

Commodity News

Monday, May 02, 2016



Gold

Technical

June Comex Gold futures closed near a 15-month high in April, finishing at \$1290.50, up \$54.90. A steep drop in the U.S. Dollar and weakness in the global equity markets pushed up the precious metal to near \$1,300 an ounce. After trading mostly sideways to lower throughout April, gold prices surged the last few days of the month after the U.S. Dollar slumped to an 18-month low against the Japanese Yen. The US Dollar Index, which measures the Greenback against a basket of six major currencies, fell for a sixth straight session to hit an eight-month low. Gold rallied during the last week in April after the Bank of Japan's decision not to ease policy further. Gold was also underpinned by weak U.S. economic data that supported the Fed's cautious stance on higher U.S. interest rates.

Pivot:	1,294		
Support	1,281	1,270	1,260
Resistance	1,304	1,310	1,316

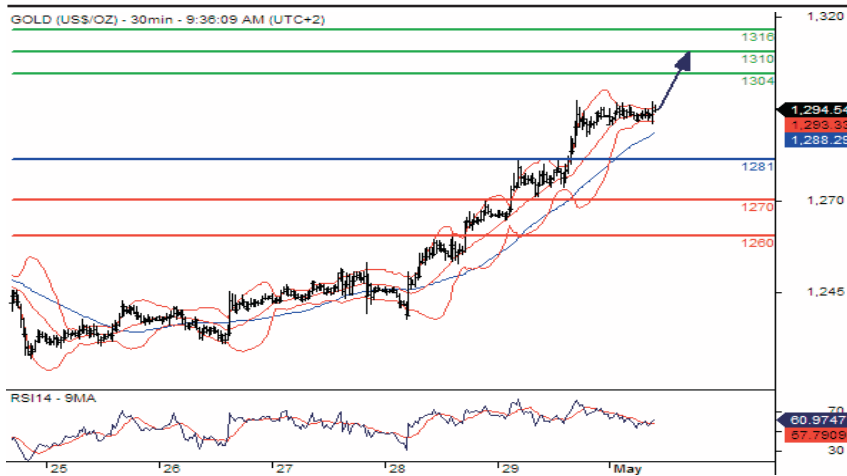
Highlights

- Gold gained for a sixth straight session today, pushing through the psychologically significant \$1,300-an-ounce line
- The U.S Dollar remained depressed against chief rivals
- Gold on Friday posted its highest settlements since January 2015
- A slump in the greenback to its lowest level in about 11 months coaxed investors toward dollar-denominated commodities
- Gold bulls have largely pinned the metals rally on negative real interest rates

Gold - Technical Indicators

RSI 14	48.20
SMA 20	1,236.14
SMA 50	1,239.69
SMA 100	1,180.36
SMA 200	1,149.12

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold traded near a 15-month peak on Monday as a tumble in the dollar and weakness in global equities pushed up the metal to near \$1,300 an ounce. Spot gold was little changed at \$1,292.96 an ounce, after climbing to \$1,296.11 on Friday, the highest level since January 2015.
- US gold futures rose 0.4 percent to \$1,295.30. They hit a 15-month top of \$1,299 in the previous session before paring some gains. With the majority of Asia out today and London on holiday tonight we are expecting a range-bound session. However as gold trades towards \$1,300, days of thin liquidity can throw up surprises.
- Several markets are shut today for the Labour Day holiday. The US dollar slumped to an 18-month low against the yen. The dollar index, which measures the greenback against a basket of six major currencies, fell for a sixth straight session to hit an eight-month low.
- Last week, the dollar had logged its biggest weekly percentage decline against the yen since the 2008 financial crisis in the aftermath of the Bank of Japan's decision not to ease policy further.
- Asian shares fell on Monday, with Japan's Nikkei ending the day down 3 percent. Stocks in Europe and Wall Street eased on Friday as earnings disappointed. Gold was also underpinned by weak US economic data that supported the Federal Reserve's cautious stance on higher US interest rates. The central bank's policy statement released last week was viewed as largely dovish.
- Bullion is sensitive to rising interest rates, which lift the opportunity cost of holding non-yielding bullion, while boosting the dollar. In addition, gold tipped into breakout territory on Friday, meaning that we likely will see more technical buying.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	227381	82403	73%	120854	284003	30%	49448	31277	61%	384,974
01- Mar-16	223186	70773	76%	115571	287002	29%	51148	36,819	61%	450555
08- Mar-16	252895	78085	76%	116493	311865	27%	53520	32958	62%	499110
15- Mar-16	247659	78147	76%	118610	304141	28%	49810	33791	60%	493086
22- Mar-16	258646	79815	76%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

July Crude Oil futures closed sharply higher in April at \$46.69. After starting the month under pressure, the market reached its low at \$37.50 on April 5. Short-covering ahead of a meeting on April 17, drove the market to \$44.50 on April 13. The market broke sharply lower after several oil producers, responsible for almost half of the world's output, failed to reach a production-freeze agreement at a meeting in Doha. Oil gapped sharply lower immediately after the release of the news, but quickly rallied as bargain hunters came in to buy the weakness after a test of \$39.80. The subsequent rally eventually took the market to its highest level since November 2015. Market sentiment turned more upbeat into the end of the month amid signs a global supply glut may be easing. The rally was driven mostly by the idea that worst is over and the oil market rebalancing process is in play

Pivot:	45.58		
Support	44.40	43.75	43.15
Resistance	46.75	47.47	48.00

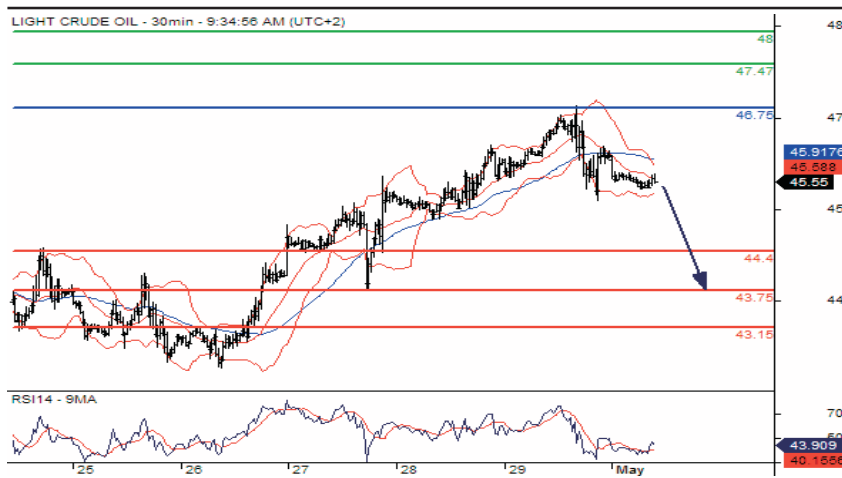
Highlights

- Crude oil prices extended a fall today from the end of last week
- Profit-taking offset positive sentiment from declining U.S crude oil production and a weaker U.S dollar
- Crude oil prices reached 2016 highs on Friday
- Investors pinned their hopes that declining crude oil inventories would continue ignoring persistent over-supply in the market
- Crude for delivery in June, traded at \$45.60 a barrel, down \$0.32, or 0.7%

Crude - Technical Indicators

RSI 14	62.54
SMA 20	40.57
SMA 50	38.46
SMA 100	35.39
SMA 200	39.37

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices retreated from 2016 highs on Monday as rising production in the Middle East outweighed a decline in U.S. output and a sliding dollar. Crude production by the Organization of the Petroleum Exporting Countries rose in April to 32.64 million barrels per day (bpd), close to the highest level in recent history.
- Russia, the biggest exporter outside OPEC, also increased monthly crude for seaborne exports by more than 7 percent to 3.117 million bpd in April. Brent was trading at \$46.77 per barrel, down 60 cents from its last settlement. U.S. crude was down 40 cents at \$45.52 a barrel.
- Liquidity was low due to May Day holiday in many countries. On Friday, the June Brent contract expired at \$48.13 a barrel, a 21.5 percent gain over the month that marked the largest monthly advance since May 2009. Earlier in that session it reached \$48.50, a six-month high.
- The U.S. oil rig count fell for the sixth week last week, which analysts said showed the price of oil had not risen enough to lure shale producers back. Despite the price rise, investors continue to see a declining rig count.
- A weaker dollar .DXY, which makes it cheaper for countries using other currencies to import dollar-traded fuel, kept further oil price losses at bay. The chief of the International Energy Agency (IEA) said oil prices may have bottomed if no major global economic issues emerge.
- In a normal economic environment, we will see the price direction is rather upwards than downwards. Non-OPEC output is set to fall by more than 700,000 bpd this year, the biggest decline in around 20 years.
- While Morgan Stanley warned that an emerging gasoline glut threatened refinery demand for crude, Birol said the draw in global stockpiles should start toward the end of the year.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01- Mar-16	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
08- Mar-16	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
15- Mar-16	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
22- Mar-16	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 week, breaking out above the previous week's candle and therefore it looks as if we are going to continue to go higher. The US dollar continues to fall in general, and that of course will help the silver markets as well. More than likely, pullbacks will be thought of as buying opportunities, and therefore we remain very bullish of silver at this point in time. We believe the \$20 will be targeted next, and could be reached much quicker than most people expect. The silver markets rallied again during the session on Friday as the US dollar continues to fall. Pullbacks at this point time will more than likely attract buyers, as it appears that we have not only broken out, but we are ready to go much higher as silver is much more attractive than the US dollar at this point in time. We currently have a target of \$20 going forward.

Pivot:	17.76		
Support	17.62	17.42	17.25
Resistance	18.00	18.15	18.30

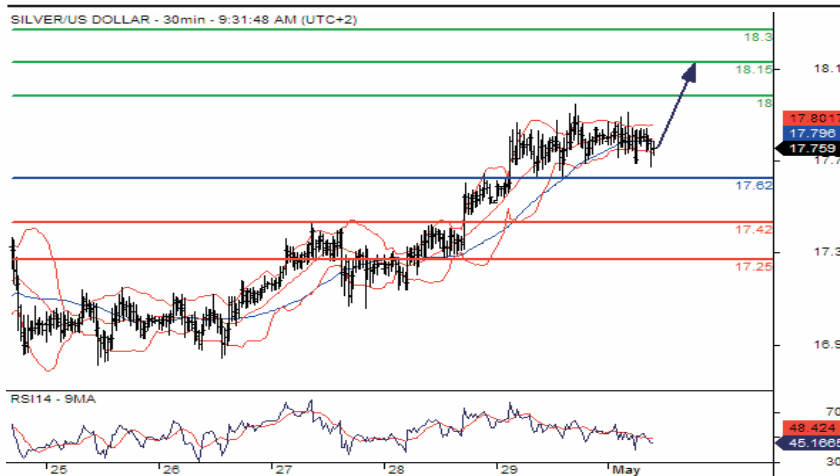
Highlights

- Despite its alarming COTs, silver has continued even higher over the past two weeks to arrive at an overbought state
- Silver might just be worth more to investors than gold
- Prices for the white metal which settled Friday at an 11-month high of \$17.819 an ounce, climbed about 15.2% in April
- For the month silver was the star and justifiably
- Silver is seen as a less precious metal than gold but has stolen the spotlight

Silver - Technical Indicators

RSI 14	70.67
SMA 20	16.09
SMA 50	15.64
SMA 100	15.03
SMA 200	14.96

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver futures for May delivery climbed 23.6 cents, or 1.34%, on Friday to settle at \$17.78 a troy ounce after hitting a session high of \$17.99, a level not seen since January 2015. On the week, silver futures surged 88.9 cents, or 5.26%, tracking strong gains in gold. For the month, silver soared 15%.
- The U.S Dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, crashed to 92.98 on Friday, a level not seen since August.
- The U.S Dollar ended the day at 93.02, down 2.14% for the week, as a lack of action by the Bank of Japan and the cautious tone taken by the Federal Reserve earlier in the week continued to weigh..
- Dollar weakness usually benefits precious metals, as it boosts the metal's appeal as an alternative asset and makes dollar-priced commodities cheaper for holders of other currencies.
- The U.S central bank left interest rates unchanged following its two-day meeting on Wednesday and issued a statement implying it was in no hurry to raise rates. Offering little hope of a move in June, the Fed said U.S. "economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate."
- Data released Thursday revealed that the U.S. economy grew at an annualized rate of just 0.5% in the first quarter, its weakest pace in two years, while a report on Friday showed that U.S. inflation barely rose in March as consumer spending remained tepid.
- The downbeat data makes it less likely that the Fed will be able to follow through on its projected two interest rate increases this year. A gradual path to higher rates is seen as less of a threat to gold prices than a swift series of increases.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
23- Feb-16	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01- Mar-16	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
08- Mar-16	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
15- Mar-16	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
22- Mar-16	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon May 02	06:30	AUD NAB Business Confidence (APR)	medium	5		6
Mon May 02	12:15	CHF Retail Sales (Real) (YoY) (MAR)	medium	-1.3%		-0.4%
Mon May 02	12:30	CHF SVME-Purchasing Managers Index (APR)	medium	54.7	52.9	53.2
Mon May 02	12:55	EUR Markit/BME Germany Manufacturing PMI (APR)	low	51.8	51.9	51.9
Mon May 02	13:00	EUR Markit Eurozone Manufacturing PMI (APR)	low	51.7	51.5	51.5
Mon May 02	18:30	CAD RBC Canadian Manufacturing PMI (APR)	medium			51.5
Mon May 02	18:45	EUR ECB Publishes Weekly, Monthly QE Holdings	medium			
Mon May 02	19:00	USD ISM Manufacturing (APR)	high		51.4	51.8
Mon May 02	19:00	USD ISM Prices Paid (APR)	medium		52.0	51.5

Source: Forex Factory, DailyFX

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