

## Gold

### Technical

The gold markets fell during the session on Thursday, testing the \$1200 level. This is an area that looks to be very important psychologically, and of course has the 50% Fibonacci retracement level just underneath. If we can break above the top of the hammer, I believe that the market should continue to go higher and continue the longer-term move to the upside. I have no interest whatsoever in selling, and I believe that the buyers will continue to look at this as potential value. However, if we break down below the 50% Fibonacci retracement level, that could be rather negative. Prices are poised to test the January 26 lows at 1,180. Resistance is seen near the 10-day moving average at 1,226. Momentum is negative as the MACD (moving average convergence divergence) recently generated a crossover sell signal. The index is printing in the red with a downward sloping trajectory.

Pivot:	1,196		
Support	1,192	1,188	1,183
Resistance	1,203	1,208	1,214

### Highlights

- Gold futures settled lower for an eighth consecutive session yesterday
- The ECB appeared less concerned about deflation and investors awaited an expected rate increase from the Fed next week
- The last time gold had such a bad run was in late May of 2016
- The yellow metal fell even as a rising dollar index paused its advance
- Gold for April delivery on Comex fell \$6.20, or 0.5%, to \$1,203.20 an ounce, the lowest close since January 30

### 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



### Fundamentals

- Gold fell to its lowest in more than five weeks today as traders took to the sidelines ahead of U.S. payrolls data, which will be closely watched for clues on the outlook for U.S. monetary policy.
- Growing expectations that the U.S. Federal Reserve will raise interest rates this month following a better than expected ADP payrolls report on Wednesday have pushed gold down 3 percent this week, potentially its biggest weekly loss in four months.
- The metal hit a low of \$1,194.55 an ounce on Friday, after slipping below \$1,200 an ounce in the previous session for the first time since Jan. 31. Spot gold was down 0.38 percent at \$1,196.19 an ounce, while U.S. gold futures for April delivery were down \$6.8 an ounce at \$1,196.40.
- We had a really quite phenomenal number in the ADP payrolls on Wednesday, and when you get such a big move in private payrolls, it would be highly surprising if the official numbers moved lower.
- A Reuters survey of economists predicted that non-farm payrolls probably rose by 190,000 jobs last month. Fed Chair Janet Yellen said last week the central bank was poised to lift rates provided jobs and inflation data held up, comments seen as cementing plans for an increase at the Fed's March 14-15 meeting.
- Gold is highly sensitive to rising U.S. interest rates as these increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- If we see a very good payroll number today and also hawkish comments from the Fed next week, we could break out of this longer-term downtrend in fixed income, in the 10-year yield, and that is going to change the game as far as real rates are concerned. Holdings of the world's largest gold-backed exchange-traded fund, fell 2.7 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	
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 significantly during the day on Thursday, slicing through the \$50 level. This is a significant break of support, but we have seen a very serious bounce. If we can break down below the bottom of the range, I think that the gold markets continue to go much lower. Nonetheless, I also believe that it's only a matter of time before the sellers get involved as you have been reading, and quite frankly I'm surprised it took this long. The oversupply continues to wait on the markets, and I now think that the market will probably reach towards the \$46.50 level over the longer term, which was the scene of a gap previously. Rallies that show signs of exhaustion could be selling opportunities, if we can stay below the \$51.50 handle. Momentum is negative as the MACD (moving average convergence divergence) index recently generated a crossover sell signal.

Pivot:	49.40		
Support	48.65	48.00	47.18
Resistance	50.19	50.85	51.23

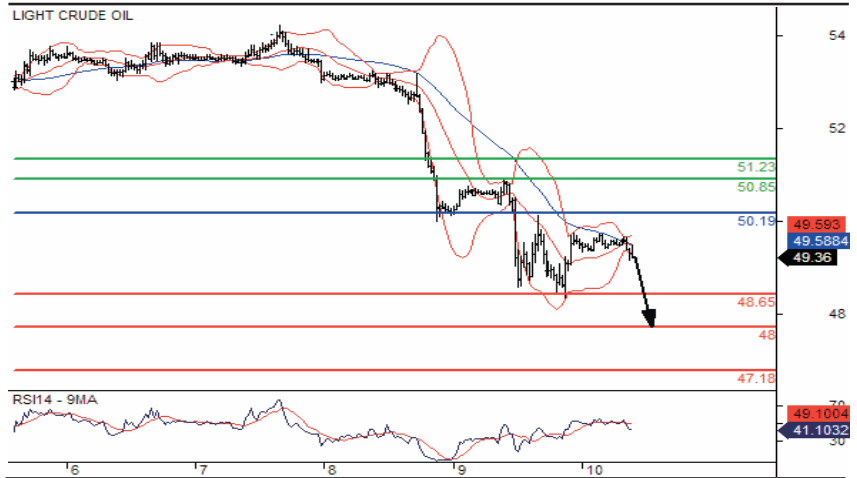
### Highlights

- The price of U.S crude oil has dipped below \$50 for the first time since December
- A global supply glut persists despite production cuts by big exporters
- West Texas Intermediate oil, the U.S. benchmark, fell \$1.23 a barrel to \$49.05 yesterday and is down 9% in March
- U.S commercial crude supplies have risen for nine straight weeks, reaching a record 528.4 million barrels last week
- U.S. crude oil production is now expected to reach an all-time high in 2018

### 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 fell about 2 percent yesterday in heavy trade, extending the previous session's slump to prices not seen since an OPEC-led pact to cut production was agreed, as record U.S crude inventories fed doubts about the effectiveness of the deal to curb a global glut.
- U.S. crude prices fell through the \$50 a barrel support level, with market participants unwinding some of the massive number of bullish wagers they had amassed after the deal.
- The yesterday's losses followed Wednesday's slide of more than 5 percent, the steepest in a year, after data showed crude stocks in the United States, the world's top oil consumer, swelled by 8.2 million barrels last week to a record 528.4 million barrels. But several analysts remained bullish on oil for the long term.
- Headline risk can capture the imagination of the market over the near term, but we see dips as short-lived, key buying opportunities. Record high inventory levels are reason for pause, but we believe that the market is overly focused on U.S. stocks. The U.S will be the last of the major regions to rebalance stocks given that storage capacity remains abundant, cheap and U.S. shale is extremely elastic in a \$50-per-barrel price environment.
- U.S. West Texas Intermediate crude (WTI) extended Wednesday's 5.4 percent losses by 2 percent, or \$1, to end at \$49.28 a barrel, the first time below the \$50-mark since mid December. Brent and WTI hit respective session lows of \$51.50 and \$48.59, levels not seen since the OPEC cuts.
- Both benchmarks, however, were still within a tight range of about \$3-\$5 that they have been trading in since the Organization of the Petroleum Exporting Countries agreed with other major producers, including Russia, to curb output during the first half of the year in a bid to lift prices after a two-year rout.

### 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

Silver markets initially fell yesterday but found enough support just above the \$17 level to turn things around and form a hammer. The market is currently testing the 50% Fibonacci retracement level, and that of course is an area that a lot of people will be interested in. I believe that the fact that we have the 50% Fibonacci retracement level and the round figure of \$17 at the same place should offer buying opportunities. A break above the top of the range for the Thursday session has me buying silver and aiming for at least \$17.75, if not the highs yet again. Silver has continued to drop below the December trend-line as anticipated, and was unresponsive to the first level of support around 17.40. Silver is currently sitting on an area of support above the 17 mark. It has confluence here of both horizontal support extending back to June and a back-side test of the July trend-line.

Pivot:	16.86		
Support	16.70	16.60	16.50
Resistance	17.10	17.25	17.35

### Highlights

- Silver was pressured as investors become increasingly certain that U.S interest rates will rise this month
- Strong U.S economic data and comments by Fed officials have reinforced expectations of a March U.S rate hike
- Higher interest rates typically pressure precious metal prices
- U.S private sector job growth numbers, showed the biggest jump for more than a year
- Investors are awaiting non-farm payrolls data later today

### 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 were on track for their fifth loss in six days in yesterday's session, as demand for precious metals continued to wane ahead of key U.S. jobs data today.
- Silver for May delivery declined 9 cents, or 0.5%, to \$17.21 a troy ounce. The futures prices fluctuated within a narrow range of \$17.15 and \$17.31 through the overnight session.
- The grey metal has declined 3% during the week and is on track for its lowest settlement since January 30. Prices are down 7% from the 2017 closing high of \$18.49. Gold futures were down \$3.00, or 0.3%, at \$1,206.20 a troy ounce yesterday.
- The U.S. dollar index hit fresh three-month highs in overnight trade after stronger than expected jobs data fueled expectations for a Federal Reserve interest rate hike.
- The dollar index reached a session high of 102.25. It was last seen trading at 102.05, little changed from its previous close. On Wednesday, the ADP Research Institute said U.S. companies hired 298,000 workers in February, the most in nearly three years.
- The reading, which exceeded analysts' expectations by more than 100,000, boosted optimism that the upcoming nonfarm payrolls report will also surprise to the upside. The Federal Open Market Committee (FOMC) will hold its next meeting on March 14-15. The official rate statement will be accompanied by revised economic projections covering GDP, unemployment and inflation.
- The Labor Department will issue its official jobs data today. The report is expected to show the creation of 195,000 nonfarm jobs last month. The unemployment rate is also forecast to drop to 4.7% from 4.8%, while average earnings are expected to pick up 0.3%.

### 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	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 10, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Mar 10	14:30	GBP Industrial Production (MoM) (JAN)	Low		-0.5%	0.9%
Fri Mar 10	14:30	GBP Total Trade Balance (Pounds) (JAN)	Medium		-£3,100	-£2,030
Fri Mar 10	18:30	CAD Unemployment Rate (FEB)	High		6.8%	6.8%
Fri Mar 10	18:30	CAD Net Change in Employment (FEB)	High		-15.5k	48.3k
Fri Mar 10	18:30	USD Change in Non-farm Payrolls (FEB)	High		200k	227k
Fri Mar 10	18:30	USD Unemployment Rate (FEB)	High		4.7%	4.8%
Fri Mar 10	18:30	USD Average Hourly Earnings (YoY) (FEB)	Medium		2.7%	2.5%
Fri Mar 10	20:00	GBP NIESR Gross Domestic Product Estimate (FEB)	Medium		0.60%	0.7%
Fri Mar 10	23:00	USD Baker Hughes U.S. Rig Count (MAR 10)	Medium			756

Source: Forex Factory, DailyFX

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