

Gold

Technical

Gold prices consolidated yesterday and continue to hover near the 10-day moving average. The range is relatively tight in August as prices are capped near 1,360, and 1,311. Gold prices gained traction during the Asian time zone as the RBNZ cut interest rates and said they expected more easing to be on the horizon. With Central banks continuing to reduce interest rates to enhance stimulus gold becomes a currency that cannot be devaluated by a central bank. Momentum on the yellow metal has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread. The index is printing in the red with a relatively flat trajectory that points to additional consolidation.

Pivot:	1,375		
Support	1,329	1,325	1,319
Resistance	1,350	1,357	1,360

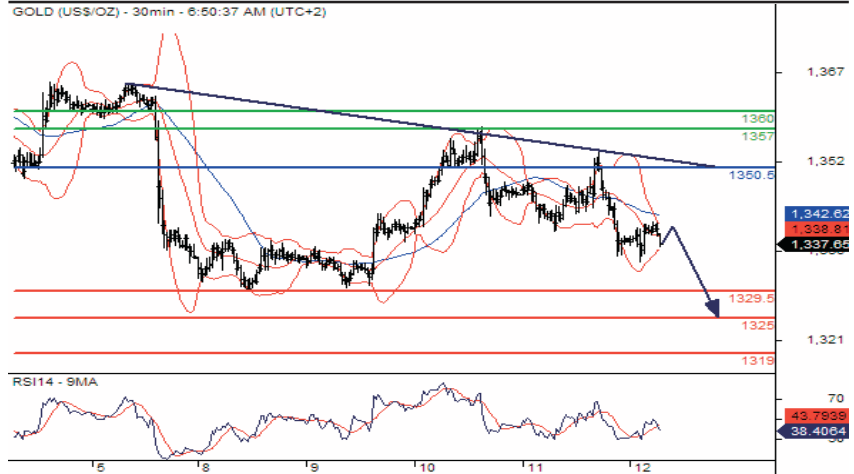
Highlights

- Gold eased below \$1,350 an ounce yesterday as the dollar rose
- Uncertainty over the outlook for U.S monetary policy prevented further losses
- Prices have risen 27 percent so far this year, on expectations that the U.S Fed will hold off on further interest rate hikes
- A Reuters poll showed that the Fed is likely to raise rates in December
- Market attention has centered on the 573.6-ton increase in gold exchange traded product (ETP) holdings this year

Gold - Technical Indicators

RSI 14	50.77
SMA 20	1,337.02
SMA 50	1,324.64
SMA 100	1,287.92
SMA 200	1,223.47

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold remained little changed today, hovering near lows touched in the previous session, as the dollar stayed firm on expectations of a rate hike by the U.S. Federal Reserve this year.
- Spot gold was flat at \$1,338.07 an ounce. It ended down 0.6 percent at \$1,338.39 on Thursday. The metal, however, was on track for a weekly gain. U.S gold slipped 0.4 percent at \$1,344.1 an ounce.
- The market is waiting for more cues on a U.S. rate hike. There is a big mix of data with some being supportive and some being not. Spot gold may bounce moderately in a narrow range of \$1,344-\$1,349 per ounce, before retesting support at \$1,335, as suggested by its wave pattern and a Fibonacci projection analysis.
- For the moment it looks like gold is being squeezed into a 1330-1360 consolidation form with a slight short-term negative bias. The U.S. Fed is likely to raise interest rates in December, after the Nov. 8 presidential election, according to a Reuters poll.
- The firm dollar was supported by comments from San Francisco Fed President John Williams that suggested a U.S. interest rate increase this year is still a real possibility as inflation pressures grow.
- A stronger dollar discourages gold buying by making it more expensive in other currencies. The U.S. dollar was at 95.931 against a basket of currencies, while Asian stocks rose slightly in early Friday trade, taking a cue from Wall Street's records overnight.
- Gold should hold steady above \$1,300. There could be a knee-jerk reaction on a rate hike. But, overall global economic situation is still favouring the metal. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.03 percent to 972.32 tonnes yesterday.

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

Crude oil prices rose 4% yesterday following comments from the Saudi oil minister with regard to an open cut in September. Saudi Energy Minister Khalid al-Falih said OPEC members and non-members would discuss the market conditions, including any action that may be required to stabilize prices, during an informal meeting on Sept. 26-28 in Algeria. Prices generated an outside day where the high is higher than the prior days high and the lows is lower than the prior days low, with a higher close that is higher than the prior days' high. Prices also recaptured resistance near the 20-day moving average at 42.93. Momentum has recently turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread.

Pivot:	43.68		
Support	42.75	42.10	41.08
Resistance	44.40	45.00	45.52

Highlights

- Oil is heading for its biggest weekly advance since April
- Saudi Arabia signaled it's prepared to discuss stabilizing markets at informal OPEC talks next month
- Crude was little changed today in Asian session, after surging 4.2% yesterday
- Discussions with members of the OPEC and non-OPEC producers may include possible action to stabilize the market
- Global markets will continue to rebalance this year, according to the International Energy Agency.

Crude - Technical Indicators

RSI 14	38.63
SMA 20	42.96
SMA 50	45.89
SMA 100	46.02
SMA 200	40.31

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices ticked higher today after Saudi Arabia said it would work with other oil producers to stabilize prices, a comment interpreted by some to mean the world's biggest oil producer could support a collective production cap.
- The comment by Saudi Arabia's energy minister, Kahlid al-Falih, boosted oil prices by more than 4% overnight to a three-week high. This has most likely caused some investors to close out their recent bearish bets, pushing prices higher.
- On the New York Mercantile Exchange, West Texas Intermediate futures were trading up 0.4% at \$43.66 a barrel. Prices have been largely flat recently as traders and analysts were divided on what major producers, especially those within the Organization of the Petroleum Exporting Countries, would do to rebalance the oil market.
- This week, OPEC announced the 14-member bloc will meet on the sidelines of an energy conference next month in Algeria, reviving the idea of a coordinated production cap, after the cartel failed to reach an agreement at a meeting in April.
- Markets remain highly skeptical over the potential for coordinated action to balance oil markets, with the failure to reach an output freeze deal earlier this year still fresh in the mind.
- Nevertheless, the knee-jerk reaction that followed sent crude prices rallying. Saudi Arabia is pumping record amounts of oil—10.67 million barrels a day in July—causing some analysts to cast doubts over the kingdom's sincerity.
- Despite the ramp up in production by OPEC, global output growth is seen lagging behind demand this year, because of dwindling output from non-OPEC producers and robust demand, the International Energy Agency said in yesterday's session.

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 had a very volatile day during the session on Thursday, but the one thing that they did show is that there is a significant amount of support near the \$20 level. By showing this, it only increases the optimism in the market in my estimation, and it will only be a matter of time before we break above the \$20.50 handle above. Once we do, the market could very well continue a longer-term “buy-and-hold” type of move. I have no interest in selling, Economists believe that the \$19.25 level below will continue to be very supportive. The current gold/silver ratio sits at 66.734, slightly below yesterday’s 67.537. Currently, its bullish trajectory has plenty of strength (at an early setup) which might even be able to force the MACD to break above its own resistance. If you take a look at the entire month of July, precious metals have increased almost 5%.

Pivot:	19.92		
Support	19.72	19.60	19.47
Resistance	20.27	20.49	20.60

Highlights

- Silver prices were little changed today as the US dollar stabilized and investors looked ahead retail sales figures
- Silver is at \$19.95 an ounce, virtually unchanged from the previous close
- Gold’s premium over silver fell sharply yesterday to close at 66.77
- The US dollar index edged up 0.2% to 95.80 after declining sharply on Wednesday
- The Commerce Department is scheduled to release US retail sales later today in U.S trading session

Silver - Technical Indicators

RSI 14	61.11
SMA 20	20.08
SMA 50	19.01
SMA 100	17.87
SMA 200	16.27

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices moved lower late in yesterday’s U.S trading session with a slide in gold prices helping to pull prices lower and there was a dip to around \$20.10 into the US close
- Asian trading session yesterday was generally lacklustre, especially with Tokyo markets closed for a holiday. The dollar was able to secure a very limited recovery without making a convincing move stronger, limiting the potential for a more sustained retreat in precious metals.
- Silver prices did spike lower today in Asian trading a dip below the \$20.00 level with a lack of liquidity, but there was a quick move back above this level and prices held firm in Europe as the dollar struggled to make much impression except against Sterling.
- US economic data releases also had little impact with a slightly lower than expected jobless claims figure of 266,000 in the latest week from a downwardly-revised 269,000 the previous week, while import prices edged higher on the month. There was no significant move in Fed Fund futures with the chances of a move in September seen as less than 15%.
- Silver initially gained support from a fresh push higher in gold prices as market conditions remained thin. From a high close to \$20.30, silver prices retreated to the \$20.10 area with markets again eyeing the key \$20.00 level.
- Trends in energy markets will be watched closely in the short term ahead of the important US retail sales data today, which could trigger a fresh shift in Fed expectations and a significant move in precious metals.
- Later today the Commerce Department is expected to show that US retail sales rose by 0.4% in July, reaffirming the view that consumer spending continues to underpin the world’s largest economy. Retail sales rose 0.6% in June, capping off a strong quarter in consumer spending.

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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

Friday, August 12, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Aug 12	07:00	China Industrial Production (YoY) (JUL)	Medium	6.0%	6.2%	6.2%
Fri Aug 12	07:00	China Retail Sales (YoY) (JUL)	Medium	10.2%	10.5%	10.6%
Fri Aug 12	11:00	German Gross Domestic Product n.s.a. (YoY) (2Q)	High	3.1%	2.8%	1.5%
Fri Aug 12	13:00	Italian Gross Domestic Product s.a. and w.d.a. (YoY) (2Q)	High	0.7%	0.8%	1.0%
Fri Aug 12	13:08	China New Yuan Loans CNY (JUL)	High	463.6b	900.0b	1380.0b
Fri Aug 12	14:00	Euro-Zone Gross Domestic Product s.a. (YoY) (2Q)	High	1.6%	1.6%	1.6%
Fri Aug 12	17:30	U.S Advance Retail Sales (JUL)	High		0.4%	0.6%
Fri Aug 12	19:00	U.S U. of Michigan Confidence (AUG)	High		91.5	90
Fri Aug 12	22:00	Baker Hughes U.S Rig Count (AUG 12)	Medium			

Source: Forex Factory, DailyFX

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