

Gold

Technical

June Comex Gold futures finished lower on Tuesday as the market continued to consolidate inside a triangle chart pattern. This indicates investor indecision and impending volatility. Traders should prepare for the return of volatility. We are within 2 days of a major move and expanded prices. It could even occur later in today's session with the release of the Fed minutes. The main trend is up according to the daily swing chart. A trade through \$1290.40 will signal a resumption of the uptrend. A move through \$1258.30 will turn the main trend to down. The main range is \$1225.40 to \$1306.00. Its retracement zone at \$1265.70 to \$1256.20 is the primary downside target. This zone provided support last week when the market bottomed at \$1258.30.

Pivot:	1,275		
Support	1,269	1,265	1,261
Resistance	1,282	1,289	1,295

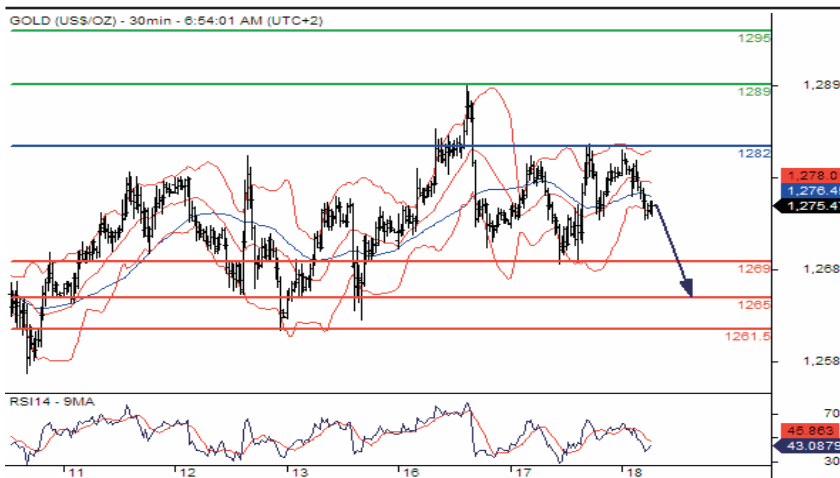
Highlights

- Gold prices edged higher for the third session in a row in volatile trading yesterday
- Gold futures chopped between gains and losses for most of the day
- The most-actively traded June contract ended 0.2% higher in yesterday's session at \$1,276.90 a troy ounce
- Gold prices have risen 20% this year amid dollar weakness and uncertainty over the strength of the global economy
- A spate of economic data buffeted the market yesterday

Gold - Technical Indicators

RSI 14	53.74
SMA 20	1,275.17
SMA 50	1,252.47
SMA 100	1,218.97
SMA 200	1,163.02

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold edged lower in yesterday's session, after better-than-expected US data and gains in European stock markets which reduced the appeal of the precious metal often perceived as a refuge from riskier assets. Spot gold fell 0.1 percent to \$1,272.31 per ounce, while US gold futures were also down 0.1 percent at \$1,273.40.
- There is a little profit taking in gold because the shares market is higher. European shares hit a two-week high on Tuesday, bolstered by mining firms which tracked a rally in industrial metals, while the dollar was down 0.1 percent against a basket of six major currencies.
- A weaker US currency makes dollar-denominated gold cheaper for holders of other currencies, while strong stock markets reduce gold's attraction as a safe haven.
- Data on Tuesday showed US consumer prices recorded their biggest increase in more than three years in April, pointing to a steady inflation build-up that could give the Federal Reserve ammunition to raise interest rates later this year.
- Everyone is really waiting to see whether the US economy does pick up in Q2, as it often does, and the narrative over the Fed shifts again. Gold has rallied 20 percent this year on speculation the US Federal Reserve has slowed its expected pace of rate increases on concerns about the volatility of global markets.
- The Fed should consider raising rates at its June meeting, Richmond Fed President Jeffrey Lacker told the Washington Post in an interview published on Monday, saying inflation was moving towards 2 percent and labour markets had tightened. US regulatory filings showed some influential investors, including billionaire financier George Soros, bought into gold through exchange-traded funds in the first quarter.

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 rose slightly during the course of the session here on Tuesday, breaking above the \$48 level. There is the possibility of reaching the \$50 level now, and as a result we are bullish. We think that pullbacks should be buying opportunities as well though, as they turned back around and form a bit of a supportive candle on shorter-term charts. We have no interest in selling this market, at least not until we get a longer-term sell signal. At this point, it does not look likely that we will be able to sell off for any length of time, so at this point in time it's more or less an afterthought. The \$46 level below should be supportive though, so a short-term pullback with a supportive candle could be reason enough to start going long as we continue to reach towards the psychologically important \$50 level. Momentum is positive with the MACD printing in the black with an upward trajectory.

Pivot:	48.46		
Support	47.50	47.00	46.45
Resistance	49.00	49.30	49.80

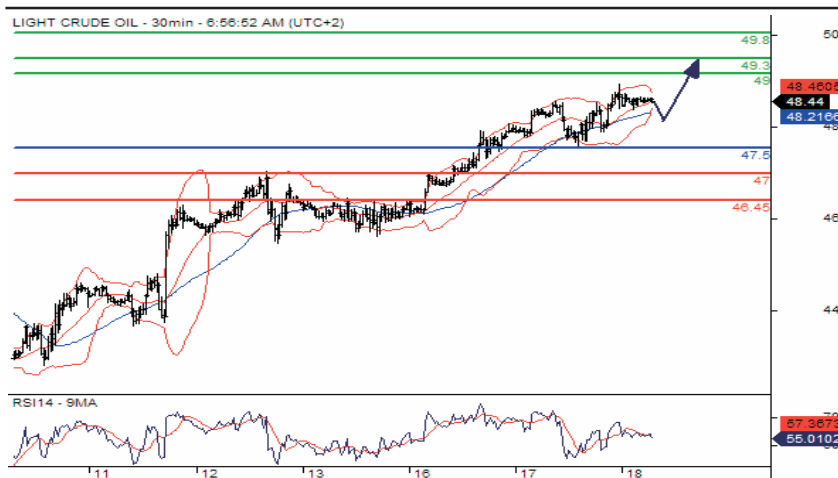
Highlights

- Oil futures edged lower today, off 2016 highs hit in the previous session
- The impact of unplanned supply disruptions from Nigeria and Canada were tempered by rising supplies from elsewhere
- Crude futures were 16 cents lower at \$48.15 a barrel
- The impact of the supply disruptions is clearly bigger than analysts had expected
- Supply outages in Nigeria and Canada amounting to around 2 million bpd have supported oil prices in recent weeks

Crude - Technical Indicators

RSI 14	69.75
SMA 20	45.75
SMA 50	42.42
SMA 100	37.46
SMA 200	39.64

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices ticked lower today pushed down by a stronger dollar as investors awaited key U.S. supply data. Crude remains near the \$48 a barrel mark after a multi-week rally as outages in Africa and Canada and production declines outside of the Middle East region fuelled expectations of a tighter supply.
- The oil price has gained over the last week on the back of continued supply disruptions and bullish analyst forecasts, with Brent, the global crude benchmark, hitting a near seven month high yesterday.
- On the New York Mercantile Exchange, West Texas Intermediate futures were trading down 0.3% at \$48.19 a barrel. A stronger dollar ahead of the release of the latest minutes from the U.S Federal Reserve pushed oil prices down today.
- The Dollar Index, which tracks the greenback against a basket of other currencies, rose 0.4%. As oil is priced in dollars, it becomes more expensive for holders of other currencies as the dollar appreciates.
- Analysts surveyed by The Wall Street Journal expect the U.S. government's oil inventory report for last week to show a decrease of 2.4 million barrels. Data by the American Petroleum Institute, an industry group, released yesterday showed a decline of 1.1 million barrels for last week.
- It would be the second weekly decline in a row after a nearly unrelenting stream of inventory additions had put stockpiles at a record high. Meanwhile, production disruptions around the globe continue to be a driver for oil prices.
- The Canadian forest fires forced more oil-site evacuations were a bullish signal for traders, threatening to delay the return of at least one million barrels a day of Canadian oil-sands production to the market. Continuing military attacks on oil infrastructures in Nigeria and instability in Libya have also curtailed the countries' oil operations.

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 rose during the day on Tuesday, capturing most of the losses after the highs from Monday. Because of this, it looks as if there are buyers below, and that the market will continue to see rallies from time to time. Ultimately, we are buyers as silver should continue to do fairly well due to central bank policy around the world. We have no interest in selling, and believe that the \$16.80 level below is massively supportive. Given enough time, we will try to reach the \$18 level, and potentially even break above that for a longer-term “buy-and-hold” situation. The next resistance level above the \$17.56 high is the May 5 high of \$17.61, followed by the May 3 high of \$17.70. The next support level below the \$16.88 low is the March 25 low of \$16.78, followed by the psychological level of \$16.50. As long as price is trapped in a range, traders tend to have a low tendency to take action.

Pivot:	17.14		
Support	17.04	16.93	16.80
Resistance	17.39	17.51	17.58

Highlights

- Silver prices were little changed and stayed firmly trapped between the April 25 low of \$16.78 and the May 11 high of \$17.56
- Over the past three months, the iShares Silver Trust and ETFS Physical Silver Shares increased 12.5%
- Traders tend to have a low tendency to take action when prices are ranged bound
- The gold is at \$1,274.30, while silver is at \$17.13. That gives the ratio of 74:1.
- Silver enjoys heavy industrial demand that benefits from an expanding global economy

Silver - Technical Indicators

RSI 14	63.14
SMA 20	17.30
SMA 50	16.24
SMA 100	15.47
SMA 200	15.12

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Over the past trading week, silver prices per ounce have been in an ongoing battle with the U.S Dollar Index. Late last month, we saw the silver price flirt with the \$18 level. It has since backed down but has continued to trade in a relatively narrow range between \$16.80 and \$17.50.
- Consequently, it is common for the range to narrow further and wait for a breakout. On a breakout occurring, it may be the start of a new trend, especially if macro fundamental news triggers the break.
- But investors have recently witnessed some strength in the U.S. Dollar Index, which arguably became somewhat oversold in early May. It's bounced back 1.7% so far this month. That's been the biggest headwind facing silver prices right now. And by many accounts, it may not be over yet.
- There are a number of drivers that influence the price of silver. Supply and demand are the fundamental forces, but sentiment and technical indicators will also have a notable impact. It was another bouncy ride for the silver price over the past five trading days.
- Silver kicked off the week with a big sell-off. On Monday, May 9, silver prices per ounce dropped 2.5% to close at \$17.09. This coincided with a jump in the U.S. Dollar Index, which gained 0.1% to 94.16 on the day. Silver prices saw little movement the next day. They opened at \$17.02 and closed the day fairly flat at \$17.09. The DXY added 0.1% to settle at 94.27.
- Some weakness returned to the silver price thanks to the strengthening dollar. While the DXY gained 0.4% to close at 94.16, silver prices per ounce fell 2.6% to settle at \$16.95.
- Silver exchange traded funds have rallied along with gold bullion this year, but rising industrial demand for the white metal may help propel silver prices. Silver enjoys heavy industrial demand that benefits from an expanding global economy.

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

Commodity News

Wednesday, May 18, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed May 18	04:50	JPY Gross Domestic Product Annualized (1Q)	high	1.7%	0.3%	-1.7%
Wed May 18	06:30	CNY China April Property Prices	medium	6.2%		4.9%
Wed May 18	13:30	GBP Claimant Count Rate (APR)	medium	2.1%	2.1%	2.2%
Wed May 18	13:30	GBP Jobless Claims Change (APR)	medium	-2.4k	4.5k	14.7k
Wed May 18	13:30	GBP Average Weekly Earnings (3M/YoY) (MAR)	medium	2.0%	1.7%	1.9%
Wed May 18	14:00	EUR Euro-Zone Consumer Price Index - Core (YoY) (APR)	medium	0.7%	0.7%	0.7%
Wed May 18	16:00	USD MBA Mortgage Applications (MAY 13)	medium	-1.6%		0.4%
Wed May 18	19:30	USD DOE U.S. Crude Oil Inventories (MAY 13)	medium			-3410k
Wed May 18	23:00	USD U.S. Fed Releases Minutes from April 26-27 FOMC Meeting	medium			

Source: *Forex Factory, DailyFX*

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