

## Gold

### Technical

Gold prices rebounded in yesterday's trading session as the risk off trade gave the yellow metal a boost. Arrests made in Brazil to spoil a terror plot increased the need for safe haven assets. Prices tested resistance near the 10-day moving average at 1,337, while support is seen near the 1,315 level. Inflation expectations remain in check which could put downward pressure on gold prices. Momentum remains negative with the MACD (moving average convergence divergence) index printing in the red with a downward sloping trajectory that points to lower prices. Prices originally broke out above the 1,300 level which should prove to be a battle ground if risk on perpetuates. Brazil arrested 10-12 for an Olympic plot allegedly thought to be an all-Brazilian ISIS-sympathetic cell preparing some mayhem during the Olympics, according to the Justice Ministry.

Pivot:	1,324		
Support	1,320	1,316	1,310
Resistance	1,330	1,334	1,338

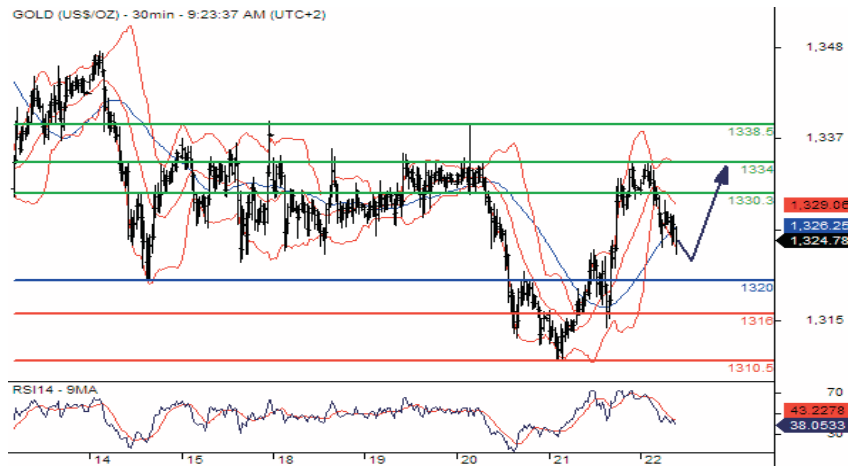
### Highlights

- Gold rebounded from a three-week low after the European Central Bank said it will consider adding stimulus if needed
- Gold futures for August delivery rose 0.9 percent to settle at \$1,331 an ounce on the Comex in New York
- Prices earlier touched \$1,310.70, the lowest since June 28
- Holdings in gold-backed exchange-traded funds fell 0.6 metric tons
- US Fed will wait until the fourth quarter before raising interest rates

### Gold - Technical Indicators

RSI 14	48.97
SMA 20	1,341.02
SMA 50	1,291.74
SMA 100	1,271.32
SMA 200	1,203.66

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices were nearly flat in Asian session today with a light regional data day with investors now looking ahead to the Federal Reserve for its views on rates following indications the U.S. economy is chugging along as expected despite Brexit.
- On the Comex division of the New York Mercantile Exchange, gold for August delivery rose 0.07% to \$1,331.95 a troy ounce. Yesterday, gold bounced off three-week lows after the European Central Bank stood pat, as Mario Draghi emphasized that policymakers need more time to assess the long-term ramifications of the U.K.'s decision to leave the European Union before deciding whether to implement further easing measures.
- Despite a recent downturn, gold is still up by more than \$70 an ounce since the decision jolted markets worldwide. More broadly, the precious metal is up by more than 24% since January 1 and is on pace for one of its strongest years over the last decade.
- Yesterday, the ECB's Governing Council left its benchmark interest rate, as well as the pace and duration of its Quantitative Easing program unchanged until it receives more clarity on the implications of Brexit on the euro area economy as a whole.
- While acknowledging that the U.K.'s decision has provided headwinds to the euro zone's economic outlook, Draghi stressed that the Governing Council could move as soon as September if actions are needed to bolster the economy.
- Draghi also downplayed forecasts that the U.K.'s departure could shave off as much as 0.5% in annual GDP growth throughout the euro area, noting that the duration and outcome of negotiations between the parties could take years to settle. Any rate hikes by the Fed this year are viewed as bearish for gold, which struggles to compete with high-yield bearing assets in rising rate periods.

### 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 is on the move, falling to 44.84 lows, after topping at 46.09. There has been no specific news behind the selling pressure, though it appears supply glut concerns for gasoline have crept back into market thinking. U.S. gasoline stocks remain near record highs, and as the summer driving season winds down after Labor Day, the concern is that refiners will slow their distillate production, weighing on demand for crude. Prices closed below trend line support near 45.40, which is now seen as resistance. Additional support is seen near the 20-day moving average at 47.25. Support is seen near the May lows at 44.50. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices. The RSI dipped and is hold just above support levels. A close below 39, would accelerate negative momentum.

Pivot:	44.39		
Support	43.96	43.38	42.96
Resistance	45.16	45.50	46.08

### Highlights

- Oil prices fell yesterday as a glut of gasoline keeps weighing on prices
- U.S. oil for September delivery settled down \$1.00, or 2.2%, to \$44.75 a barrel on the New York Mercantile Exchange
- Crude is down more than 12% from its highs of 2016, set in early June when they crested above \$50 a barrel
- An increasing glut of refined products has weighed on prices since then
- Crude has come under pressure in recent weeks as Britain's shock EU exit vote

### Crude - Technical Indicators

RSI 14	43.57
SMA 20	46.74
SMA 50	48.10
SMA 100	45.51
SMA 200	40.28

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Crude oil futures eased today, extending big falls in the previous session as investors reassessed U.S. data underlining the glut in petroleum, while Iraqi crude exports are also on the rise.
- The global oversupply of oil has been easing but with huge amounts of crude being held in tanks and tankers on land and water, the rebalancing has taken longer than many expected.
- The market is getting a little bit nervous about the medium term. The inroads into global stockpiles of oil are not as great as anticipated. U.S. West Texas Intermediate (WTI) dropped 27 cents, or 0.6 percent, to \$44.48 a barrel after ending the previous session down 2.2 percent.
- A weaker U.S. dollar helped support prices, which scraped into positive territory earlier in the session. The dollar index slipped against a basket of currencies on Friday. A weaker greenback it makes dollar-traded commodities, including oil, cheaper for holders of other currencies.
- While U.S. production has been falling, crude inventories are at a historically high of 519.5 million barrels for this time of year, the EIA said earlier this week. Total U.S. crude and oil product stocks rose 2.62 million barrels to an all-time high of 2.08 billion barrels as gasoline stocks posted a surprise build of 911,000 barrels during summer driving season.
- In the Middle East, Iraq's oil exports are set to rise in July, according to loading data and an industry source, putting supply growth from OPEC's second-largest producer back on track after two months of declines.
- The U.S. isn't the only one dealing with a surplus of gasoline. Analysts predict China's gasoline production will outpace its demand this year, despite robust passenger vehicle sales. Looking at the monthly chart, oil hasn't gone above \$50 a barrel ever since June 23.

### 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 initially fell during the course of the session on Thursday, turning rain back around to form a hammer. Now that we have formed this hammer, it looks as if the silver markets will continue to go higher. A break above the \$19.50 level should send this market back into the previous consolidation area, which extends all the way to the \$20.50 level. If we can break above there, the market should continue to go much higher and continue the longer-term “buy-and-hold” move that we anticipate that silver will make over the next several months. Looking at silver from a further view, if the uptrend off the December lows is going to continue, it would be ideal to see silver sink down into the ~18.20/19 range and develop a meaningful low before moving higher. This has been an area of key support which began developing as far back as June 2013.

Pivot:	19.74		
Support	19.50	19.19	19.05
Resistance	19.94	20.10	20.25

### Highlights

- Silver, which hit a near two-week low yesterday, was down 0.4 percent to \$19.68 an ounce in today's Asian session
- Silver fell as investors cashed in profits following gain in the previous session
- The U.S Federal Reserve will wait until the fourth quarter before raising interest rates
- The European Central Bank yesterday held rates at record lows
- Since the beginning of the year, iShares Silver Trust (SLV) has jumped 45% and recently hit new 2016 highs

### Silver - Technical Indicators

RSI 14	57.02
SMA 20	19.73
SMA 50	18.01
SMA 100	17.25
SMA 200	15.89

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver is attempting to hold support at the July 8 low of \$19.22 after falling sharply yesterday. The lower shadow so far today implies dip-buying interest. ETF holdings have increased to a fresh 2016 and all-time high of 651.47 million ounces following small inflows into the MSL fund.
- For now, strength in the U.S Dollar contributed some pressure to silver, which is priced in the greenback, though the relationship between the two has shifted recently. The U.S dollar index edged up by 0.1% as of gold's settlement. It's up 0.5% for the week and 1.3% for the month so far.
- American Eagle coin sales continue to moderate and have slowed to 1.8-million-ounce pace so far in July from 2.83 million ounces in June from 4.4 million ounces in May. Still, sales totalled 26.3 million ounces in the first half of the year, up 20 percent on the year-ago total.
- Net length among Comex speculators increased for a fifth straight week to a fresh all-time high as of July 12. It now stands at 87,652 contracts, up 1,898 contracts or two percent from the previous week – long accumulation was partly offset by a re-engagement of shorts.
- The silver price rose edged 0.71 percent higher over the period covered by the data. As long as risk appetite continues to strengthen, we would not be surprised if growth in silver's net spec length outpaces that of gold. But a reversal in sentiment could occur this summer, perhaps because of the Fed.
- The strength in US equities may prompt the Fed to recalibrate market expectations about the path of rates. A sell-off in risky assets could follow, resulting in speculative selling in silver.
- The largest and most heavily traded fund in this space is the iShares Silver Trust (SLV), which tracks the daily price movement of silver bullion. SLV has over \$7 billion in total assets and charges an expense ratio of 0.50%.

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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, July 22, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jul 22	12:30	EUR Markit/BME Germany Manufacturing PMI (JUL)	Medium	53.7	53.4	54.5
Fri Jul 22	13:00	EUR Markit Eurozone Manufacturing PMI (JUL)	Medium	51.9	52.0	52.8
Fri Jul 22	13:30	GBP Markit UK PMI Manufacturing (JUL)	High	49.1	47.5	52.1
Fri Jul 22	14:00	EUR Euro Area First Quarter Government Debt	Medium	91.70%		90.80%
Fri Jul 22	14:00	EUR Euro Area First Quarter Government Deficit	Medium	-1.60%		-2.30%
Fri Jul 22	17:30	CAD Retail Sales (MoM) (MAY)	High		0.0%	0.9%
Fri Jul 22	17:30	CAD Consumer Price Index (YoY) (JUN)	High		1.4%	1.5%
Fri Jul 22	18:45	USD Markit US Manufacturing PMI (JUL)	Medium			51.3
Fri Jul 22	22:00	USD Baker Hughes U.S. Rig Count (JUL 22)	Medium			

Source: Forex Factory, DailyFX

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