

Gold

Technical

Gold markets fell rather hard during the day on Thursday, but continues to find support near the \$1235 level. The 200-exponential moving average is just below, so I believe at this point it's only a matter of time for the buyers get involved. I think that a bounce is coming, and we will reach towards the highs again. I have no interest in selling this market, but recognize we may have some choppy conditions ahead of us. As a side note, the Silver markets have already had this cross, and typically the 2 markets move in the same direction. The yellow metal sliced through former support which is now resistance near the 10-day moving average at 1,242. Additional resistance is seen near the weekly highs at 1,263. Support is seen near the February 14 lows at 1,216. Momentum has turned negative as the MACD index generated a crossover sell signal.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,227 | | |
| Support | 1,222 | 1,219 | 1,215 |
| Resistance | 1,236 | 1,242 | 1,247 |

Highlights

- Gold futures yesterday suffered their biggest one-day loss of the year
- U.S Dollar touched its highest levels since January on the back of increased suggestions from Fed for a near-term interest-rate hike
- Gold for April delivery fell \$17.10, or 1.4%, to settle at \$1,232.90 an ounce
- Comments by Fed. Gov. Lael Brainard helped to support the belief that the Fed is close to lifting benchmark interest rates
- Higher rates can diminish demand for assets like gold which don't offer a yield

Gold - Technical Indicators

| | |
|---------|---------|
| RSI 14 | 46.37 |
| SMA 20 | 1,245.2 |
| SMA 50 | 1,239.3 |
| SMA 100 | 1,198.5 |
| SMA 200 | 1,255.8 |

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell today in European session and was on track for its first weekly decline in five, its worst since November, on growing expectations of a U.S. rate hike as early as this month.
- Spot gold dropped 0.3 percent to \$1,231.31 per ounce, after hitting a low of \$1,229.05 earlier in the session. The metal has lost nearly 2.3 percent so far this week. U.S. gold futures fell 0.1 percent to \$1,231.
- Increasing chances of a rate hike should keep a lid on any gold rallies leading into the March meeting. With (U.S. Federal Reserve) President Janet Yellen on the wires tonight, we look to see further weakness across the precious complex should she, as expected, promote the potential for an interest rate increase in March.
- Initial support for gold sits around \$1,230, while below this we look to the 100 day moving average at \$1,210. Yellen and Fed Vice Chair Stanley Fischer are both due to speak later today.
- The number of Americans filing for unemployment benefits fell to near a 44-year low last week, pointing to further tightening of the labor market even as economic growth appears to have remained moderate in the first quarter.
- A surge in business and consumer confidence during President Donald Trump's first weeks in office has helped push the Fed toward its first sustained series of interest rate hikes in more than a decade, despite a dearth of firm policies from the administration.
- Spot gold may temporarily hover above a support at \$1,232 per ounce and then bounce towards a resistance at \$1,241 before falling again. A correction in gold, however, is likely to be shallow as investors remained friendly to bullion as a hedge against global uncertainty and rising inflation. Holdings of SPDR Gold Trust, the world's largest ETF, rose 0.21 percent to 845.32 tonnes.

US Commodity Futures Trading Commission (CFTC) Data

| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|-------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/27/2016 | 337251 | 72353 | 82% | 120854 | 284003 | 30% | 49448 | 31277 | 61% | 384,974 |
| 01/03/2017 | 340748 | 74460 | 82% | 115571 | 287002 | 29% | 51148 | 36,819 | 61% | 450555 |
| 01/10/2017 | 291266 | 84634 | 77% | 116493 | 311865 | 27% | 53520 | 32958 | 62% | 499110 |
| 01/17/2017 | 274589 | 77454 | 77% | 118610 | 304141 | 28% | 49810 | 33791 | 60% | 493086 |
| 01/24/2017 | 295688 | 67069 | 82% | 127081 | 327075 | 28% | 51562 | 30399 | 63% | 510579 |

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market fell during the day on Thursday, as the market continues to bounce around in the blue consolidation area on the chart. I recognize that there's a lot of choppiness overall, and therefore it can be a very difficult market to trade. I think that we could go as low as the \$51 handle, but ultimately, I think that there will be plenty of buying opportunities below. The markets remain volatile since the OPEC production cuts have been in full effect, but at the same time the inventory numbers keep rising. Expect a lot of ugly trading, and quite frankly it should all be short-term to say the least. Because of this, position sizes must be small and nimble. The easiest way to trade this market currently is to sell at the top and buy at the bottom. Resistance is now seen near the upward sloping trend line at 53.42, and the 10-day moving average at 53.86.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 52.70 | | |
| Support | 52.40 | 52.10 | 51.85 |
| Resistance | 52.90 | 53.25 | 53.50 |

Highlights

- Oil prices headed lower for a third consecutive session yesterday to log their lowest finish in about three weeks
- U.S. government data showed that domestic crude inventories hit a record and production edged higher last week
- On the New York Mercantile Exchange, crude fell 2.3%, to settle at \$52.61 a barrel
- U.S. crude inventories rose to a historical high last week to 520.2 million barrels
- Output from Saudi Arabia fell by 90,000 barrels a day to 9.78 million barrels in February

Crude - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 43.33 |
| SMA 20 | 53.59 |
| SMA 50 | 53.12 |
| SMA 100 | 51.31 |
| SMA 200 | 48.72 |

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices ticked higher today, recouping some of the previous session's losses, as a weaker dollar encouraged buying but investors remained cautious after Russian production figures showed weak compliance with a global deal to cut output.
- WTI futures traded at \$52.69 a barrel, up 8 cents on the previous close. The market is range bound, therefore there is nothing surprising in seeing fresh buying after a big sell-off and of course the slightly weaker dollar is also helping oil recover.
- The dollar slipped from a seven-week high today ahead of a key speech by Federal Reserve chief Janet Yellen. A weaker greenback makes it more attractive to buy dollar-denominated currencies like oil futures. But oil gains were capped after concerns remained over non-OPEC compliance with a global deal to rein in oversupply.
- Russia's February oil output was unchanged from January at 11.11 million barrels per day (bpd), energy ministry data showed, with its cuts from October 2016 levels remaining at 100,000 bpd or a third of what was pledged by Moscow under its agreement with the Organization of the Petroleum Exporting Countries.
- Official U.S. data also showed that crude inventories in the world's biggest oil consumer rose for an eighth straight week to a record 520.2 million barrels last week.
- But even as U.S. oil production rose and Russian output held steady, OPEC boosted already strong compliance with the group's six-month deal to 94 percent, cutting output for a second month in February, a Reuters survey found.
- U.S. crude inventories rose to a historical high last week, increasing by 1.5 million barrels to 520.2 million barrels, according to data by the U.S. Energy Information Administration.

US Commodity Futures Trading Commission (CFTC) Data

| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/27/2016 | 458,206 | 105,441 | 81% | 560,983 | 925,531 | 38% | 82,700 | 70,917 | 54% | 1,598,935 |
| 01/03/2017 | 462,028 | 106,739 | 81% | 557,217 | 927,085 | 38% | 85,279 | 70,700 | 55% | 1,615,844 |
| 01/10/2017 | 454,829 | 123,816 | 79% | 571,328 | 916,651 | 38% | 87,594 | 73,282 | 54% | 1,619,796 |
| 01/17/2017 | 463,186 | 135,835 | 77% | 560,029 | 897,400 | 38% | 87,590 | 77,633 | 53% | 1,623,027 |
| 01/24/2017 | 473,506 | 133,457 | 78% | 558,910 | 898,363 | 38% | 79,121 | 79,717 | 50% | 1,613,293 |

Source: CFTC

Silver

Technical

The Silver markets did very little during the day on Thursday, as the market continue to hang about the \$18.25 level. Currently the market is looking very choppy at the this time, but quite frankly the \$18 level was supposed to be is supportive, and I believed that will essentially be the “floor” in the market but now stepping away from the long-side looks like a prudent move, and turning towards shorts may become the way to go. On a break, we will look to 17.84 and then the December trend-line as the next likely levels (depending on timing they could arrive at the same price). For now, we will continue to focus on the channel it has risen higher in over the course of the past month. Silver is making a run to the downside and in the process is down testing the 200 day MA. After having become overbought on the daily charts, Silver is shedding some gains today.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 17.75 | | |
| Support | 17.60 | 17.50 | 17.40 |
| Resistance | 17.85 | 18.03 | 18.19 |

Highlights

- Spot silver held firm today in Asian session at \$17.78, after falling 3.5 percent to hit a 3-week low of \$17.64 yesterday
- The metal had its worst one-day fall since Dec 15. It is on track to end the nweek down 3 percent, its worst since December
- Yellen and Fed Vice Chair Stanley Fischer are both due to speak later today
- The number of Americans filing for unemployment benefits fell to near a 44-year low last week
- Increasing chances of a rate hike should keep a lid on any precious metals rallies

Silver - Technical Indicators

| | |
|---------|-------|
| RSI 14 | 46.12 |
| SMA 20 | 18.04 |
| SMA 50 | 17.48 |
| SMA 100 | 17.12 |
| SMA 200 | 18.11 |

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices declined along with precious metals yesterday after a parade of Federal Reserve speakers strongly suggested that U.S. interest rates would rise fairly soon
- May silver futures declined 11 cents, or 0.6%, to \$18.38 a troy ounce. Prices were trading near the session low of \$18.32 a troy ounce. The grey metal is on track for a narrow decline for the week.
- Gold and silver were pressured by a rising Dollar amid heightened expectations that the Federal Reserve will raise interest rates as soon as this month. Regional Fed governors William Dudley (New York), John Williams (San Francisco) and Patrick Harker (Philadelphia) have all indicated that the case for tightening monetary policy has strengthened in recent months.
- Dudley and Harker are voting members of the Federal Open Market Committee (FOMC) this year. The Fed’s Chair Janet Yellen and Vice Chair Stanley Fischer are scheduled to speak today.
- Thirty-day Fed Fund futures prices imply a 66.4% chance of a rate hike at the March 14-15 FOMC meeting. That’s up from 33.6% the previous day. The U.S. dollar index was last up 0.3% at 102.05, its highest since early January.
- The greenback enjoyed steady gains versus the euro, British pound, yen and Canadian dollar. Growing rate-hike bets fueled massive gains in bank stocks on Wednesday.
- The S&P 500’s financial index surged nearly 3%, sending the major index to a new record high. U.S. equity futures were trading flat early Thursday, pointing to a soft start to the day on Wall Street.
- In his first address to a joint Congress in Tuesday’s trading session, President Trump said he would seek bipartisan support and work for middle class Americans.

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| Date | Large Speculators | | | Commercial | | | Small Speculators | | | Open Interest |
|------------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
| | Long | Short | Bullish | Long | Short | Bullish | Long | Short | Bullish | |
| 12/27/2016 | 42,097 | 29,999 | 58% | 56,157 | 75,843 | 43% | 23,121 | 15,533 | 60% | 132,501 |
| 01/03/2017 | 42,083 | 27,402 | 61% | 54,280 | 79,052 | 41% | 24,963 | 14,872 | 63% | 132,475 |
| 01/10/2017 | 41,285 | 23,950 | 63% | 53,875 | 79,404 | 40% | 23,378 | 15,184 | 61% | 131,294 |
| 01/17/2017 | 41,287 | 24,798 | 62% | 58,869 | 83,678 | 41% | 21,523 | 13,203 | 62% | 136,158 |
| 01/24/2017 | 41,334 | 26,466 | 62% | 60,600 | 84,551 | 42% | 21,666 | 13,583 | 61% | 139,468 |

Source: CFTC

Commodity News

Friday, March 03, 2017



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Fri Mar 03 | 04:30 | JPY Jobless Rate (JAN) | Medium | 3.0% | 3.0% | 3.1% |
| Fri Mar 03 | 04:30 | JPY National Consumer Price Index (YoY) (JAN) | High | 0.4% | 0.4% | 0.3% |
| Fri Mar 03 | 10:00 | JPY Consumer Confidence Index (FEB) | Medium | 43.1 | 43.5 | 43.2 |
| Fri Mar 03 | 12:00 | EUR German Retail Sales (YoY) (JAN) | Medium | 2.3% | 0.7% | 0.4% |
| Fri Mar 03 | 15:00 | EUR Euro-Zone Retail Sales (YoY) (JAN) | Medium | 1.2% | 1.5% | 1.2% |
| Fri Mar 03 | 20:00 | USD ISM Non-Manufacturing Composite (FEB) | High | | 56.5 | 56.5 |
| Fri Mar 03 | 22:30 | USD Fed Vice Chair Fischer Speaks in New York | Medium | | | |
| Fri Mar 03 | 23:00 | USD Baker Hughes U.S. Rig Count (MAR 03) | Medium | | | 754 |
| Fri Mar 03 | 23:00 | USD Yellen Gives Economic Outlook Speech in Chicago | High | | | |

Source: Forex Factory, DailyFX

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