

## Gold

### Technical

June Comex Gold futures are trading slightly better shortly before the cash market opening. The market found support earlier in the session while testing a key retracement zone. Additionally, a slightly weaker dollar is helping to drive up demand for gold. Technically, the main trend is up according to the daily swing chart. However, momentum has been to the downside for six sessions, or since May 2. The main range is \$1225.40 to \$1306.00. Its retracement zone at \$1265.70 to \$1256.20 was the primary downside target. An uptrending angle at \$1261.40 passes through this zone, making it a valid downside target also. Earlier in the session, the market found support at \$1261.00. Since the main trend is up on the daily chart, buyers likely came in on a test of the retracement zone.

Pivot:	1,265		
Support	1,253	1,246	1,237
Resistance	1,271	1,282	1,289

### Highlights

- Gold futures settled lower, erasing all of the jobs data-fueled gains seen late last week, as the dollar found renewed strength
- Gold for June delivery fell \$27.40, or 2.1%, to settle at \$1,266.60 an ounce
- On Friday, gold gained \$21.70, or 1.7%, to finish at \$1,294 an ounce
- Gold rose Friday after weaker-than-expected jobs data boosted expectations that the Federal Reserve would leave rates on hold
- Lower interest rates tend to pressure the dollar and boost precious metals

### Gold - Technical Indicators

RSI 14	67.74
SMA 20	1,253.14
SMA 50	1,246.69
SMA 100	1,193.36
SMA 200	1,153.12

### Gold Daily Graph



### Fundamentals

- Gold steadied near a 1-1/2-week low today, under pressure after suffering its steepest loss since March in the prior session as the dollar remained strong, curbing appetite for the precious metal.
- Bullion has fallen in five out of the past six sessions, having failed to hold above resistance at \$1,300, and not benefitting much from data last week showing that the U.S. economy added the fewest jobs in seven months in April. But gold is still up 19 percent this year as expectations for a near-term increase in U.S. interest rates has eased.
- Spot gold was nearly flat at \$1,264.07 an ounce, after hitting an early low of \$1,259.51, its weakest since April 28. Bullion fell 1.9 percent on Monday, its sharpest single-day drop since March 23.
- If the dollar continues to rally back, gold may be further pressured. The dollar drifted to its highest in nearly two weeks versus a basket of major currencies, making dollar-denominated assets such as gold more expensive for holders of other currencies.
- U.S. gold for June delivery was little changed at \$1,265.90 an ounce. Physical demand for gold in China is uncertain looking forward and consumption in India is "sluggish at best", on appetite in the top two bullion consumers.
- Positioning has been stubbornly elevated so far this year, and as a result we hold the view that the market is going to continue consolidating within the range that has been established.
- The bounce in the dollar has also contributed to (the pullback), and this period is seasonally slow for gold. Hedge funds and money managers raised their net long positions in COMEX gold contracts again in the week to May 3, data showed on Friday. The dollar index, which hit a 16-month low last week, rose 0.2 percent 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	
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

The WTI Crude Oil market initially tried to rally during the day on Monday, testing the \$46 level. That being the case, the market turned around and formed a fairly negative candle. With that being the case, looks as if we will continue to try to break down a little bit here. However, I do see quite a bit of support near the \$42 level, and of course at the \$40 level as it is a psychologically significant area. With this being the case, the market should continue to grind lower, but "grind" is probably the key word here. Ultimately, short-term selling opportunities may present themselves on existence short-term candles, but really this point in time I'm going to feel much better selling or buying based upon an impulsive candle, which I just don't see right now as we are still clearly within the boundaries of consolidation. Brent markets initially tried to rally but struggled at the \$46 level as well.

Pivot:	43.67		
Support	43.00	42.50	41.95
Resistance	44.30	44.67	45.10

### Highlights

- Oil rose today, driven by supply disruptions in Canada
- In spite of outages from Canada to Nigeria, oil prices are down by more than 2 percent so far this week
- Even hefty dents to production will have little effect on the growth of stocks of unwanted crude
- Oil prices are likely to continue falling nonetheless, for the recent supply outages
- Goldman Sachs said it expected U.S. oil production to decline by 650,000 bpd this year

### Crude - Technical Indicators

RSI 14	60.84
SMA 20	43.11
SMA 50	40.01
SMA 100	35.88
SMA 200	39.50

### Crude Oil Daily Graph



### Fundamentals

- Oil prices flipped between gains and losses today, after falling sharply overnight, as market players looked ahead to fresh weekly information on U.S. stockpiles of crude and refined products.
- The American Petroleum Institute will release its inventories report later in the day, while Wednesday's government report could show crude stockpiles rose by 0.5 million barrels in the week ended May 6.
- Crude oil for June delivery on the New York Mercantile Exchange inched up 1 cent, or 0.02%, to trade at \$43.45 a barrel, after hitting an intraday low of \$43.03, the weakest level since April 26.
- A day earlier, Nymex prices lost \$1.22, or 2.73%, after data showed rising oil stockpiles in the U.S. According to private forecaster Genscape, supply levels at the key U.S. delivery hub in Cushing, Oklahoma rose by 1.4 million barrels last week.
- Nymex oil prices are still up nearly 55% since falling to 13-year lows at \$26.05 on February 11, as a decline in U.S. shale production boosted sentiment. However, analysts warned that market conditions remained weak due to an ongoing glut.
- Meanwhile, energy traders reassessed the impact of severe wildfires throughout Western Canada. Fire officials said cooler temperatures has slowed the spread of the wildfires since Sunday, easing fears over a disruption to supplies from the country's vast oil sands reserves.
- Fort McMurray is the center of Canada's oil sands region. About half of its crude output, or 1 million barrels per day, has been taken offline in recent days. Elsewhere, Brent oil for July delivery fell to a session low of \$43.33 a barrel, a level not seen since April 20, before turning higher to trade at \$43.85 during morning hours in London, up 22 cents, or 0.5%.

### 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

The silver market fell rather significantly during the course of the session on Monday, breaking slightly below the \$17 level. However, there is a significant amount of support all the way down to the \$16.80 level that I can see, so more than likely it's going to be difficult to sell this market until we get below that level. Even if we break down below there, there is quite a bit of support just above the \$16 level as well. A supportive candle just below could be a nice buying opportunity, and the massive upward trend suggests that there are plenty of buyers around. The next support level below the lower end of the current range is the April 27 low of \$17.03, followed by the April 25 low of \$16.78. The upper end of the above-mentioned range is the May 5 high of \$17.62 and above this level, the next resistance level is the May 3 high of \$17.70, followed by the May 2 high of \$18.00.

Pivot:	17.05		
Support	16.86	16.75	16.60
Resistance	17.19	17.40	17.60

### Highlights

- There are no major market moving events on deck today
- Silver prices are range trading as Friday's NFP report was not enough to trigger a break to the stalemate
- Silver fell 43.8 cents, or 2.5%, to settle at \$17.09 an ounce
- The silver price is still marking time, ready to follow gold's direction, in today's U.S trading session
- Silver prices are comfortably trading sideways today

### Silver - Technical Indicators

RSI 14	71.02
SMA 20	16.84
SMA 50	15.96
SMA 100	15.23
SMA 200	15.03

### Silver Daily Graph



### Fundamentals

- July silver yesterday fell 43.8 cents, or 2.5%, to settle at \$17.09 an ounce, wiping out a 1.2% gain from Friday. Precious metals rose Friday after weaker-than-expected jobs data boosted expectations that the Federal Reserve would leave rates on hold in the near term but could still pull the trigger on a rate increase later in the year.
- In a speech, New York Federal Reserve President William Dudley said two U.S. rate increases this year were still a "reasonable expectation." Lower interest rates tend to pressure the dollar and boost dollar-denominated assets such as gold and silver.
- Chipping away at precious metals on Monday was a stronger U.S Dollar DXY, notably against the Japanese yen. The Silver price continues stable and ready to move. It continues to mark time, waiting for gold to lead the way.
- While precious metals investors are concerned about the short-term price movements in silver, the real focus should be on this amazing silver market trend. When the silver market data finally came out in the new 2016 World Silver Survey released May 5th, it really surprised investors.
- Friday's U.S. labor market report did little to end the stalemate in silver prices. The NFP printed 160k vs. the 200K expected as per a Bloomberg News survey, but it was not enough.
- In yesterday's session, the \$17.15 to \$17.62 range is keeping silver prices trapped and when silver prices range-trade, they tend to continue to do so until a break occurs.
- When and if a break occurs, a strong trend might follow as the losing side, following the breakout, quickly adjusts its positions. Which way price may break is hard to know, but if the break is accompanied by a relevant economic news event, this may help form a sustainable break.

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	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

# Commodity News

Tuesday, May 10, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue May 10	06:30	CNY Consumer Price Index (YoY) (APR)	high	2.3%	2.3%	2.3%
Tue May 10	06:30	CNY Producer Price Index (YoY) (APR)	medium	-3.4%	-3.7%	-4.3%
Tue May 10	10:45	CHF Unemployment Rate (APR)	medium	3.5%	3.5%	3.6%
Tue May 10	11:00	EUR German Trade Balance (euros) (MAR)	medium	26.0b	20.6b	20.2b
Tue May 10	12:15	USD Fed's Dudley Speaks in Zurich	medium			
Tue May 10	13:30	GBP Total Trade Balance (Pounds) (MAR)	medium	-£3830	-£4200	-£4301
Tue May 10	15:00	USD NFIB Small Business Optimism (APR)	low	93.6	93.1	92.6
Tue May 10	19:00	USD Wholesale Inventories (MAR)	medium		0.1%	-0.5%
Tue May 10	19:00	USD Wholesale Trade Sales (MoM) (MAR)	low		0.5%	-0.2%

Source: Forex Factory, DailyFX

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