

Gold

Technical

Gold prices rebounded from their lows following the softer than expected construction data released in the U.S. on Thursday. Prices recaptured the 1,310 level and is poised to test resistance near the 10-day moving average at 1,324. Support on the yellow metal is seen near the June lows at 1,250. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices. The RSI found support near the 34, level, and is moving in the direction of price action reflecting positive momentum. U.S. July construction spending was unchanged after an upwardly revised 0.9% June gain with May bumped up to 0.1% from -0.1% previously. Residential spending rebounded 0.4% after slipping 0.1% in June. Nonresidential spending dipped 0.3% following a 1.5% June jump. Private spending increased 1.0% from 0.7%.

Pivot:	1,310		
Support	1,307	1,302	1,296
Resistance	1,321	1,325	1,331

Highlights

- Gold was almost unchanged ahead of U.S jobs data expected to provide clues on the timing of a possible interest rate hike
- Moves across financial markets were muted ahead of the U.S jobs data
- An upbeat payrolls report would reinforce the view that a U.S rate rise is on the cards
- Fed officials sounded a hawkish note at a meeting last weekend
- Gold is highly sensitive to rising U.S interest rates, which increase the opportunity cost of holding non-yielding bullion r

Gold - Technical Indicators

RSI 14	37.34
SMA 20	1,334.57
SMA 50	1,339.83
SMA 100	1,303.83
SMA 200	1,249.68

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold held steady early today after falling to its lowest in over two months the session before, with weak U.S. manufacturing data raising doubts on the economy's strength ahead of closely-watched nonfarm payroll numbers.
- Spot gold had edged up 0.1 percent to \$1,315.16 per ounce. The metal on Thursday touched its lowest since June 24 at \$1,301.91. U.S gold futures were nearly unchanged at \$1,317.50.
- U.S. factory activity contracted in August for the first time in six months as new orders and production tumbled, but a low level of layoffs continued to point to a pickup in economic growth in the third quarter.
- Other U.S data showed initial claims for state unemployment benefits rose less than expected last week, pointing to sustained labour market strength. An upbeat nonfarm payrolls report on Friday would reinforce the view that a U.S. rate hike may be on the cards, after Fed officials sounded a hawkish note at a meeting last weekend.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell for a third straight session. Holdings dropped 0.57 percent to 937.89 tonnes on Thursday.
- Barrick Gold Corp, the world's largest gold miner, said on Thursday it had brought back a former executive to advance a scaled-back development plan for its suspended Pascua-Lama project that will first focus on Argentina.
- Asian physical gold demand improved slightly this week as a correction in prices prompted consumers to buy for the upcoming festival and wedding season, with discounts in India narrowing to their smallest in three months. Moves across financial markets were muted ahead of the U.S. jobs data. Employers are expected to have added 180,000 jobs in August, going by the median estimate of 91 economists polled by Reuters.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Crude oil prices continued to drop on Thursday following a softer than expected U.S. ISM Manufacturing report. Prices have declined for 4-straight trading sessions, and are poised to test support near the 200-day moving average at 40.77. Resistance is seen near the 10-day moving average at 46.73. Momentum has turned negative as the MACD index generated a sell signal. This occurs as the spread crosses below the 9-day moving average of the spread. The index is printing in the red with a downward sloping trajectory which points to lower prices. The U.S. ISM drop to a 7-month low of 49.4 from 52.6 in July and a 16-month high of 53.2 in June reversed much of the 8-month climb from the 48.0 expansion-low in December. The ISM sits well below the 59.9 cycle-high in February of 2011, as all the sentiment measures have remained depressed since the oil price plunge starting in Q3 of 2014.

Pivot:	43.22		
Support	42.45	41.81	41.17
Resistance	44.50	45.08	45.75

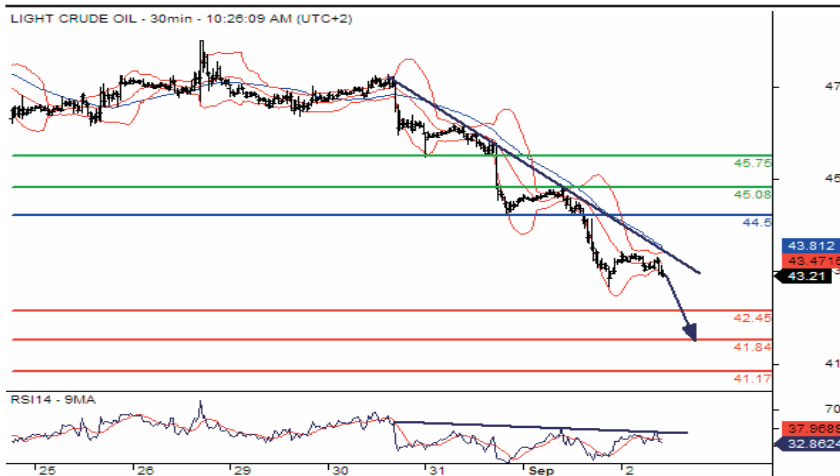
Highlights

- Crude-oil futures on Friday climbed, attempting to recover from a three-week low
- Nagging oversupply concerns and a stronger greenback has put the commodity in position to post the worst week since January
- On the New York Mercantile Exchange, light, sweet crude futures for delivery in October rose 55 cents, or 1.3%.
- Week-to-date, crude is down by around 8%, the biggest slump since January
- President Vladimir Putin urged oil-producing nations to agree on a production cap at a meeting

Crude - Technical Indicators

RSI 14	51.81
SMA 20	46.21
SMA 50	44.98
SMA 100	46.61
SMA 200	41.28

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil edged higher today, supported by the previous session's weakness in the U.S. dollar and Russian comments in favor of a production freeze, though contracts remained on track for the biggest weekly loss in nearly eight months.
- Russian President Vladimir Putin told Bloomberg an agreement between oil exporters to freeze output would be the right decision to support the market. Oil producers will discuss a potential production cap again at an informal Sept. 26-28 meeting in Algeria, supporting oil industry hopes for action to prop up prices.
- U.S West Texas Intermediate crude futures were up 37 cents at \$43.53 a barrel, on track for an 8.6 percent weekly loss and marking the same milestone as Brent.
- Prices are up on a weaker dollar in the aftermath of the U.S. ISM numbers yesterday and Putin's latest attempt to stabilize the price. The dollar was flat against a basket of currencies. It had one of its worst days in two weeks on Thursday after a contraction in U.S. manufacturing cast doubt on the economic strength of the U.S, the world's biggest oil consumer.
- Investors were looking to non-farm payroll data later in the day for a further steer on the U.S. economy, with a strong reading seen as boosting the chance of a Federal Reserve rate rise soon.
- Higher interest rates could strengthen the dollar, which could depress oil prices as the commodity becomes more expensive for holders of other currencies. Despite Putin's comments on Friday, there is increasing scepticism among traders that oil producers will agree on an output freeze at this month's meeting.
- Additionally, more U.S. supply will return to the market as some producers in eastern parts of the Gulf of Mexico restart offshore operations as Hurricane Hermine made landfall in Florida and weakened into a tropical storm.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	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 rose during the course of the day on Friday, as we bounced off of the \$18.50 level. This is a market that continues to consolidate between the aforementioned \$18.50 level on the bottom, and the \$19.00 level above. The jobs number very well could be the catalyst to go higher or lower, but at this point in time I believe that the \$18.00 level is in fact the "floor" in this market. With this being the case, I think that pullbacks are nice buying opportunities, just as a break above the \$19 level will be. The 52-week range for the contract sits at \$13.770 – \$21.250. The 3-day chart shows the bid of silver prices sitting at \$18.83. If the recent range remains intact then this could be an opportunity to short around this level and cover back around the mid-way point of the range (near \$18.650). The upside potential is much larger, thus making the risk-reward ratio acceptable.

Pivot:	18.84		
Support	18.74	18.62	18.55
Resistance	19.00	19.07	19.17

Highlights

- Silver prices saw limited upside, as silver continued to trade within a range ahead of the upcoming US nonfarm payrolls report
- December silver futures edged up 3 cents or 0.2% to \$18.74
- For the week, silver futures for December delivery are virtually unchanged
- Gold's premium over silver remained above 70, reaching a daily high of 70.33,
- A report on Wednesday from ADP showed that private sector job creation was 177,000 during the month

Silver - Technical Indicators

RSI 14	38.90
SMA 20	19.27
SMA 50	19.76
SMA 100	18.42
SMA 200	16.84

Silver Daily Graph



Fundamentals

- After being on the defensive into the US open as the dollar maintained a strong tone, the much weaker than expected US ISM data triggered a significant reversal with silver advancing on the day.
- The Chinese PMI data did not have a major impact with a stronger official release offset by a decline for the Caixin index. Silver remained confined to relatively narrow ranges during the Asian session with support below \$18.70 and resistance on approach to \$18.85.
- The UK PMI manufacturing data was much stronger than expected with a strong recovery to a 10-month high of 53.3 for August from the 41-month low of 48.3 recorded the previous month.
- There was a strong recovery in orders and production for the month with notable strength in export orders. The data helped trigger a slide in global bond markets and the rise in yields had some negative impact on precious metals with silver again dipping to test support near \$18.65 as gold also remained under pressure with a test of support below \$1,310.
- There was another solid reading for US jobless claims with a small increase to 263,000 in the latest week from 261,000 previously while there was a sharp upward revision to second-quarter unit labour costs.
- The dollar gained fresh traction following the data with a test of 104.00 resistance in USD/JPY. The latest US ISM manufacturing data, however, was much weaker than expected with a slide to six-month lows of 49.4 from 52.6 previously. The components also generally recorded a significant deterioration on the month with new orders and employment both in contraction territory.
- The weak data caused a sharp market reversal with the dollar losing ground against all the majors while bond markets also reversed earlier losses to stand significantly higher on the day.

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Friday, September 02, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Sep 02	10:00	JPY Consumer Confidence Index (AUG)	Medium	42.0	41.8	41.3
Fri Sep 02	13:30	GBP Markit/CIPS UK Construction PMI (AUG)	Medium	49.2	46.5	45.9
Fri Sep 02	14:00	EUR Euro-Zone Producer Price Index (YoY) (JUL)	Low	-2.8%	-2.9%	-3.1%
Fri Sep 02	17:30	USD Trade Balance (JUL)	Medium	-\$39.5b	-\$43.5b	-\$44.7b
Fri Sep 02	17:30	USD Change in Non-farm Payrolls (AUG)	High	151k	180k	275k
Fri Sep 02	17:30	USD Change in Private Payrolls (AUG)	Medium	126k	180k	225k
Fri Sep 02	17:30	USD Unemployment Rate (AUG)	High	4.9%	4.8%	4.9%
Fri Sep 02	17:30	USD Average Hourly Earnings (YoY) (AUG)	Medium	2.4%	2.5%	2.7%
Fri Sep 02	19:00	USD Factory Orders (JUL)	Medium		2.0%	-1.5%

Source: Forex Factory, DailyFX

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