

## Gold

### Technical

The Gold markets did bounce yet again at the \$1218 level yesterday, as it continue to see this market try to form a longer-term base. Economists believe that the market will eventually bounce longer-term, but right now it also need to test this lower level. There is a ton of support at the \$1200 level, and of course there are a lot of announcements of the next couple of days it will influence the US dollar, the British pound, and by extension Gold. Gold markets will be sensitive to the Bank of England, the Federal Reserve, and of course the jobs number on Friday. Ultimately, this is a market that it will go higher but it should be very cautious about position size and keep it rather small or at the very least unlevered. Longer-term investors are picking up cheap gold near the \$1200 level, but if it break down below there it's likely that it could drop down to the \$1000 level.

Pivot:	1,220		
Support	1,210	1,170	1,135
Resistance	1,267	1,290	1,309

Source: FX EMPIRE

### Highlights

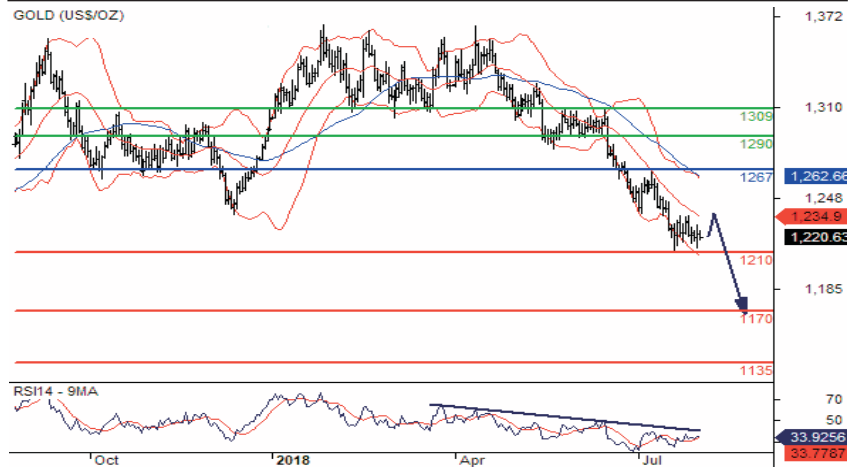
- A stronger dollar and rising U.S interest rates continue to weigh, pushing speculators to hold record short or sell positions
- Higher U.S interest rates tend to boost the dollar and pressure gold
- The dollar edged up on the yuan and growth-leveraged currencies
- A stronger dollar makes greenback-denominated gold more expensive for holders of other currencies
- The trade tensions are also fuelling safe-haven flows into the dollar. The greenback still appears to be the preferred safe haven rather than gold

### Gold - Technical Indicators

RSI 14	70.21
SMA 20	1,260.3
SMA 50	1,259.1
SMA 100	1,258.9
SMA 200	1,257.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices rose yesterday, reversing early losses as the Chinese yuan strengthened against the dollar after a report said the United States and China were trying to restart negotiations to defuse a trade war.
- In early trade, a stronger dollar and rising U.S interest rates had sent bullion falling to its lowest in a week and a half. Gold turned positive on the idea that there's a possibility of negotiating with China.
- Spot gold rose 0.3 percent to \$1,224.48 per ounce, rebounding after touching its lowest since July 19. The precious metal is heading for a 2 percent monthly decline. U.S gold futures for August delivery settled up \$2.40, or 0.2 percent, at \$1,223.70 per ounce.
- The Chinese currency is preventing gold from dropping much further. The Chinese yuan had been weakening against the dollar, pressuring greenback-denominated gold. That pressure abated, providing gold some support.
- Some commodities prices have strengthened as the dollar has slowly retreated from recent highs. The dollar was slightly higher versus a currency basket, following a three-month streak of gains, with the U.S Federal Reserve set to reaffirm the outlook for further gradual rate rises at the end of its two-day monetary policy meeting on Wednesday.
- Higher U.S interest rates tend to boost the dollar, making dollar-priced gold more expensive for holders of other currencies. Rising equities tend to indicate investor appetite for risky assets as opposed to traditional safe haven gold.
- The Fed is expected to keep rates unchanged, but solid economic growth combined with rising inflation are likely to keep it on track for another two hikes this year even as President Donald Trump has ramped up criticism of its push to raise rates.

### 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 found the \$70 level to be far too much, as it has dropped over 2% early yesterday in futures trading. The market has cleared the \$69 level, and now looks set to test the \$68.50 level, and perhaps even lower levels than that. It's obvious that the oversupply of oil will continue to be a major issue, and if the US dollar were to continue strengthening, that could be a major problem for this market as well. Market players believe that selling rallies will continue to be the way going forward, as crude oil has suddenly shifted attitude. Brent markets rolled over pretty significantly during the trading session as well, as the \$75.50 level has offered too much resistance. Breaking down below there to the \$74.50 level, and perhaps even lower than that. The market has been very shaky at the top of this range, and it makes sense that it could see sellers coming back in.

Pivot:	68.25		
Support	67.84	67.50	67.20
Resistance	68.66	69.20	69.65

Source: FX EMPIRE

### Highlights

- The barrel of WTI remains under heavy selling pressure amid gloomy fundamentals
- Oil prices extended losses in post-settlement trade, with U.S crude at \$68.32 a barrel
- The U.S Dollar Index, which measures the greenback against a basket of other currencies, rose 0.1% to 94.42
- Prices gave back nearly all of their gains from a day earlier
- Brent lost more than 6% in July, while U.S crude futures slumped about 7%, the biggest monthly decline for both benchmarks since July 2016

### Crude - Technical Indicators

RSI 14	37.55
SMA 20	70.29
SMA 50	70.33
SMA 100	70.49
SMA 200	70.64

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil slipped below \$74 a barrel today, pressured by an industry report that U.S stockpiles of crude rose unexpectedly and by higher OPEC production, adding to indications of more ample supply.
- The American Petroleum Institute said crude inventories rose by 5.6 million barrels last week. Analysts had expected a decrease of 2.8 million. The U.S government's supply report is due.
- Brent crude LCOc1, the global benchmark, dropped 85 cents to \$73.36 a barrel, having fallen as low as \$73.15. U.S crude CLc1 was down 73 cents at \$68.03. Oil futures had rallied on Monday, with WTI pushing back above the \$70 level.
- A fresh dose of price angst has come from an unexpected source. The U.S has been flying the flag for the drawdown in global oil stockpiles, yet the rebalancing paused abruptly last week.
- Last month, Brent fell more than 6 percent and U.S crude slumped about 7 percent, the biggest monthly declines for both benchmarks since July 2016. The OPEC, plus Russia and other allies, decided in June to ease supply cuts that had been in place since 2017 after a glut was cleared.
- There is no indication that the U.S plans to walk back implementation of sanctions targeting Iran's oil industry, suggesting Iranian production should still see significant declines through the end of the year.
- For the second time in two weeks, the 100-day moving average has served as a launching pad for rallies above and beyond \$70.00. The last rally from the 100-day peaked out versus \$71.10, which will now serve as key resistance.

### 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 continue to be very noisy yesterday session was more of the same. Economists believe there is a massive longer-term support level between \$15.50 and \$15, so it makes sense that it would continue to bounce. At this point, if it broke down below the \$15 level, then the market could break down a bit more significantly. However, every time it has tried to break down below the \$15 level, the buyers have come back into push this market to the upside. Market players believe in buying silver for the longer-term “buy-and-hold” investment, so buy silver in its physical form these days. However, CFD markets also offer the opportunity to scale into your position as opposed to jumping into a futures contract, which of course can be extraordinarily volatile and expensive.

Pivot:	15.44		
Support	15.37	15.30	15.23
Resistance	15.54	15.61	15.67

Source: FX EMPIRE

### Highlights

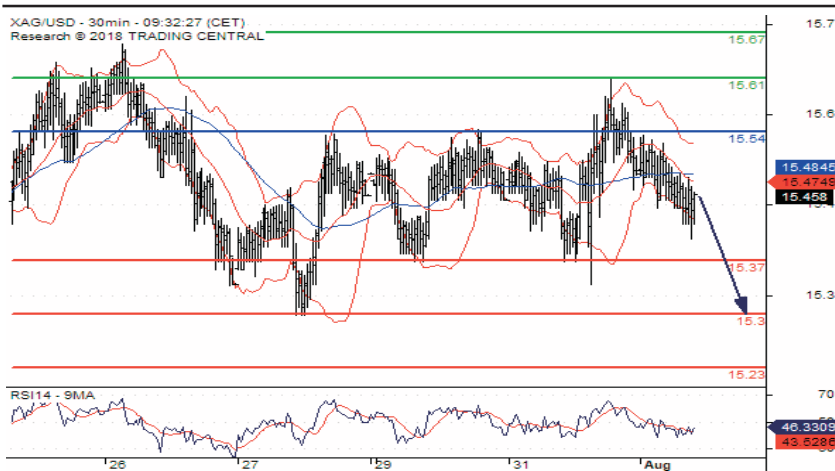
- Silver gained 0.3 percent at \$15.53 an ounce, poised to end the month down more than 3 percent
- Metals prices were mostly higher as a report that China and the US were trying to restart trade talks lifted sentiment
- Silver is sensitive to moves higher in both bond yields and the U.S dollar
- The U.S and China are trying to restart talks on trade to avert a full-blown trade war between the world's two largest economies
- September Comex silver was last down \$0.042 at \$15.495 an ounce

### Silver - Technical Indicators

RSI 14	53.61
SMA 20	16.29
SMA 50	16.28
SMA 100	16.28
SMA 200	16.25

Source: FX EMPIRE

### Silver Daily Graph



### Fundamentals

- Silver prices declined as the dollar index marked modest gains, ahead of employment and manufacturing data from the US, while the Federal Open Market Committee decides on interest rates and monetary policy today.
- Silver futures due in September declined 0.48% to \$15.48 an ounce, while the dollar index edged up 0.08% against a basket of major currencies to 94.63. The silver market remains under pressure following stronger-than-expected consumer confidence.
- Now markets await US employment data, with the private sector expected to have added 186 thousand jobs in July, adding to the 177 thousand in June, while the final manufacturing PMI reading by Markit is estimated at 55.5 in July, same as before.
- The ISM version of the manufacturing PMI is expected at 59.4, down from 60.2 in June, while manufacturing prices are estimated at 75.5, down from 76.8, as construction spending is expected to have risen 0.3% in June, slowing down from 0.4% in May.
- Most importantly today, the Federal Open Market Committee will wrap up its two-day policy meeting today, with analysts expecting no change to overnight interest rates at a range 1.75% to 2.0%.
- Chinese data showed the non-manufacturing PMI by the China Federation of Logistics and Purchasing (CFLP) down to 54.0 in July from 55.0 in June, as the manufacturing PMI also dipped to 51.2 from 51.5 in June, missing estimates of 51.4.
- The silver market has struggled to find momentum and has been fairly volatile so far this session. Consumers' assessment of present-day conditions improved, suggesting that economic growth is still strong.

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	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

# Commodity News

Wednesday, Aug 01, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 01	16:00	USD MBA Mortgage Applications (27 JUL)	Medium	-2.6%		-0.2%
Wed Aug 01	18:30	CAD RBC Canadian Manufacturing PMI (JUL)	High			57.1
Wed Aug 01	19:00	USD Construction Spending (MoM) (JUN)	Medium		0.3%	0.4%
Wed Aug 01	19:00	USD ISM Manufacturing (JUL)	High		59.3	60.2
Wed Aug 01	19:00	USD ISM Employment (JUL)	High			56
Wed Aug 01	19:00	USD ISM Prices Paid (JUL)	Medium		75.5	76.8
Wed Aug 01	19:30	MXN Markit Mexico PMI Mfg (JUL)	Medium			52.1
Wed Aug 01	19:30	USD DOE U.S. Crude Oil Inventories (27 JUL)	Medium			-6147k
Wed Aug 01	23:00	USD FOMC Rate Decision (Upper Bound) (1 AUG)	High		2.00%	2.00

Source: Forex Factory, DailyFX

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