

Gold

Technical

Gold markets are reacting to the US dollar strengthening around the board, at this point it will continue to be the major driver of gold. More with the US dollar climbing based upon higher interest rates and of course the concerns with emerging markets, it makes sense that gold will struggle. If it can turn around and recapture the \$1205 level, at that point it would anticipate a move to \$1210, followed by \$1215. Because of this, Economists believe that very small positions in the CFD market or the futures markets should be used, depending on the size of your account. If there is ability to trade with large size, then futures markets might be the way to go, but it would add slowly. It would not get overly aggressive because quite frankly it only takes some air and headline to drive the value of the dollar backup in this extraordinarily volatile timeframe that it find ourselves in.

Pivot:	1,192		
Support	1,182	1,160	1,120
Resistance	1,212	1,240	1,260

Source: FX EMPIRE

Highlights

- Gold futures settled below \$1,200 an ounce on yesterday for the first time in more than a week
- Gold bears were back in action yesterday thanks to a broadly stronger U.S dollar
- With the mighty dollar set to dim gold's shine and U.S rate hike expectations denting appetite for the zero-yielding metal further
- Gold declined 2.2% in August, representing its fifth consecutive monthly decline
- A primary driver for the decline in metal has been a steadily advancing U.S dollar, which can make assets pegged to it more expensive to buyers

Gold - Technical Indicators

RSI 14	45.94
SMA 20	1,219.5
SMA 50	1,218.0
SMA 100	1,218.2
SMA 200	1,218.3

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices edged up today, supported by technical buying amid worries over inflation in emerging markets, but gains were curbed as the dollar rose broadly on heightened concerns about international trade conflicts.
- Spot gold was up 0.2 percent at \$1,193.24. In the previous session, it hit \$1,189.20, its weakest in more than a week. U.S gold futures were mostly steady at \$1,198.40 an ounce.
- Gold is holding up at these levels well as there are some uncertainties stemming from emerging market currency crisis. When the currency weakens, inflation shoots up and gold has historically performed well during those times.
- Emerging markets stocks and currencies were under increased pressure on concerns about inflation in Turkey and after data showed South Africa had slumped into recession in the second quarter. Sustained weakness below the \$1,200 psychological level could open a path towards \$1,180.
- The growing frustration towards trade tariffs and what will be the end result of all of this is supporting the gold prices. The dollar index, which measures the greenback against a basket of currencies, rose 0.2 percent at 95.617.
- Secondly, there are some serious concerns about recession, given that South Africa has slipped into it. If emerging markets start to perform really bad, every one will catch the cold. This should support the gold price.
- The yellow metal has lost about 8.4 percent this year amid rising U.S interest rates, trade disputes and the Turkish currency crisis, with investors parking their money in the dollar, undermining the metal's safe-haven status. The bearish sentiment in gold has reflected in heavy liquidations in SPDR Gold, the world's largest gold-backed exchange-traded fund.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market has been extraordinarily volatile during the trading yesterday, reaching down towards the \$70 level after initially going as high as \$71.40 during Asian trading. This is an extraordinary turnaround, and it shows just how volatile and dangerous this market can be. That being said, the \$70 level could offer a bit of psychological support, and most certainly there is support at the \$69.50 level. There will be a nice opportunity to go long eventually, but at this point the market is far too unstable to take a chance on that. Brent markets did the same thing as it would expect and have completely collapsed later in the day. Otherwise, the market could find itself down at the \$77.50 level without much trouble. Ultimately, this is a market that will continue to be very noisy, as it has headwinds of global growth, hurricane, and of course the US dollar.

Pivot:	68.95		
Support	68.35	68.30	67.80
Resistance	69.20	69.55	69.85

Source: FX EMPIRE

Highlights

- Oil futures settled only a few cents a barrel higher yesterday, with U.S benchmark prices holding below \$70
- The upcoming U.S sanctions on Iran would continue to affect outlook of oil prices this year
- Prices moved lower, however, as market participants saw the market as overbought
- WTI back under \$70, buyers will be looking for hints that Saudi Arabia is stepping back into the markets
- WTI found a stiff new high yesterday near 71.50 in the run-up to oil counts

Crude - Technical Indicators

RSI 14	46.01
SMA 20	67.75
SMA 50	67.75
SMA 100	67.83
SMA 200	67.75

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices fell today as a tropical storm hitting the U.S Gulf coast weakened and had a lower impact on production than initially expected. Prices had jumped the previous day as dozens of U.S oil and gas platforms in the Gulf of Mexico were shut in anticipation of damage from tropical storm Gordon.
- U.S West Texas Intermediate crude futures were at \$69.14 per barrel, down 73 cents, or 1 percent, from their last settlement. International Brent crude futures fell 60 cents, or 0.8 percent, to \$77.57 a barrel.
- With the anticipation of up to 1.5 million barrels per day affected by the U.S sanctions on Iran, one would expect prices to move higher in the weeks ahead. Weighing on oil prices, Cushing, Oklahoma, crude inventories rose nearly 754,000 barrels from Aug. 24 to Friday.
- Emerging markets are a key driver of global oil demand growth, but several of them especially Turkey and Argentina but also Indonesia and South Africa have seen their currencies and stock markets come under pressure.
- A rising U.S dollar index also pushed crude futures lower. A stronger dollar makes greenback-denominated oil more expensive for holders of other currencies.
- Global oil markets have tightened over the last month, pushing up Brent prices by more than 10 percent since the middle of August. Investors anticipate less supply from Iran as U.S sanctions on Tehran begin to bite.
- Crude oil export losses from Iran due to U.S sanctions, production decline in Venezuela and episodic outages in Libya are unlikely to be offset entirely by corresponding rises in OPEC+ production.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	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 to the crucial \$14 level during the day yesterday, offering yet another opportunity to buy physical silver, but wiping out leveraged positions. So it has hit the \$14 level, an area that has been important on longer-term charts. This is interesting, because it has seen a lot of buyers in this area on longer-term charts, and this could represent a significant bottom in the market. However, that's not to say that it can break down below here, because certainly it can. As far as investing is concerned, it continue to buy a few silver ounces every couple of weeks, because eventually silver will turn around and rally back towards the highs. Silver demand far outweighs silver supply, so the longer-term fundamentals favor the upside.

Pivot:	14.08		
Support	13.55	13.20	12.65
Resistance	14.95	15.65	16.20

Source: FX EMPIRE

Highlights

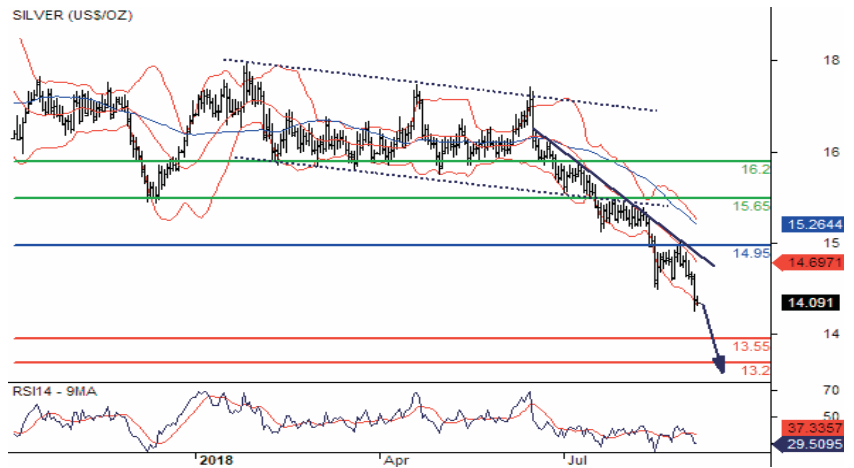
- Spot silver climbed 0.4 percent to \$14.13, after falling to its lowest since January 2016 at \$13.97 in the previous session
- Silver futures for Dec. delivery fell 2.6 percent to settle at \$14.18 an ounce
- Investors are waiting for lower prices because of the dollar and creeping up of interest rates
- Money managers are growing increasingly bearish on silver
- White metal has slumped 17% this year as a stronger dollar and higher borrowing costs curbed the appeal of non-interest bearing precious metals

Silver - Technical Indicators

RSI 14	46.94
SMA 20	15.44
SMA 50	15.41
SMA 100	15.41
SMA 200	15.41

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are lower in early-afternoon U.S trading yesterday, but up from daily lows that saw silver hit a 2.5-year low. A stronger U.S dollar on the foreign exchange market today trumped ongoing world trade tensions and shaky secondary currency markets.
- Silver futures titled lower as the dollar index backed off August 21 highs for another session, ahead of US trade data later today. The next couple of months could well find the marketplace closely examining the secondary currency markets and the beating they have taken against the U.S dollar this year.
- Silver futures due in December rose 0.04% to \$14.19 an ounce, while the dollar index inched down 0.08% to 95.36 against a basket of major rivals. The silver market has been under pressure for most of the session as the U.S dollar has pushed higher on rising global trade tensions.
- World stock markets were mostly lower today, amid ongoing world trade worries after President Trump during the weekend threatened to exclude Canada from the just-concluded U.S-Mexico trade deal.
- Presently, the specter of reduced demand for precious metals due to inhibited world economic growth from the trade spats is outweighing any safe-haven demand for the metals from the trade situation.
- If the secondary currency markets continue to depreciate against the dollar, such could create some safe-haven demand for silver due to fears of a currency market contagion.
- Now markets await US trade deficit data, expected at \$50.2 billion in July, up from \$46.3 billion in June, while investors hope for a resumption of US-Canada trade talks to either reach a new free trade deal or update the current NAFTA deal, after failing to reach middle ground last week.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 05	03:30	AUD AiG Performance of Service Index (AUG)	Medium	52.2		53.6
Wed Aug 05	05:30	JPY Nikkei Japan PMI Services (AUG)	Medium	51.5		51.3
Wed Aug 05	06:30	AUD Gross Domestic Product (YoY) (2Q)	High	3.4%	2.8%	3.2%
Wed Aug 05	13:30	GBP Markit/CIPS UK Composite PMI (AUG)	Medium	54.1	54.1	53.6
Wed Aug 05	14:00	EUR Euro-Zone Retail Sales (YoY) (JUL)	Medium	1.1%	1.3%	1.5%
Wed Aug 05	16:00	USD MBA Mortgage Applications (AUG 31)	Medium			
Wed Aug 05	17:30	USD Trade Balance (JUL)	Medium		-\$50.0b	-\$46.3b
Wed Aug 05	18:00	MXN Consumer Confidence Index (AUG)	Medium		103.1	105
Wed Aug 05	19:00	CAD Bank of Canada Rate Decision (SEP 5)	High		1.50%	1.50%

Source: Forex Factory, DailyFX

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