

## Gold

### Technical

Gold markets gapped lower, reaching towards the \$1275 level, an area that has been important more than once. I believe that if we can break down below the \$1270 level, the market probably drops down to the \$1250 level after that. That's an area that was "fair value" on the longer-term charts, and therefore I think that it makes sense that we would go down to that level. This could be a reaction to the US dollar rallying after it looks like the US Congress might pass a tax bill after all, and that of course should be good for the dollar. Because of this, precious metals will continue to struggle overall, and that should play itself out if the US dollar continues to show strength. However, if we were to break out above the \$1280 level, the market could go to the \$1270 level. In general though, I believe that the market should continue to be more negative than anything else.

Pivot:	1,275		
Support	1,270	1,266	1,260
Resistance	1,278	1,283	1,289

### Highlights

- Gold was steady earlier today supported by a slightly weaker dollar, after falling in the previous session
- Proposed changes to U.S. tax rules that could lead to faster economic growth moved a step closer
- New orders for U.S. made goods fell less than expected in October
- The U.S. Federal Reserve is almost certain to raise interest rates later this month
- SPDR Gold Trust said its holdings fell 0.14 percent to 846.93 tonnes from 848.11 tonnes on Friday

### Gold - Technical Indicators

RSI 14	48.30
SMA 20	1,238.5
SMA 50	1,235.1
SMA 100	1,246.9
SMA 200	1,259.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold steadied today above \$1,275 an ounce as the dollar stabilised versus a currency basket, with the metal still hemmed within this quarter's narrow price range ahead of fresh signals on U.S. tax reform.
- The dollar, which received a boost yesterday after the U.S. Senate approved a tax overhaul over the weekend, steadied as investors waited to see how the next step of the legislation proceeds. The Senate must now reconcile its version of the bill with legislation passed by the House of Representatives.
- Spot gold was at \$1,275.81 an ounce, little changed from \$1,275.91 late on Monday. U.S. gold futures for December delivery were up 60 cents an ounce at \$1,278.30.
- It has held broadly between \$1,271 and \$1,289 so far this month, after posting its narrowest monthly range in 12 years in November. The metal has risen 10 percent in the year to date, but momentum has stalled in the second half as global equities rallied and an expected hike in U.S. interest rates approached.
- The economic backdrop is benign, meaning there is no real reason to jump into gold, so investment demand is somewhat soft. Overall physical demand is down to multi-year lows, so even outside the investment community, there is no real push into gold from the likes of China and India.
- Without this demand spark, gold just remains very, very sensitive to the U.S. dollar. A stronger dollar makes assets priced in the U.S. currency more expensive for holders of other currencies.
- Investors are also looking ahead to the upcoming U.S. non-farm payrolls report later this week, which will be the last employment report before the Federal Reserve's monetary policy meeting next week. The Fed is almost certain to raise interest rates later this month, according to a Reuters poll of economists, a majority now expect three more rate rises next 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	
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 has been very choppy to say the least, as the Friday session rallied significantly, but then turned around later in the day, only to fall apart again on Monday. We are now testing the \$57.50 level, and that given enough time should be an area where we find buyers. However, I also look at the \$57.50 level as essentially “fair value” in the market, as breaking below there will probably find support near the \$57 level. I think that there are far too many issues floating around the oil sector between OPEC and American drillers jumping on higher prices to keep this market very choppy and difficult to navigate. The Brent market gapped lower at the open as well, and then broke down to the \$62.75 level. At this point, I think that the market may rally from here and try to fill that gap, but ultimately, I think that there is still a significant amount of resistance above, near the \$64 handle.

Pivot:	57.22		
Support	57.00	56.75	56.40
Resistance	57.65	58.00	58.40

### Highlights

- Oil prices settled lower yesterday for the first time in three sessions
- U.S drillers added more oil rigs last week fed concerns over growing domestic crude production
- January West Texas Intermediate lost 89 cents, or 1.5%, to settle at \$57.47 a barrel after settling at a one-week high on Friday
- Oil prices had climbed on Thursday and Friday after an agreement to extend ongoing output curbs until the end of 2018
- Oil prices were further pressured yesterday by a rally in the dollar

### Crude - Technical Indicators

RSI 14	53.36
SMA 20	53.50
SMA 50	51.33
SMA 100	50.55
SMA 200	48.91

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil slipped towards \$57 a barrel today as investors took profits in the wake of OPEC and other producers’ pact to extend output cuts, although an expected drop in U.S. crude inventories lent support.
- Crude also slipped on concerns that the OPEC-led producer group’s Nov. 30 decision to prolong their supply-cutting deal through 2018 could bolster U.S. output, which climbed to nearly 9.5 million barrels per day in September.
- Brent crude , the global benchmark, was down 14 cents at \$62.31 a barrel, declining for a second session. U.S. crude, known as West Texas Intermediate, was down 28 cents at \$57.19.
- Oil prices are continuing to crumble,” said Carsten Fritsch, analyst at Commerzbank. “We attribute the price slide to profit taking by speculative investors, who were holding almost record-high net long positions ahead of OPEC’s meeting.
- The Organization of the Petroleum Exporting Countries, Russia and other non-OPEC producers last week extended the deal to cut output by 1.8 million barrels per day (bpd) until the end of 2018.
- OPEC and its allies are trying to get rid of excess oil in storage. They have made progress in this task and the latest U.S. inventory reports are likely to show a third straight weekly drop in crude stocks.
- Analysts expect the reports from industry group API and the government’s EIA to show crude stocks fell by 3.5 million barrels. The API report will be out today, followed by the government supply report on Wednesday.
- OPEC has shown strong compliance with the supply cut pledge and in November output fell by 300,000 bpd to its lowest since May, according to a Reuters survey.

### 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

The Silver markets gapped lower initially yesterday, but then shot higher to fill that gap, only to roll over again. Because of this, I think we will continue to see sellers jumping into the market on short-term rallies that show signs of exhaustion. The \$16.25 level offered support, but I think it's minor support at best. Eventually we will go looking towards the more important \$16.00 level below, which is supportive on longer-term charts. Keep in mind that the US dollar rallied during the day due to the idea of US tax reform, and that of course has a negativity when it comes to precious metals overall. I think that the \$16.50 level above will continue to offer resistance, but if we were to break above there, then the market could go to the \$17.00 level after that. Currently, I believe that the market will continue to be very choppy, so therefore I'm not looking for longer-term moves anyway.

Pivot:	16.32		
Support	16.15	16.00	15.85
Resistance	16.45	16.58	16.75

### Highlights

- Silver futures dipped 3.3 cents, or 0.2%, to \$16.34 a troy ounce
- The dollar firmed after weekend passage in the Senate of what's seen as business-friendly tax changes
- The Senate passed the Republican-sponsored tax reform proposal entirely along party lines
- The bill still has to be reconciled with the version approved by the U.S. House of Representatives.
- Investors await the nonfarm-payroll report due Friday for clues on the U.S. Federal Reserve's path on interest-rate hikes

### Silver - Technical Indicators

RSI 14	44.86
SMA 20	18.00
SMA 50	17.80
SMA 100	17.57
SMA 200	17.21

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices held steady within a familiar range today, as investors looked ahead to key U.S. economic data due later in the session for fresh clues on the likely trajectory of monetary policy.
- The highlight of today's economic calendar will be the ISM non-manufacturing survey for November due 2000GMT. There is also international trade data at 1830GMT.
- Investors are also looking ahead to the upcoming U.S. nonfarm payrolls report later this week, which would be the last employment report before the Federal Reserve's monetary policy meeting next week.
- The U.S. central bank is scheduled to hold its final policy meeting of the year on Dec. 12-13, with interest rate futures pricing in a 100% chance of a rate hike at that meeting, according to Investing.com's Fed Rate Monitor Tool.
- However, markets appeared doubtful over the central bank's ability to raise rates as much as it would like next year due to concern over the sluggish inflation outlook.
- Precious Metals are highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it is priced.
- Meanwhile, tax reform legislation will remain on the agenda, as Congress works to push through a bill that could give President Donald Trump his first major legislative accomplishment of his presidency. Republicans hope to reach a deal by Christmas.
- The Trump administration has said its tax cuts will generate growth and spark inflation, which investors hope will prompt a faster pace of monetary tightening by the Fed.

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	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

Tuesday, December 05, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Dec 05	05:30	JPY Nikkei Japan PMI Composite (NOV)	Medium	52.2		53.4
Tue Dec 05	05:30	AUD Current Account Balance (Australian Dollar) (3Q)	Medium	-A\$9.1b	-A\$9.0b	-A\$9.7b
Tue Dec 05	06:45	CNY Caixin China PMI Composite (NOV)	Medium	51.6		51.0
Tue Dec 05	08:30	AUD RBA Cash Rate Target (DEC 05)	High	1.50%	1.50%	1.50%
Tue Dec 05	14:30	GBP Markit/CIPS UK Composite PMI (NOV)	Medium	54.7	55.8	55.4
Tue Dec 05	15:00	EUR Euro-Zone Retail Sales (YoY) (OCT)	Medium	0.4%	1.6%	4.0%
Tue Dec 05	18:30	USD Trade Balance (OCT)	Medium		-\$47.0b	-\$43.5b
Tue Dec 05	19:45	USD Markit US Composite PMI (NOV)	Low			54.6
Tue Dec 05	20:00	USD ISM Non-Manufacturing/Services Composite (NOV)	High		59	60.1

Source: Forex Factory, DailyFX

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