

## Gold

### Technical

Gold markets have been very volatile on Thursday, as we bounce around the \$1225 overall. This makes quite a bit of sense of, because the market is waiting to see what happens with the Nonfarm Payroll Friday announcement, which has a massive effect on the interest rate Outlook for the Federal Reserve. There are a lot of questions when it comes to what the Federal Reserve will be able to deal later this year, and since everything is “data dependent”, people have read into that that the Federal Reserve will be watching the jobs market overall. I think that is a sign that the market should continue to be volatile as we should figure out what’s going to happen next. The Federal Reserve raising interest rates course is negative for gold, and if the jobs number strong, I think that Wilson gold much lower, perhaps reaching down to the \$1200 level. This is market very important during the U.S session today.

Pivot:	1,221		
Support	1,215	1,211	1,205
Resistance	1,226	1,230	1,235

### Highlights

- Gold prices fell as the investors looked ahead to more data on U.S inflation
- Gold futures for August delivery fell 0.33% to 1,219.28 a troy ounce
- Gold prices pared losses yesterday, as downbeat ADP data curbed investor expectations about the pace of rate hikes this year
- The ADP National Employment Report showed private sector payrolls increased by 158,000 jobs last month, lower than the 230,000
- In a rising interest rate environment, investor appetite for gold weakens

### Gold - Technical Indicators

RSI 14	78.49
SMA 20	1,205.2
SMA 50	1,174.3
SMA 100	1,198.5
SMA 200	1,225.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold eased but hovered above the previous session's two-month low on Thursday as weaker-than-expected private sector payrolls data fed into a more cautious view on the pace of U.S. interest rate hikes this year and Treasury yields firmed.
- The metal remained hemmed into a narrow range ahead of key U.S. non-farm payrolls data on Friday. Investors were wary of betting that the Federal Reserve will hold off on further monetary policy tightening after hiking interest rates earlier this year.
- Spot gold was down 0.2 percent at \$1,224.47 an ounce. Spot prices hit \$1,217.14 an ounce on Wednesday, their weakest since May 10. U.S gold futures for August delivery settled up 0.1 percent at \$1,223.30.
- The pace of growth in the U.S. economy's service sector accelerated in June, as stronger demand offset slower employment gains, according to the Institute for Supply Management.
- Stocks around the world fell and the euro gained against the U.S. dollar after minutes from the European Central Bank's latest meeting showed it could be open to scrapping its bond-buying pledge.
- Ten-year U.S. Treasury yields pared gains after the data, but they remain at highly elevated levels. You have higher real yields in the United States, but a lower dollar, and these two are battling each other. Gold prices tend to fall when interest rates rise, increasing the opportunity cost of holding non-yielding bullion.
- The Fed is worried about soft inflation readings and that will stay their hand on lifting rates for now. So far, so gold friendly. The sting in the tail for gold will be any future Fed announcement regarding scaling back reinvesting in maturing bonds.

### 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

The WTI Crude Oil market initially fell during the day on Thursday, but found enough support at the \$45 level to turn around. This was exacerbated by a massive drop and crude oil inventories in America, which of course is very bearish. Now that the market has rallied a bit, I believe that we are setting up to make a massive move after the jobs number. I believe in the bearish story overall, and even though we have rallied I believe that the sellers will return. If we can break down below the \$45 level, the market should then go down to the \$42.50 level. Ultimately, the oversupply issues and oil will continue, although we have seen a short-term bullish number printed that could have an effect on the market. Pay attention to the US dollar, if it starts to strengthen, that will drive down the value of a barrel of oil as well. Brent markets also rallied, but found enough resistance near the \$49 level to turn around.

Pivot:	44.91		
Support	44.35	44.00	43.75
Resistance	45.60	45.85	46.15

### Highlights

- Oil futures were knocked down, following a volatile session that saw prices spike due to declines in U.S oil and gas inventories
- Crude levels in U.S storage fell by 6.3 million barrels in the week ended June 30
- The gains were offset by ongoing concerns that global supplies aren't falling quickly enough despite cuts led by the OPEC
- Crude futures for delivery in August stumbled \$1.20, or 2.6%, to \$44.32 a barrel
- Data from the EIA also showed U.S production increasing to 9.3 million barrels per day last week

### Crude - Technical Indicators

RSI 14	37.83
SMA 20	46.58
SMA 50	50.15
SMA 100	51.59
SMA 200	49.94

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell more than 2 percent on Friday after data showed U.S production rose last week just as OPEC exports hit a 2017 high, casting doubt on efforts by producers to curb oversupply.
- U.S West Texas Intermediate (WTI) crude futures traded at \$44.40 a barrel, down \$1.12 or 2.5 percent. Their session low of \$44.20 was also the lowest in over a week.
- Weekly U.S. government data showed yesterday that U.S. oil production rose one percent to 9.34 million barrels per day (bpd), correcting a drop in the previous week that was down to one-off maintenance and hurricane shutdowns.
- The rise in U.S. output coincides with exports from the Organization of the Petroleum Exporting Countries climbing for a second consecutive month in June to the highest this year.
- Russian President Vladimir Putin, whose country is cooperating with OPEC in a deal to stem oil production, said on Friday he wanted to continue cooperating with other countries to reduce price volatility.
- The market largely ignored news from the U.S. Energy Information Administration (EIA) that U.S. crude inventories fell by 6.3 million barrels in the week to June 30 to 502.9 million barrels, the lowest since January.
- If OPEC was unable to balance the market, change would likely be forced on it by oil prices, said Morgan Stanley. The U.S. bank said a WTI price of \$46 to \$50 per barrel would likely prevent U.S. production rising in the mid- to long-term, but "prices will need to be in the low \$40s" for U.S. output to fall significantly.
- Globally, bearish dynamics remain in play as global inventories remain above five-year averages, with increased production from countries like the U.S. and Libya offsetting the effects of the OPEC-led cuts.

### 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

The Silver markets initially trying to grind sideways in general, but we broke down below the \$16 level to show signs of weakness. Because of this, if we can break down below the \$15.75 level, the market should then go down to the \$15.50 level underneath, and then the \$15 level after that. I think that rallies that show signs of exhaustion will be a nice selling opportunity. Alternately, if we do break above the \$16.25 level, the market should then go to the \$16.50 level after that. The silver market of course is very sensitive to risk appetite, and of course the value of the US dollar which will get quite a bit of news today in the form of the Nonfarm Payroll announcement. Ultimately, I believe that the Silver markets will follow Gold in general, as precious metals tend to travel in the same direction. I will revisit the silver market after the jobs announcement.

Pivot:	15.86		
Support	15.68	16.60	15.50
Resistance	16.15	16.30	16.40

### Highlights

- Silver fell 1.2 percent to \$15.81 per ounce in today's Asian session
- Earlier in the session, silver touched \$14.86 an ounce, its lowest in 15 months. It is down 4.2 percent on the week
- Silver ticked lower ahead of U.S jobs data later in the day
- The dollar hit a seven-week high against the yen after the Bank of Japan increased its purchases of government bonds
- U.S Treasury yields rose with benchmark yields touching nearly eight-week highs

### Silver - Technical Indicators

RSI 14	77.87
SMA 20	16.83
SMA 50	16.57
SMA 100	17.06
SMA 200	17.16

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver pared gains in yesterday's trading session, as prices continued to hover near year-to-date lows despite the presence of risk-aversion in the financial markets.
- Silver for September delivery climbed 5 cents, or 0.3%, to \$15.95 a troy ounce. Prices fluctuated between \$15.94 and \$16.08 overnight. Gold also notched modest gains overnight, but failed to sustain its rally heading into North American trade. The August futures contract was last seen trading at \$1,222.20 a troy ounce, little changed from the previous close.
- Fear-trade drove investors into the safety of gold earlier this week after North Korea successfully tested its first continental ballistic missile. The missile test was later confirmed by the United States, which has vowed to step up efforts to contain the rogue state.
- Gold's premium over silver has widened this week, having reached the highest level in over a year. As of Wednesday's close, one ounce of gold was worth 77.04 ounces of silver. That represents a 12-month increase of 12.8%.
- A rebounding U.S dollar has placed downward pressure on the metals this week. The dollar index (DXY) weakened from more than one-week highs Thursday, slipping 0.2% to 96.10.
- The recent string of negative data releases have little bearing on underlying inflation, the minutes of the June 13-14 Federal Open Market Committee (FOMC) meeting revealed Wednesday. The Federal Reserve, which voted to raise interest rates last month, expects to forge ahead as planned. This means at least one more rate hike before the end of the year.
- Investors keeping track of economic data will closely monitor nonfarm payrolls today. The monthly report is expected to show the creation of 180,000 jobs last month, which is a substantial improvement over the increase in May.

### 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

Friday, July 07, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jul 07	10:00	JPY Leading Index (MAY)	Medium	104.7	104.6	104.2
Fri Jul 07	10:45	CHF Unemployment Rate (JUN)	Medium	3.0%	3.0%	3.1%
Fri Jul 07	13:30	GBP Industrial Production (YoY) (MAY)	Medium	-0.2%	0.2%	-0.8%
Fri Jul 07	13:30	GBP Total Trade Balance (Pounds) (MAY)	Medium	-£3,073	-£2,500	-£2,050
Fri Jul 07	17:30	USD Change in Non-farm Payrolls (JUN)	High		178k	138k
Fri Jul 07	17:30	CAD Net Change in Employment (JUN)	High			54.5k
Fri Jul 07	17:30	CAD Unemployment Rate (JUN)	High			6.6%
Fri Jul 07	17:30	USD Unemployment Rate (JUN)	High		4.3%	4.3%
Fri Jul 07	17:30	USD Average Hourly Earnings (YoY) (JUN)	Medium		2.6%	2.5%

Source: Forex Factory, DailyFX

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