

## Gold

### Technical

Comex Gold futures opened lower in response to the French presidential election. However, there wasn't much of a follow-through move to the downside because almost everyone knew the move was coming since the outcome of the election was pretty much determined about two weeks ago. The market was basically set up for a "sell the rumor, buy the fact" situation. The main trend is down according to the daily swing chart. The market is far from turning the main trend to up, however, it is in the window of time for a potentially bullish closing price reversal bottom. If we get the reversal today and a confirmation on Tuesday then given the short-term range of \$1297.40 to \$1221.00, we could see a 2 to 3 day rally back to at least \$1259.20 to \$1268.20. The main range is \$1198.00 to \$1297.40. Its retracement zone at \$1236.00 to \$1247.70 should be considered resistance.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,231 |       |       |
| Support    | 1,221 | 1,216 | 1,210 |
| Resistance | 1,236 | 1,241 | 1,250 |

### Highlights

- Gold ended lower Friday, holding ground at the lowest settlement since mid-March
- April's strong U.S jobs report was seen as keeping the Federal Reserve on a path of higher interest rates
- The jobs report falls into the camp of the U.S monetary policy hawks who want to see U.S interest rates rise at a faster pace
- June gold lost \$1.70, or 0.1%, to settle at \$1,226.90 an ounce
- Gold prices finished about 3.3% lower for the week

### Gold - Technical Indicators

|         |         |
|---------|---------|
| RSI 14  | 65.71   |
| SMA 20  | 1,323.2 |
| SMA 50  | 1,291.3 |
| SMA 100 | 1,234.5 |
| SMA 200 | 1,235.8 |

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold firmed today as bargain-hunters moved in after prices dipped to seven-week lows and as the euro strengthened after expected win of pro-EU candidate Emmanuel Macron in the French presidential election.
- Spot gold rose 0.2 percent to \$1,229.90 per ounce, after touching 1,224.86 earlier in the session, its lowest since March 17. Gold last week saw its biggest weekly percentage fall since the week ending Nov. 11, ending over 3 percent lower.
- U.S. gold futures were up 0.3 percent at \$1,230.50 an ounce. In early Asian trading, the euro hit its highest since Nov. 9 after centrist Emmanuel Macron comfortably won the French presidential election.
- Macron was elected French president on Sunday with a business-friendly vision of European integration, defeating Marine Le Pen, a far-right nationalist who threatened to take France out of the European Union.
- U.S. job growth rebounded sharply in April and the unemployment rate dropped to 4.4 percent, near a 10-year low, pointing to a tightening labor market that likely seals the case for an interest rate increase next month despite moderate wage growth.
- Gold demand in India could be muted in the second half of 2017, as the rollout of a new national sales tax from July is expected to dent appetite in the world's second-biggest consumer, the World Gold Council (WGC) said on Thursday.
- Hedge funds and other money managers cut their net long position in COMEX gold for the first time in seven weeks, in the week to May 2, while they reduced their bullish stance in silver to the lowest since January, U.S. government data showed Friday. Gold demand in Asia rose last week, helped by a correction in prices, but traders said some buyers have held back from purchases while they wait for bullion prices to drop further.

### 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 had an extraordinarily volatile session in Friday's trading, as the market had initially broken down below the \$45 level, reaching as low as \$43.60. However, the market turned around and then we got the jobs number which only added more fuel to the fire as far as the buying pressure was concerned. This was an extraordinarily bullish move, and now we find ourselves coming close to the vinyl \$47 level. On the longer-term charts, the \$47 level was a scene of massive support that has now been broken. Typically, when we break a major level like that we find a reason to go back intestate for resistance. Because of this, I am looking for a resistive candle to start selling again. Until then, I would be on the sidelines unless of course we get above the \$47.65 level which would be a sign of continued bullishness jumping into the market.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 46.79 |       |       |
| Support    | 45.90 | 45.30 | 44.85 |
| Resistance | 47.30 | 47.75 | 48.25 |

### Highlights

- Crude futures kicked off the week higher following sharp declines last week
- Oil buoyed by expectations that major producers will cut more of their supplies in a bid to whittle down the global inventories
- On the New York Mercantile Exchange, crude futures for delivery in June traded at \$46.81 a barrel, up \$0.59, or 1.3%
- Oil plunged by more than 6% last week, dropping to the lowest level since November
- Energy investors will be watching for China's April crude import data due later today

### Crude - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 46.23 |
| SMA 20  | 45.56 |
| SMA 50  | 47.63 |
| SMA 100 | 48.76 |
| SMA 200 | 50.11 |

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices rose today as Saudi Arabia's energy minister said an OPEC-led production cut scheduled to end in June would likely be extended to cover all of the year, or even into 2018, although another increase in U.S. drilling capped gains.
- Brent crude futures were at \$49.48 per barrel, up 38 cents, or 0.75 percent, from their last close. U.S. West Texas Intermediate (WTI) crude futures were at \$46.52 per barrel, up 30 cents, or 0.7 percent.
- Saudi Arabia's energy minister Khalid Al-Falih said today oil markets were rebalancing after years of oversupply, but that he still expected the OPEC-led deal to cut output during the first half of the year to be extended.
- "Based on the consultations I have had with participating members, I am rather confident the agreement will be extended into the second half of the year and possibly beyond," said Falih, Saudi Minister of Energy, Industry and Mineral Resources, during an industry event in Malaysia's capital Kuala Lumpur today.
- The Organization of the Petroleum Exporting Countries (OPEC), of which Saudi Arabia is the de-facto leader, as well as other producers including Russia, pledged to cut output by almost 1.8 million barrels per day (bpd) during the first half of the year to prop up the market.
- The comments from Falih and rising prices came after steep falls last week due to ample supply in countries that aren't participating in the cuts, including the United States where output is soaring.
- A decision on whether to continue the production cuts is expected at OPEC's next official meeting on May 25. Oil may have seen the worst of the selloff for now, as the market turns its attention to the OPEC meeting at the end of the month. Still, both Brent and WTI crude are holding below \$50 amid ample supplies.

### 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 had a volatile session on Friday, initially reaching towards the \$16.50 level but finding enough resistance there to roll over and show signs of exhaustion yet again. The 24-hour exponential moving average continues to be very important, and as we approach that again, I think the sellers may return. When you look at the daily candle, it is a shooting star sitting on top of the bottom of the downtrend, never a good sign. I believe that a breakdown below the \$16.20 level will send this market looking for the \$16 handle underneath. For some time now, selling the short-term rallies has been a viable trading strategy in the silver market. I think that's going to continue to be the case, although I would anticipate that the \$16 level may cause a little bit of a bounce. I think it will be temporary at best, and we will more than likely go looking for the \$15 level after that.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 16.39 |       |       |
| Support    | 16.20 | 16.10 | 16.00 |
| Resistance | 16.60 | 16.70 | 16.87 |

### Highlights

- Silver was up 0.47% to \$16.38 a troy ounce, and ended the week down 5.72%
- The Labor Department reported in Friday's session that the U.S economy added 211,000 jobs last month
- Average hourly earnings rose 0.3% in the month of April
- The jobs data did little to alter the view that the Fed will raise interest rates in June
- Markets are pricing in around a 75% chance of a hike at the Fed's June meeting, according to Fed Rate Monitor Tool

### Silver - Technical Indicators

|         |       |
|---------|-------|
| RSI 14  | 56.32 |
| SMA 20  | 19.22 |
| SMA 50  | 18.34 |
| SMA 100 | 17.49 |
| SMA 200 | 17.54 |

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices were trading near five-month lows after the Federal Reserve signaled gradual interest rate rises were par for the course despite an apparent slowdown in economic momentum.
- July silver futures fell 3 cents, or 0.2%, to \$16.52 a troy ounce. The futures contract hovered within a narrow trading range of \$16.42 and \$16.65. Silver's value has dropped more than 10% over the past two weeks, reflecting continued volatility in the commodities market.
- In percentage terms, silver's decline in recent weeks has far outpaced gold's. The gold/silver ratio used by investors to buy and sell precious metals closed at 76.60 on Wednesday, according to Goldprice.org. That was the highest level since July 2016.
- Back in early March, one ounce of gold was worth roughly 68 ounces of silver. The Federal Reserve left monetary policy unchanged Wednesday, as expected, and shrugged off the latest slowdown in the economy in a sign officials were eyeing gradual rate hikes in the coming months.
- The Federal Open Market Committee (FOMC) said the economy's recent poor performance was "transitory." U.S. GDP growth slowed to an annualized 0.7% in the first quarter, the weakest in three years.
- The U.S. dollar index climbed to nearly two-week highs following the FOMC decision. It was last seen trading at 99.14, down 0.1% from the previous session.
- The Labor Department reported Friday that the U.S. economy added 211,000 jobs last month, beating expectations for a gain of 185,000 and the unemployment rate ticked down to 4.4%, a near a 10-year low. The report also showed that the prior month's figure of 98,000 was revised down to an even lower 79,000. Average hourly earnings rose 0.3% in April.

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

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|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|            | 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

Monday, May 08, 2017



## Data Calendar

### Economic Data

| Date       | Time  | Event  | Importance | Actual   | Forecast | Previous |
|------------|-------|--|------------|----------|----------|----------|
| Mon May 08 | 06:30 | AUD Building Approvals (YoY) (MAR)             | Medium     | -19.9%   | -10.0%   | -4.9%    |
| Mon May 08 | 06:30 | AUD NAB Business Confidence (APR)              | Medium     | 13       |          | 6        |
| Mon May 08 | 08:43 | CNY Trade Balance (APR)                        | Medium     | \$38.05B | \$35.20b | \$23.92b |
| Mon May 08 | 10:00 | JPY Consumer Confidence Index (APR)            | Medium     | 43.2     | 43.5     | 43.9     |
| Mon May 08 | 11:00 | EUR German Factory Orders n.s.a. (YoY) (MAR)   | Medium     | 2.4%     | 2.1%     | 4.7%     |
| Mon May 08 | 12:30 | GBP Halifax House Price (3MoY) (APR)           | Low        | 3.8%     | 3.6%     | 3.8%     |
| Mon May 08 | 13:30 | EUR Euro-Zone Sentix Investor Confidence (MAY) | Low        | 27.4     | 25.2     | 23.9     |
| Mon May 08 | 17:15 | CAD Housing Starts (APR)                       | Medium     |          | 220.0k   | 253.7k   |
| Mon May 08 | 19:00 | USD Labor Market Conditions Index Change (APR) | Medium     |          |          | 0.4      |

Source: Forex Factory, DailyFX

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