

## Gold

### Technical

Gold markets fell significantly during the day on Tuesday to break below the \$1225 level. I think that the market now goes looking towards the \$1200 level underneath. That is a much more significant number as far as I can see, and I think the market will attract a lot of attention in that area. However, the market currently appears to be very broken and I believe that any rally at this point should be and I selling opportunity. The \$1225 level should be massively resistive, so I don't have any interest in buying this market. And exhaustive candle after a bounce to that level would be a nice selling opportunity and I would be all over that trade. It's not until we break above the \$1237 level that I would be comfortable buying gold as it seems to be very broken. The downward pressure should continue, because quite frankly the safety trade is all but dead. I think gold will struggle.

Pivot:	1,224		
Support	1,218	1,214	1,210
Resistance	1,228	1,234	1,241

### Highlights

- Gold prices were higher in European trading session today, bouncing off the prior session's eight-week low
- U.S. President Donald Trump abruptly fired FBI Director James Comey in a move that shocked Washington
- The yellow metal hit its lowest since March 15 at \$1,214.30 yesterday
- The Dollar index slipped to 99.33, moving away from three-week high of 99.56
- Expectations of a Federal Reserve rate hike next month can limit gains

### 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 prices edged up today from an eight-week low hit the session before, with the dollar slipping after U.S. President Donald Trump abruptly dismissed FBI Director James Comey.
- Spot gold, which is priced in dollars, was up 0.1 percent at \$1,221.47 per ounce. In the previous session, it dropped below its 100-day moving average to its lowest since March 15 at \$1,213.81.
- We think that gold's slide could perhaps extend to \$1,180 to \$1,200, an area of good technical support. At that point, we should see some decent buying set in, as a roughly 10-percent correction from the highs should make holding the metal a more attractive risk-reward proposition.
- U.S gold futures climbed 0.4 percent to \$1,221.50 an ounce. The dollar slid today and the perceived safe-haven yen gained after Trump fired Comey in a move that shocked Washington. Rekindled fears that North Korea could be gearing up for another weapons test also supported gold.
- In an interview with Sky News on Tuesday, Pyongyang's ambassador to the United Kingdom, Choe Il, said North Korea is ready to conduct a sixth nuclear test. Observers of that country have said such a test was likely, but his comments reminded markets that tensions could escalate on the recently calm Korean peninsula.
- However, expectations of U.S. monetary policy tightening next month dragged on bullion prices. Prices have fallen about \$75 per ounce since hitting a five-month high of \$1,295.42 in mid-April.
- Gold has lost its appeal as a safe-haven, markets are refocusing on the growth momentum in the U.S. and prospects of future rate hikes. With French elections over now, there are not many geopolitical risks. Interest rate increases could dent demand for non-interest bearing gold.

### 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 rolled over a bit during the day on Tuesday, as we continue to test the \$45.75 level for support. If we can break down below there, and I think we will eventually, the market should then go looking towards the \$45 level underneath. A break below there send this market looking for the \$44 level. Keep in mind that today is the Crude Oil Inventories announcement in the United States, and that could be the catalyst for a breakdown. Rallies at this point should continue to struggle near the \$47 handle, which should now be resistance. I like selling short-term rallies, and of course a breakdown below the bottom of the range for the session as oil simply can't get out of its own way and I believe it's only a matter of time before we break down anyway. Brent markets rolled over during the session as well. Short-term rallies should offer selling opportunities.

Pivot:	46.18		
Support	45.30	44.85	44.35
Resistance	46.75	47.30	47.75

### Highlights

- Oil prices rose today after a larger than expected fall in U.S. crude inventories
- U.S crude oil inventories fell 5.8 million barrels last week, above analysts' expectations for a 1.8 million barrel decline
- Oil was also buoyed by a report yesterday that Saudi Arabia would cut crude supplies to Asia
- Saudi Aramco will reduce oil supplies to Asian customers by about 7 million barrels in June
- Both Brent and U.S crude futures contracts closed on Tuesday at their second lowest levels since Nov. 29

### 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 futures rose today after Reuters reported Saudi Arabia would cut supplies to the region as OPEC tries to counter rising U.S. output that is threatening to derail its attempts to end a sustained global crude glut.
- Oil was also supported by a larger than expected fall in U.S. crude inventories last week, down 5.8 million barrels compared with analysts' expectations for a 1.8 million barrels decline, according to industry group the American Petroleum Institute.
- Global benchmark Brent futures were up 19 cents, or 0.4 percent, at \$48.92 a barrel. They fell 1.2 percent on Tuesday. U.S. West Texas Intermediate (WTI) crude was up 23 cents, or 0.5 percent, at \$46.11 a barrel.
- State-owned Saudi Aramco will reduce oil supplies to Asian customers by about 7 million barrels in June, a source told Reuters, as part of OPEC's agreement to reduce production and as it trims exports to meet rising domestic power demand over summer.
- Seven million barrels is roughly two days of oil imports into Japan, the world's fourth biggest importer. Aramco had previously been maintaining supplies to its important Asian customers.
- The Saudis are largely about Asian customers, so if they are trimming sales that is supportive at the margins. WTI also fell 1.2 percent in the previous session, and the closing price for both contracts on Tuesday was the second lowest since Nov. 29, the day before the OPEC agreed to cut production during the first half of 2017.
- Prices surged immediately after the agreement, but have come under sustained pressure in recent weeks as U.S. production has ramped up and pushed back the expected timing for when the oil market will come into balance. U.S. crude production is expected to rise by more than previously expected in 2017.

### 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 fell again during the session on Tuesday, breaking down to fresh, new lows. The \$16 level is just below, and that being an area where I would expect to see a certain amount of psychologically significant support. However, I believe that any rally from that area should offer a selling opportunity as the Silver markets are so obviously broken. I believe that the \$16.20 level above is resistive, so any sign of an exhaustive candle should get sellers involved again. I believe that the Silver markets continue to fall overall, as the US dollar continues to show quite a bit of strength. Also, we have lost the “safety trade” for the time being, so I think that eventually the \$16 level gets broken. I believe that the \$15 level underneath should continue to be supportive, and I believe that the area will attract a lot of attention. Because of this, I think it's only a matter of time before investors get involved.

Pivot:	16.19		
Support	16.11	16.03	15.95
Resistance	16.32	16.38	16.45

### Highlights

- Silver was up 0.1 percent at \$16.15 an ounce. In the previous session, it fell to its weakest since Jan. 3 at \$16.01
- The Dollar slid today and the perceived safe-haven yen gained
- U.S. President Trump abruptly fired FBI Director James Comey in a move that shocked Washington
- Interest rates futures implied traders saw close to a 90 percent chance the Fed would raise its benchmark rate
- Expectations of U.S. monetary policy tightening next month dragged on prices

### 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



### Fundamentals

- Silver held steady in yesterday's trading session, with the futures market consolidating in a narrow range after a nearly three-week rout sent prices to five-month lows.
- July silver futures edged down 3 cents, or 0.2%, to \$16.22 a troy ounce. The grey metal fluctuated within a tight range of \$16.15 and \$16.32. Prices were little changed on Monday in subdued response to the French election. Silver continues to trade at 2017 lows, having declined roughly 12% from last month's peak.
- Comex gold prices were little changed yesterday after failing to extend a rally at the beginning of the week. The June futures contract was last down \$1.90, or 0.2%, at \$1,225.20.
- Precious metals are being pressured by risk appetite in the financial markets following round one of the French presidential election April 23. With Emmanuel Macron securing the presidency on Sunday, the threat of an imminent EU crisis involving France has faded. In theory, this should give investors more breathing room to drive equity prices higher.
- The U.S. dollar has also been a source of resistance in the early part of the week. In Monday's trading session the greenback rallied half a percent against a basket of global peers. The dollar index extended gains on Tuesday, rising 0.3% to 99.39.
- In economic data, German industrial production declined less than expected in March, the Federal Statistics Office reported Tuesday. Industrial output declined at a seasonally adjusted 0.4%, following a downwardly revised 1.8% increase the previous month. Meanwhile, Berlin's trade surplus narrowed to €19.6 billion in March from €21.2 billion the previous month, according to a separate batch of government data.

### 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

Wednesday, May 10, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 10	06:30	CNY Consumer Price Index (YoY) (APR)	High	1.2%	1.1%	0.9%
Wed May 10	06:30	CNY Producer Price Index (YoY) (APR)	Medium	6.4%	6.7%	7.6%
Wed May 10	10:00	JPY Leading Index (MAR)	Medium	105.5	105.5	104.7
Wed May 10	10:00	JPY Coincident Index (MAR)	Medium	114.6	114.7	115.2
Wed May 10	16:00	USD MBA Mortgage Applications (MAY 05)	Medium	2.4%		-0.1%
Wed May 10	16:00	EUR ECB's Draghi Speaks in Dutch Parliament	High			
Wed May 10	19:30	USD DOE U.S. Crude Oil Inventories (MAY 05)	Medium		-2081.67k	-930k
Wed May 10	19:30	USD DOE U.S. Gasoline Inventories (MAY 05)	Low		28.22k	191k
Wed May 10	23:00	USD Monthly Budget Statement (APR)	Medium			-\$176.2b

Source: Forex Factory, DailyFX

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