sands production and losses in Nigeria and Libya.
- Meanwhile, Goldman Sachs said in a research report on Monday that it expected shale productivity gains through 2020, which will push average breakevens for shale plays below \$50 per barrel for U.S. crude.
- It raised its average Brent forecast to \$45 per barrel this year, from \$39, while it said West Texas Intermediate would average \$45 per barrel this year, up from \$38 previously.
- There is downside risk on the eventual return of Canadian supply, the possible return of Libyan supply. Adding to concerns over continued oversupply, last Friday saw the first increase in the U.S. rig count for 17 consecutive weeks.

### 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 fell during the course of the week, showing quite a bit of weakness. However, the \$16 level below had been previously resistive, and should be supportive now. We are waiting to see whether or not we get some type of bounce or supportive candle near the \$16 level in order to start going long again. After all, we broke out above that level recently, and have not come back to test it. At this point in time we have no interest whatsoever in selling this market, as we have seen quite a bit of bullish pressure lately. The silver markets bounced a bit during the course of the session on Friday, testing the \$16.60 level, but turned right back around to form a shooting star. The shooting star of course signifies that we have weakness in this market, and could go down to the \$16 level below. That is an area that has seen quite a bit of pressure in the past.

Pivot:	16.36		
Support	16.13	15.95	15.75
Resistance	16.73	16.92	17.14

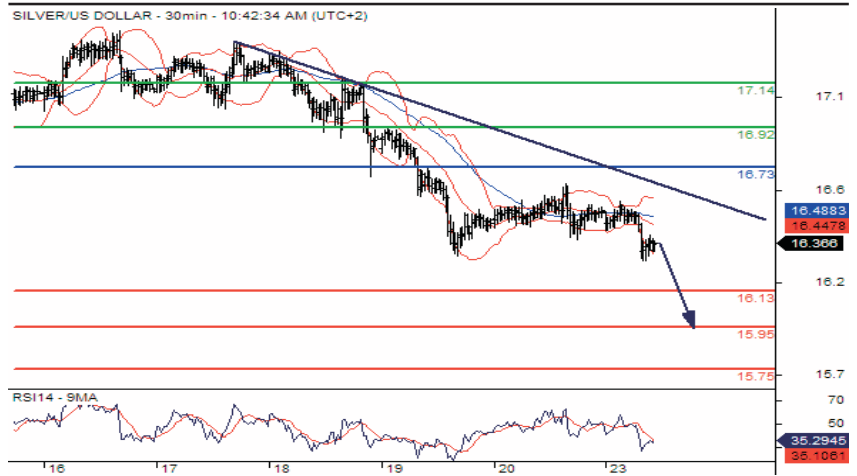
### Highlights

- Silver prices remain in a clear downtrend below the intraday high of \$17.14
- The markets expect labor to remain strong and for inflation to rise, given the increased likelihood of a June rate hike
- The minutes were hawkish enough to trigger a break to the \$16.78- \$17.56 range
- The main driver over the last few days has been the US Dollar
- The next rate meeting will take place on June 15 and the likelihood of a higher rate following the meeting is 28%

### 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



### Fundamentals

- On the Comex, silver futures for July delivery dropped 17.2 cents, or 1.04%, to trade at \$16.36 a troy ounce as markets continued to factor in the possibility of another interest rate hike by the Federal Reserve as early as June.
- Odds of a Fed rate hike for June stood at nearly 30% on Monday, up from just 4% a week earlier, according to futures markets. July odds were at about 53%. Expectations for a summer rate hike mounted last week after New York Federal Reserve President William Dudley said the U.S. economy could be strong enough to warrant a rate increase in June or July.
- The hawkish comments came after the minutes of the Federal Reserve's latest policy meeting suggested a rate hike could come as early as June if economic data points to stronger second-quarter growth as well as firming inflation and employment.
- More Fed officials are due to speak later on Monday, including St. Louis Fed President James Bullard, San Francisco Fed President John Williams and Philadelphia Fed President Patrick Harker.
- Precious metals are sensitive to moves in U.S. rates, as a rise would lift the opportunity cost of holding non-yielding assets such as bullion. The U.S. dollar held at its highest level in nearly two months against a basket of major currencies early Monday on hints the Fed is getting closer to raising interest rates.
- A stronger U.S. dollar usually weighs on silver, as it dampens the metal's appeal as an alternative asset and makes dollar-priced commodities more expensive for holders of other currencies.
- Investors will continue to focus on U.S. economic reports to gauge if the world's largest economy is strong enough to withstand further rate hikes in 2016, with Friday's revised first quarter growth data in the spotlight. In addition, there are a handful of Fed speakers on tap.

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

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	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

Monday, May 23, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon May 23	04:50	JPY Merchandise Trade Balance Total (Yen) (APR)	medium	¥823.5b	¥521.4b	¥754.2b
Mon May 23	07:00	JPY Nikkei Japan PMI Manufacturing	medium	47.6		48.2
Mon May 23	09:30	JPY All Industry Activity Index (MoM) (MAR)	medium	0.1%	0.5%	-1.2%
Mon May 23	12:00	EUR Markit France Composite PMI (MAY)	low	51.1	50.4	50.2
Mon May 23	2:00	CHF Total Sight Deposits (MAY 20)	low	493.6b		492.8b
Mon May 23	2:30	EUR Markit/BME Germany Composite PMI (MAY)	medium	54.7	53.9	53.6
Mon May 23	13:00	EUR Markit Eurozone Composite PMI (MAY)	medium	52.9	53.2	53.0
Mon May 23	18:45	USD Markit US Manufacturing PMI (MAY)	medium		51.0	50.8
Mon May 23	19:00	EUR Euro-Zone Consumer Confidence (MAY)	medium		-9	-9.3

Source: Forex Factory, DailyFX

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