

Gold

Technical

Gold prices moved higher for a second straight trading session as the dollar continued to lose ground following Friday's softer than expected U.S. GDP report. Resistance on the yellow metal is seen near the July highs at 1,370, while support is seen near the 10-day moving average at 1,331. Monday's softer than expected UK PMI data helped buoy gold prices. Momentum has turned positive as the MACD (moving average convergence divergence) index recently generating a buy signal. This occurs as the spread crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal. UK final manufacturing PMI for July unexpectedly revised lower, to 48.2 from the preliminary estimate for 49.1. This follows 52.1 in June, with the deterioration blamed squarely on disrupting uncertainties thrown up the June-23 to exit the EU.

Pivot:	1,359		
Support	1,345	1,336	1,328
Resistance	1,365	1,371	1,378

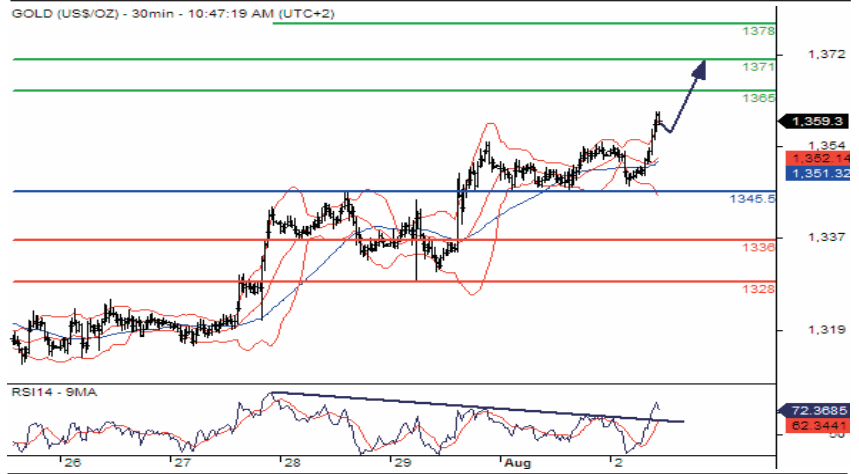
Highlights

- Gold remained steady yesterday, after rising over one percent to a near 3-week high
- The US Commerce Department reported on Friday that the US economy grew at a 1.2 percent annual rate in the second quarter
- The (gold) markets will be more prudent ahead of the non-farm payrolls data due on Friday
- The Fed will likely abstain from doing anything in September or October as that will be too early to make a move
- Holdings in SPDR Gold Trust rose 0.40 percent to 958.10 tonnes on Friday

Gold - Technical Indicators

RSI 14	48.26
SMA 20	1,324.02
SMA 50	1,339.74
SMA 100	1,302.32
SMA 200	1,210.66

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices edged lower in European trade yesterday, as investors looked to buy into rising equity markets rather than purchasing safe-haven assets, but prices held near three-week highs amid waning expectations that the Federal Reserve will raise interest rates anytime soon.
- Gold for December delivery on the Comex division of the New York Mercantile Exchange dipped \$2.45, or 0.18% to trade at \$1,355.05 a troy ounce. On Friday, prices jumped to a daily peak of \$1,362.00, the most since July 11, after data showed the U.S. economy grew much slower than expected in the second quarter, sending the dollar to five-week lows and prompting market players to roll back expectations of a rate hike from the Federal Reserve.
- The advance read on second quarter GDP showed a 1.2% annualized growth rate, well below expectations for 2.6%, the Commerce Department said on Friday. First quarter GDP was revised lower to 0.8% from 1.1%.
- The disappointing data lessened the threat of an early interest rate rise from the Federal Reserve. Fed funds futures are currently pricing in just a 12% chance of a rate hike by September. December odds were at 33%, down from 43% ahead of the GDP report and compared to 53% at the start of last week.
- The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, plunged to a five-week low of 95.34 in wake of the disappointing GDP report. It was at 95.63 by early yesterday.
- The precious metal scored a weekly gain of \$33.30, or 1.96%, last week, after the Fed left interest rates unchanged at the conclusion of its policy meeting and said near-term risks to the U.S. economic outlook had diminished.
- However, the central bank stopped short of signaling that a further increase in U.S. interest rates is on the cards for later this year. Gold is sensitive to moves in U.S. 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	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

WTI crude oil prices continue to trade under pressure following Friday's report from Baker Hughes that showed that active oil rigs increased by 3 in the latest week. Prices sliced through \$40 per barrel but were able to close above the psychological important level. Brent oil prices moved lower in tandem with WTI. Target support is seen near 38.60, and then the April lows near 35. Resistance is seen near the 10-day moving average at 43.06. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory that points to lower prices. The RSI (relative strength index) moved lower with price action reflecting accelerating negative momentum. The only caveat is that the RSI is now printing a reading of 29, below the oversold trigger level of 30 which could foreshadow a correction for crude oil prices.

Pivot:	39.91		
Support	39.15	38.55	37.90
Resistance	41.33	41.90	42.25

Highlights

- Oil edged higher today after falling by up to 10 percent in just one week
- Investors remained concerned about oversupply weighing on prices
- U.S West Texas Intermediate (WTI) crude was up 38 cents at \$40.44 a barrel, after briefly dipping below \$40
- There is much talk about the product glut replacing the oil glut, and this is a worrisome indicator for crude demand
- Weaker crude throughput at refineries will lower crude demand

Crude - Technical Indicators

RSI 14	33.37
SMA 20	45.27
SMA 50	47.43
SMA 100	45.72
SMA 200	40.33

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices steadied today in Asian session, after U.S. futures dropped below \$40 for the first time since April, and the overhang of crude and refined products threatened to drag prices lower still.
- On the New York Mercantile Exchange, West Texas Intermediate futures were unchanged at \$40.06 a barrel. Oil prices fell more than 14% in July as the focus shifted from short-term supply issues back to the massive stocks.
- The world is so oversupplied and the pace of rebalance is so slow that even geopolitical factors such as the ongoing civil strife in Nigeria are not enough to offset the fall in prices.
- The recent uptrend in U.S. oil-drilling activities, Libya's expected return to the oil-exporting markets, and the likely output increase by prominent Organization of the Petroleum Exporting Countries members, such as Iraq and Iran last month, are also contributing to negative sentiment.
- Adding to the concerns, both U.S. and Asia-based refineries are undergoing their seasonal maintenance period. The reduced refining rate will add to the supply backlogs as crude flows will have nowhere to go.
- This seasonal drop in prices does still have room to target \$35 before maybe reversing toward the end of the year. Increased drilling activity in the U.S. also signals it may take longer than expected for supply and demand to rebalance.
- U.S. active oil rigs have risen in eight of the nine weeks since oil hit \$50, lifting the count by 18% over that span, according to industry group Baker Hughes Inc. 's data.
- The latest forecasts from the U.S EIA also suggested that the supply response to the recent lift in oil prices could see U.S. oil output stabilize in early 2017, after having fallen recently.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets rose during the course of the session on Monday, as we tested the \$20.50 level. Ultimately, this is a market that as soon as we can break above the top of the range for the day, it's very likely that we will reach towards the \$21 level, and then perhaps even break above there given enough time. If we can break above there, the market should continue to go much higher, and continue the buy-and-hold attitude that I have in the silver market overall. With this, I have no interest whatsoever in selling as there is more than enough support below. Silver may be carving out a broader daily range, but pointed to a rising channel, or set of parallels which was presenting itself as guidance in the short-run. Chasing the metal higher here at resistance doesn't present good risk/reward at this time. The short-term trend structure is higher, though.

Pivot:	20.52		
Support	20.27	20.00	19.75
Resistance	20.80	21.00	21.30

Highlights

- Silver was able to hold above \$20.0 per ounce yesterday with sentiment supported by a still very fragile dollar
- After spiking higher on Friday, following the weaker than expected US GDP data, silver prices peaked close to \$20.70 per ounce
- According to the CFTC data, there was a further increase in non-commercial long silver positions
- There were generally dovish comments from New York Fed Governor Dudley
- Overall trends in risk appetite will continue to be watched closely in the short term

Silver - Technical Indicators

RSI 14	54.10
SMA 20	19.99
SMA 50	18.40
SMA 100	17.49
SMA 200	16.05

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices rose on Monday and were on track for fresh two-year highs as European stocks tumbled after latest stress tests found that Italy's Banca Monte dei Paschi di Siena would have the most difficulty covering bad loans.
- Silver for September delivery climbed nearly 1% to \$20.52 a troy ounce on the Comex division of the New York Mercantile Exchange. The grey metal staged a strong recovery last week, climbing 3.4%.
- The technical outlook suggests favourable conditions for silver, although price ranges have been choppy in recent weeks on account of greater risk sentiment in the global financial markets. Silver prices are trading near an important resistance, which could lessen further gains in the metal.
- Precious metals are returning to their upward trend after a mixed Federal Reserve monetary policy statement and dismal GDP data sent the US dollar plunging. The dollar index, which normally trades inversely with precious metals, declined 2% last week.
- The dollar rebounded slightly on Monday, climbing 0.2% to 95.74. In terms of pairs, the greenback gained ground against the Canadian dollar, Japanese yen and British pound.
- On Friday the Commerce Department said the US economy expanded just 1.2% annually in the second quarter, less than half the rate forecast by economists. Weak GDP growth makes it difficult for the Federal Reserve to justify raising interest rates, which could further undermine the dollar and make precious metals more attractive in the short run.
- A retreat in the dollar could signal a stronger recovery for gold and silver prices in the near term. Macroeconomics will continue to influence precious metals over the next five days. Economic data out of China suggested that manufacturing conditions in the world's second largest economy were finally starting to improve.

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Tuesday, August 02, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Aug 02	06:30	AUD Trade Balance (Australian dollar) (JUN)	Medium	-3195m	-2000m	-2418m
Tue Aug 02	09:30	AUD Reserve Bank of Australia Rate Decision (AUG 2)	High	1.50%	1.50%	1.75%
Tue Aug 02	10:00	JPY Consumer Confidence Index (JUL)	Medium	41.3	42	41.8
Tue Aug 02	12:15	CHF Retail Sales (Real) (YoY) (JUN)	Medium	-3.9%	-2.0%	-1.7%
Tue Aug 02	12:30	CHF SVME-Purchasing Managers Index (JUL)	Medium	50.1	51.9	51.6
Tue Aug 02	13:30	GBP Markit/CIPS UK Construction PMI (JUL)	Medium	45.9	44.0	46.0
Tue Aug 02	17:30	USD Personal Income (JUN)	Medium		0.3%	0.2%
Tue Aug 02	17:30	USD Personal Spending (JUN)	Medium		0.3%	0.4%
Tue Aug 02	17:30	USD Personal Consumption Expenditure Core (YoY) (JUN)	Medium		1.6%	1.6%

Source: Forex Factory, DailyFX

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