

## Gold

### Technical

Gold prices whipsawed and then moved lower in Friday's trading session following statement from the Fed's Vice Chair Fischer who pointed to this week's payrolls report on Friday as an important gauge after stronger hiring reports the past 3-months, amid evidence that the economy has strengthened. This came on the heels of Janet Yellen's speech on Friday at Jackson Hole Wyoming. Gold prices surged following the Federal Reserve Chair woman speech up to resistance near the 10-day moving average at 1,338, but was unable to hold elevated levels and then slumped to session lows. Support is seen near the July low at 1,309. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices for the yellow metal.

Pivot:	1,318		
Support	1,309	1,304	1,298
Resistance	1,324	1,331	1,340

### Highlights

- Gold dropped for a seventh day, heading for the longest run of declines since May
- Comments from leading central bankers boosted speculation that U.S interest rates may rise as soon as next month
- Bullion for immediate delivery lost as much as 0.5 percent to \$1,314.99 an ounce
- Gold's rally this year has been pegged back as a September rate hike is now on the cards after Fed's comments
- The focus this week will be on Friday's U.S non-farm payroll numbers

### Gold - Technical Indicators

RSI 14	52.45
SMA 20	1,346.70
SMA 50	1,336.18
SMA 100	1,298.07
SMA 200	1,236.30

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold edged lower today as the dollar got a boost after hawkish comments from Federal Reserve Chair Janet Yellen left the door open to a U.S. interest rate hike as early as next month.
- The case for raising U.S. interest rates has strengthened in recent months due to improvements in the labour market and expectations for moderate economic growth, Fed Chair Janet Yellen said on Friday.
- Spot gold had dipped 0.21 percent to \$1,318.06 per ounce today in Asian session. The metal closed last week down 1.5 percent. U.S. gold futures fell 0.35 percent to \$1,321.20.
- The pressure on gold will likely increase as we go into September, as participants are now more willing to bet on a rate hike given what they have gleaned from top Fed officials on Friday.
- Gold is highly-sensitive to rising U.S. interest rates, which increase the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced. Spot gold may drop to support at \$1,308 per ounce, as suggested by its wave pattern and a Fibonacci ratio analysis, according to Reuters technical analyst Wang Tao.
- Gold prices will still see support at about \$1,300 despite what has been said in the Jackson Hole (Fed) symposium. It is of no doubt that the rate hike expectations have gone up for the year ahead.
- Hedge funds and money managers increased their net long position in COMEX gold contracts in the week to Aug. 23, while they cut it in silver, U.S. Commodity Futures Trading Commission (CFTC) data showed on Friday.
- The dollar stood tall in Asian trading on Monday with the dollar index, which tracks the greenback against a basket of six rivals, steady at 95.564. Earlier in the session, the index rose as high as 95.608, its loftiest since Aug. 16.

### 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

West Texas Intermediate crude oil faded from 48.45 highs, as Saudi oil minister said there was no need for OPEC action to raise prices. He said "we don't believe any significant intervention in the market is necessary other than to allow the forces of supply and demand to do the work for us", adding that the "market is moving in the right direction." The crude oil contract subsequently retraced to 47.02 lows, before bouncing following the Baker Hughes rig count. Prices are now hovering near the 10-day moving average at 47.42. The U.S. oil rig count remains unchanged at 406 following eight consecutive weekly gains, according to the data release by oil service giant Baker Hughes on Friday. Momentum has turned neutral as the MACD trajectory turned flat reflecting consolidation. The RSI is also consolidating reflecting a flat trajectory for price action.

Pivot:	46.97		
Support	46.43	45.81	45.00
Resistance	47.96	48.50	49.35

### Highlights

- Crude prices fell, as investors locked in their profits on growing signals that the U.S Fed could raise interest rates
- Crude futures for delivery in October traded at \$46.97 a barrel, down 1.4%
- A rise in U.S interest rates usually does not bode well for oil prices which are priced in the greenback
- Higher interest rates could push the dollar higher, making oil products more expensive for oil traders who hold a different currency
- A key driver for the oil markets would be any new rhetoric from the OPEC

### Crude - Technical Indicators

RSI 14	67.33
SMA 20	43.27
SMA 50	45.27
SMA 100	46.36
SMA 200	40.76

### Crude Oil Daily Graph



### Fundamentals

- Oil prices fell over 1 percent today after the U.S. dollar jumped, with markets pressured as Iraq's production rose and as Iran said it would only cooperate in talks to freeze output if fellow exporters recognized its right to fully regain market share.
- U.S. West Texas Intermediate (WTI) crude was down 75 cents, or 1.6 percent, at \$46.89 a barrel. Prices have fallen by almost 4 percent since their August peaks.
- The price falls were a result of climbing output from the Middle East, where oil exports from Iraq's southern ports have averaged 3.205 million barrels per day (bpd) in August, exceeding the average level seen in July, according to two officials from state-run South Oil Company. Exports in July averaged 3.202 million bpd.
- A strong U.S Dollar following remarks on Friday by the Federal Reserve that an interest rate hike may happen this year also weighed on crude, as a strong greenback makes fuel purchases more expensive for countries using other currencies domestically.
- Also weighing on prices were statements from Iran, which said late last week that it would only cooperate in upcoming producer talks in September if other exporters recognized Tehran's right to regain market share lost during international sanctions that were only lifted in January.
- Disagreements within the Organization of the Petroleum Exporting Countries (OPEC), and especially its key members Saudi Arabia and Iran, meant few expected a significant impact on global output from the talks.
- Yellen's remarks raised the likelihood that the Fed will lift rates by the end of the year. A strong dollar typically dents demand for oil as it becomes more expensive for anyone with weaker currencies.

### 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 rally during the course of the day on Friday, bouncing off of the \$18.50 level. By doing so, we did show some resiliency after falling quite significantly. Because of this, I believe that the buyers are starting to return, but I also recognize that the real support is probably closer to the \$18 level. With this, you're going to be very patient but I think that sooner or later we will see a significant bounce in this marketplace. With that, I don't have any real interest in selling and believe that patience will be rewarded. The price of Silver continues to slide, bringing the commodity to key support near \$18.60. This value marks support of a potential descending price channel forming for Silver prices. One possibility, suggests that this descending channel is the beginning of a flag pattern. If Silver fails to remain supported, it may suggest the beginning of a new bearish trend.

Pivot:	18.48		
Support	18.17	18.03	17.85
Resistance	18.68	18.92	19.07

### Highlights

- Silver prices flipped between gains and losses on Friday, before ending lower
- Markets assessed the likelihood of an interest rate hike at the next Fed meeting September
- Fed Chair Janet Yellen said the case for U.S. interest rate hikes has "strengthened" in recent months
- According to Fed Rate Monitor Tool, investors are pricing in a 33% chance of a rate hike by September
- The U.S dollar jumped to a daily peak of 95.58, the most since August 16

### Silver - Technical Indicators

RSI 14	42.18
SMA 20	20.04
SMA 50	19.61
SMA 100	18.29
SMA 200	16.62

### Silver Daily Graph



### Fundamentals

- Silver prices rebounded Friday, but was on pace for another week of declines as investors turned their attention to the Federal Reserve conference in Jackson Hole, Wyoming.
- Silver for December settlement was trading at the upper end of its daily range, rising 16 cents or 0.9% to \$18.78 a troy ounce. Even with Friday's advance, silver is tracking for a weekly decline of around 4%.
- Gold's premium over silver was little changed through the early hours of Friday. The gold/silver ratio last closed at 71.44. This essentially states that 71.44 ounces of silver are needed to buy one ounce of gold.
- Price action after Yellen's speech certainly justified fears of very choppy markets with silver initially moving sharply higher and then reversing equally rapidly to end little changed on the day.
- US second-quarter GDP growth was revised down to 1.1% from 1.2% previously which had little overall market impact. There was a flurry of comments from Fed officials ahead of Chair Yellen's speech, mostly re-iterating comments that they had made previously.
- St Louis Fed President Bullard maintained his preference for an interest rate increase this year. Cleveland head Mester stated that the economy was set to strengthen over the second half of 2016. She also commented that September was a live meeting and that it was sensible to start raising interest rates in the short term.
- Atlanta President Lockhart repeated that weak second-quarter GDP understated the economic performance. He maintained his preference for a gradual and cautious approach while also repeating that he expects at least one rate increase this year. Yellen was broadly optimistic surrounding the economic outlook.

### 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	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

Monday, August 29, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Aug 29	06:00	AUD HIA New Home Sales (MoM) (JUL)	Medium	-9.7%		8.2%
Mon Aug 29	13:00	CHF Total Sight Deposits (AUG 26)	Low	515.6b		514.1b
Mon Aug 29	13:00	CHF Domestic Sight Deposits (AUG 26)	Low	438.1b		436.1b
Mon Aug 29	17:30	USD Personal Income (JUL)	Medium		0.4%	0.2%
Mon Aug 29	17:30	USD Personal Spending (JUL)	Medium		0.3%	0.4%
Mon Aug 29	17:30	USD Real Personal Spending (JUL)	Medium		0.2%	0.3%
Mon Aug 29	17:30	USD PCE Deflator (MoM) (JUL)	Low		0.0%	0.1%
Mon Aug 29	17:30	USD Personal Consumption Expenditure Core (YoY) (JUL)	Medium		1.5%	1.6%
Mon Aug 29	19:30	USD Dallas Fed Manufacturing Activity (AUG)	Low		-3.9	-1.3

Source: Forex Factory, DailyFX

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