

## Gold

### Technical

Gold prices attempted to break out as risk aversion took hold following a decision from the Bank of Japan that showed that the central bank would keep interest rates unchanged. Although this was anticipated, the upbeat tone sparked a rally in the Yen which gave tailwinds to gold prices. The yellow metal moved above resistance at 1,304, but reversed course late in the U.S. trading session closing down on the day. Support is seen near former resistance and then the 10-day moving average at 1,171. Momentum remains positive as the MACD (moving average convergence divergence) index prints in the black with an upward sloping trajectory which points to higher prices. The Bank of Japan left policy unchanged following its policy meeting Thursday, as was mostly anticipated, although this and a moderately upbeat tone in its statement has sparked a surge in the yen.

Pivot:	1,283		
Support	1,264	1,256	1,247
Resistance	1,297	1,308	1,315

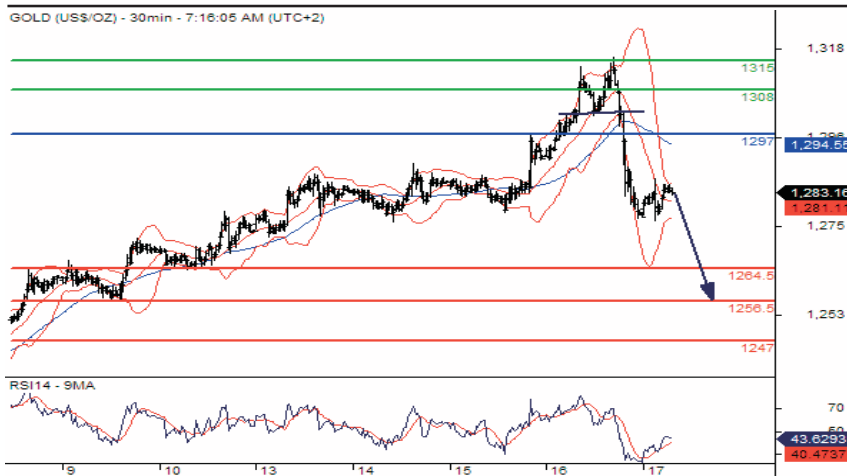
### Highlights

- Gold fell from the highest in almost two years as traders pared bets on the outcome of next week's U.K vote on membership in the EU
- If there's no Brexit, then it would mean the need for haven buying of gold will lessen
- Gold for immediate delivery fell 0.4 percent to \$1,286.20 an ounce
- The death of the U.K Labor Party lawmaker led to a suspension of campaigning before the June 23 Brexit referendum
- The number of Fed officials who see just a single rate hike this year rose to six

### Gold - Technical Indicators

RSI 14	65.40
SMA 20	1,242.60
SMA 50	1,256.06
SMA 100	1,246.98
SMA 200	1,176.28

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold turned lower in yesterday's trading session, as sterling bounced higher and U.S. stock markets came well off their lows following the suspension of Britain's campaign for next week's referendum after a member of Parliament was shot dead.
- British Member of Parliament Jo Cox, who was killed in the street in her constituency in northern England earlier in the day, had been a vocal supporter of Britain remaining within the EU.
- The turnaround in bullion prices, their first drop in seven sessions, came after rallying to the highest in nearly two years, buoyed by the U.S. Federal Reserve, which sounded a dovish note after its latest policy meeting on Wednesday.
- Spot gold was down 0.4 percent at \$1,285.76 an ounce, after rising to \$1,315.55 an ounce, the highest since August 2014. Spot prices have bounced 6 percent this month, after the approaching June 23 referendum - when Britons will vote on whether or not to leave the European Union, dubbed "Brexit" - dented appetite for assets viewed as higher risk, sending investors scurrying for bonds and gold.
- After the attack, campaigning for next week's referendum was suspended. U.S gold futures for August delivery settled up 0.8 percent at \$1,298.40 an ounce. A rebound in the euro and sterling, and a mirrored decline in the dollar, set gold up for a retracement.
- Recovery in equities may also imply some dimming in risk-off related purchases of gold. Expectations that the U.S. central bank would press ahead with interest rate increases over the summer faded earlier this month after the release of weak U.S. payrolls data for May. On Wednesday, holdings in the world's largest gold-backed exchange-traded fund, SPDR Gold Shares (GLD), rose to the highest since October 2013.

### 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 touched levels last seen on May 19, falling to \$46.03, and marking its sixth straight session of lower daily lows. The combination of global central bank hand-wringing on the growth outlook, fears that Brexit could create market turmoil, and general risk-off conditions continue to weigh on oil prices. Relatively high inventories, along with softer than anticipated demand have weighed on crude oil prices. Prices edged through support which is now seen as resistance near the 50-day moving average at 46.13. Additional support is seen near the 10-day moving average at 48.98. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices for crude oil. The RSI (relative strength index) tumbled to fresh lows reflecting accelerating negative momentum, which points to lower prices.

Pivot:	46.56		
Support	45.55	44.50	43.65
Resistance	47.50	48.50	49.30

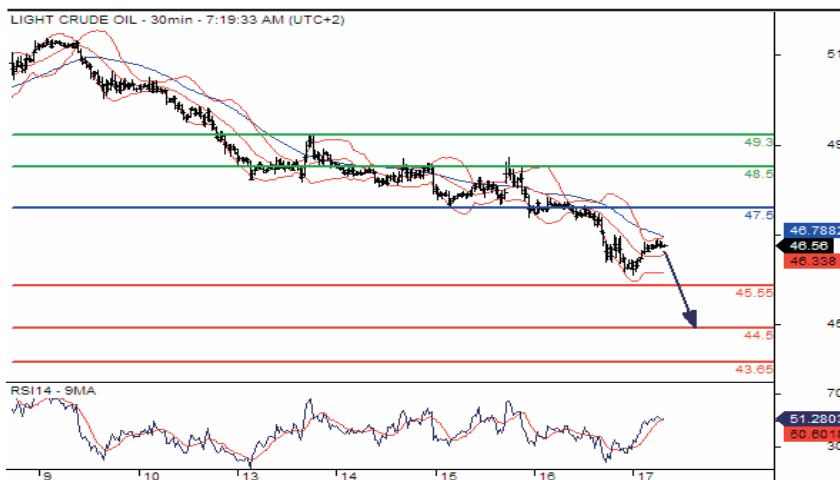
### Highlights

- U.S oil prices slumped more than 2 percent to close at a five-week low
- The U.S Dollar's rally on fears of Britain's exit from the EU hammered commodities priced in the currency
- Also weighing on the oil was lower-than-expected drawdown in U.S crude inventories in spite of peak summer driving demand
- U.S crude futures settled at \$46.21 a barrel, down \$1.80, or 3.8 percent
- With a week to go before Britain votes oil remain in thrall to opinion polls

### Crude - Technical Indicators

RSI 14	46.50
SMA 20	49.26
SMA 50	47.05
SMA 100	41.89
SMA 200	40.01

### Crude Oil Daily Graph



### Fundamentals

- Oil prices slumped about 4 percent and hit one-month lows yesterday, settling down for a sixth straight day, on fears of global economic turmoil if Britain exits the European Union.
- It was the longest slide for oil since early January, when prices fell seven days in a row before hitting 12-year lows below \$30 a barrel on worries about a global crude glut.
- This time around, a resurgent dollar is hammering crude futures and other commodities on speculation that Britain could vote to end its EU membership. The dollar hit two-week highs, then eased back on the sterling's strength as Britain suspended campaigning over its EU membership status after a deadly attack on a Member of Parliament.
- Oil pared losses as the sterling rose, but crude tumbled again in post-settlement trade to reach new lows on the day. The front-month in U.S. West Texas Intermediate (WTI) crude futures settled down \$1.80, or 3.8 percent, at \$46.21 a barrel. It got to a May 13 low of \$45.91 after the close.
- Drawdowns in U.S. crude inventories over the past month have not provided much support to oil with investors focused more on a possible rise in production as Brent and WTI traded above \$50 a barrel each. U.S. energy firms added rigs drilling for oil for a second week in a row last week.
- While crude oil is obviously getting swept up in the bearish tide of declining equities, falling bond yields and firming the U.S Dollar, economists see a gradual turn in global oil balances more conducive toward \$45 crude than levels above \$50.
- The Energy Information Administration said on Wednesday domestic crude inventories fell 933,000 barrels last week, less than half the 2.3-million-barrel decrease forecast.

### 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 Thursday, touching the \$17.80 level. It looks as if we are going to make an attempt to get above the \$18 level again, and this time we very well could find the momentum to do so. However, that's not to say that is could happen suddenly. Quite frankly, it's probably going to be a lot of very short-term pullbacks that essentially "chip away" at the \$18 level barrier. Once we get above there, the market should continue to go much higher and continue the uptrend. Recently, silver prices have been in 'grind mode' as it became short-term overbought, but during this period price action developed a rising wedge formation. These can make for great reversal patterns if the bottom-side trend-line is eclipsed as you catch longs, buying at gradually higher prices, off guard. This advance cleared the prior identified resistance levels with relative ease.

Pivot:	17.27		
Support	16.90	16.75	16.50
Resistance	17.60	17.84	18.00

### Highlights

- Silver futures extended their rally, soaring to the highest level since late April on dovish cues from the Federal Reserve
- Silver touched an intraday high of \$17.86, which has been a new 15-month high
- As of June 15, one ounce of gold was worth 73.52 ounces of silver
- The Dollar was supported despite dovish cues from the Fed, which decided not to raise interest rates
- Global equity markets were in a state of disarray yesterday

### Silver - Technical Indicators

RSI 14	68.08
SMA 20	16.61
SMA 50	16.93
SMA 100	16.18
SMA 200	15.37

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver is trying to maintain its impressive rally, largely driven by the Fed's stance being more accommodative than expected – it decided to maintain its federal funds rate at 0.25-0.50 percent, downgraded its economic outlook and eased the path of US rate increases due to uncertainties including the UK referendum.
- According to the latest Fed's Dot Plot, the Fed continues to expect two rate increases in 2016 but now predicts only three rate increases in 2016 and 2017 compared with four in its March projections.
- Against this backdrop, the market decided not to fight the Fed. Dollar weakness resumed, with the DXY down at 94.3 at the time of writing from roughly 95.0 two days ago. More importantly, US real interest rates, as measured by the yield on the 10-year US TIPS, slumped to 0.0429 percent from 0.133 percent before the meeting, its lowest since April 2015.
- Silver pushed higher thanks to its negative correlation with the dollar and US real interest rates. The environment for precious metals is likely to have prompted speculators to rebuild long positioning with a vengeance, which would not be surprising knowing that they had reduced their bullish bets for a fourth consecutive week as of June 7.
- On the investor front, ETF investors have accelerated their buying since last week. ETF holdings, currently at 19,920 tonnes, reached their highest since December 2014.
- They have increased 88 tonnes since Monday after jumping 181 tonnes last week. Retail investors have turned increasingly bullish toward silver, perhaps in anticipation of a Brexit and its repercussions on financial markets.
- Silver futures have rallied more than 11% since the start of the month. A weak dollar and volatile international markets tied to the upcoming Brexit vote have pushed investors into the safety of precious metals.

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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, June 17, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jun 17	03:30	NZD Business NZ Performance of Manufacturing Index (MAY)	medium	57.1		56.6
Fri Jun 17	06:00	NZD ANZ Consumer Confidence (MoM) (JUN)	low	2.3%		-3.2%
Fri Jun 17	17:30	USD Housing Starts (MoM) (MAY)	medium		-1.9%	6.6%
Fri Jun 17	17:30	USD Building Permits (MoM) (MAY)	medium		1.3%	4.9%
Fri Jun 17	17:30	CAD Consumer Price Index (YoY) (MAY)	high		1.6%	1.7%
Fri Jun 17	17:30	CAD Bank Canada Consumer Price Index Core (YoY) (MAY)	high		2.1%	2.2%
Fri Jun 17	20:00	EUR ECB President Mario Draghi Speaks in Munich	medium			
Fri Jun 17	21:50	CAD BOC's Wilkins gives speech in Calgary	low			
Fri Jun 17	22:00	USD Baker Hughes U.S. Rig Count (JUN 17)	medium			414

Source: Forex Factory, DailyFX

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