Commodity News

Monday, December 05, 2016

Gold

Technical

The gold markets went back and forth during the week, testing the 1160 level on the bottom, and the 1200 level on the top. Ultimately, we ended up forming a negative candle and as a result I believe that the sellers will continue to pushes market lower. Currently, I believe that we're going to reach towards the $1100 level below, but it might be a bit of a choppy move to the downside. I think that the $1200 level continues offer quite a bit of resistance and therefore has to be thought of as the "ceiling" in this market.The gold market remains oversold as the RSI (relative strength index) is printing a reading of 26, which is below the oversold trigger level of 30 and could foreshadow a correction. Momentum remain negative as the MACD (moving average convergence divergence) index prints in the black, but the trajectory has flattened reflecting consolidation.

Pivot:	1,172		
Support	1,172	1,166	1,160
Resistance	1,184	1,188	1,193

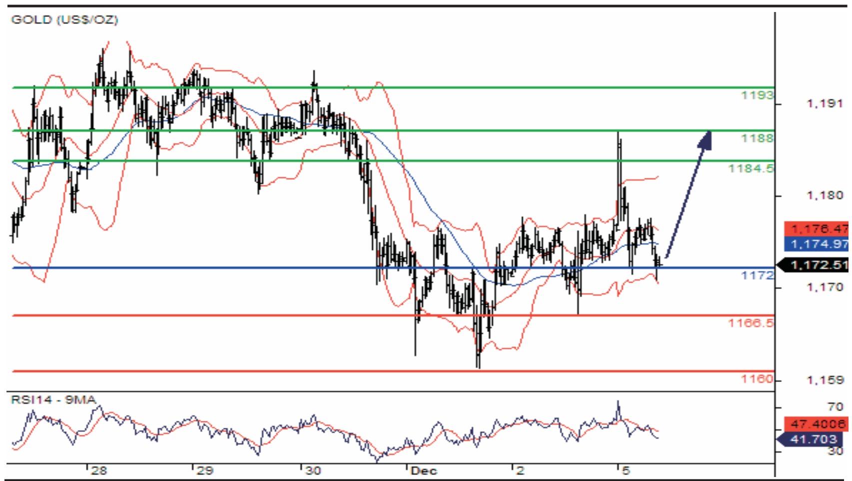
Highlights

- Gold futures settled higher Friday, paring their loss for the week
- The Dollar and Treasury yields eased back in the wake of the monthly jobs report
- The nation's unemployment rate fell to a nine-year low in November and relatively strong job growth continued
- The latest look at the U.S job market cemented the likelihood for the second Federal Reserve interest-rate hike in a year
- Higher rates tend to be a negative factor for nonyielding gold

Gold - Technical Indicators

RSI 14	25.62
SMA 20	1,261.96
SMA 50	1,274.70
SMA 100	1,303.14
SMA 200	1,288.88

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell more than 1 percent today as the euro slid against the dollar after Italian Prime Minister Matteo Renzi conceded defeat in a referendum over his plan to reform the constitution.
- The political uncertainty in the euro zone earlier spurred safe-haven demand for gold, but the precious metal later surrendered gains to trade lower. Spot gold was down 1.2 percent at $1,163.01 an ounce. U.S. gold futures shed 1.1 percent to $1,164.70 per ounce.
- Looks like people are buying the U.S. dollar and that is in turn prompting selling in gold. People bought gold after the Italian referendum and it looks like they are selling back.
- The euro fell to its lowest in nearly two years against the dollar after Renzi said he would resign following a stinging defeat on constitutional reform that could destabilise the country's shaky banking system.
- Speculators reduced their net long position in gold futures and options by 17,843 lots to 103,392 lots, the lowest since February, U.S. Commodity Futures Trading Commission data showed on Friday.
- Tracking losses in gold, silver dropped 0.7 percent to $16.58 an ounce, after touching its highest in more than two weeks. Gold premiums in China held near three-year highs this week amid limited supply of the precious metal with traders saying Beijing was restricting imports, while prices in India swung to a discount as a severe cash crunch dampened appetite.
- The latest look at the U.S. job market all but cemented the likelihood for the second Federal Reserve interest-rate hike in a year when the central bank meets later this month. Such a Fed move has been long priced in to gold trading, leaving the market anxious for policy maker clues on their possible course of action next year.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

The WTI Crude Oil market initially fell on Friday, but found enough support at the $50 level to turn around and form a hammer. The hammer of course is a very bullish sign and the fact that we have broken above the top of the uptrend line in the essentially found it supportive, as well as the strong move on the weekly candle, I believe that this market is ready to break out to the upside again. I don't know how long is going to last, but certainly over the next couple of weeks it looks as if the bullish pressure will continue. We do have concerns about oversupply, and of course the United States and Canada will add to that with higher prices. Selling isn't a thought until we get below the $49 level which would represent a pretty significant breakdown from what I see. Momentum is positive as the MACD index prints in the black with an upward sloping trajectory which points to higher prices.

Pivot:	51.31		
Support	50.25	49.05	48.45
Resistance	52.00	52.70	53.45

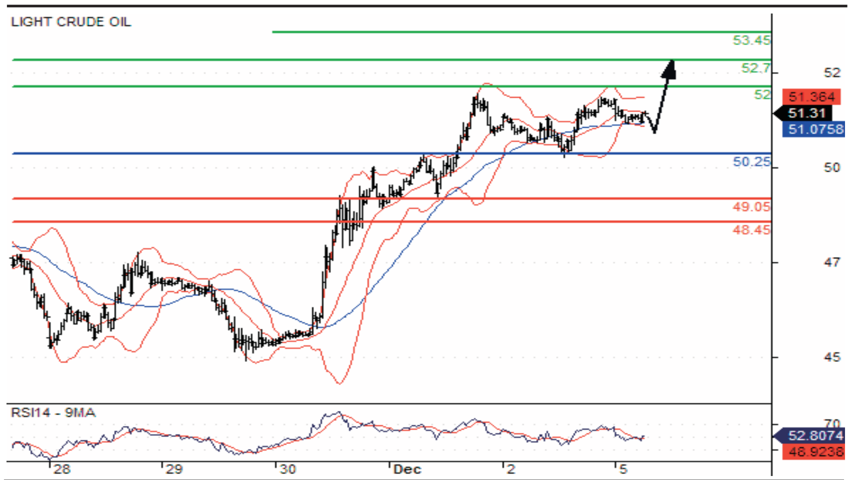
Highlights

- Oil prices shot to levels not seen in more than a year today
- Crude reversed earlier losses and resumed last week's sharp rally inspired by OPEC's historic agreement to cut production
- Crude for January delivery rose 49 cents, or 1%, to $52.18 a barrel
- Investors continued to weigh last week's deal by the OPEC
- The rise in prices seen since last week was triggered by OPEC's decision to cut production by 1.2 million barrels per day

Crude - Technical Indicators

RSI 14	45.20
SMA 20	45.52
SMA 50	47.64
SMA 100	46.10
SMA 200	45.86

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Crude oil prices rose above $52 a barrel today in European trading session, trading at a fresh 16-month high, as optimism spread about the prospect of a tightening market after OPEC members agreed on a landmark deal to cut production last week.
- Today's gains take the rally since the agreement was struck on Wednesday to 19 percent for Brent, the highest in almost eight years, and 16 percent for U.S crude.
- WTI crude oil traded up 54 cents, or 1 percent, at $52.22 a barrel. Prices had eased slightly earlier in the session, sparking renewed buying. It seems that any dip is seen as a buying opportunity.
- Members of the Organization of the Petroleum Exporting Countries will this weekend meet with non-OPEC producers in Vienna to finalize a global deal to limit oil production.
- From January, non-OPEC producers are expected to add an output cut of 600,000 barrels per day (bpd) to OPEC's agreed 1.2 million bpd reduction. However, one large uncertainty in the global supply balance is output from the United States, whose shale oil drillers proved more resilient than expected to weak oil prices.
- U.S. energy firms extended their recovery in oil drilling into a seventh month last week, data from energy services firm Baker Hughes showed on Friday. Overall, accounting for the recent rise in oil drilling, but also for cutbacks earlier this year on low prices.
- Some market watchers have noted that higher prices are likely to simply lead to higher production from U.S.-based shale producers, whose output is more profitable with oil above $50 a barrel.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

Commodity News

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Silver

Technical

Silver markets fell initially during the week, but turned around to form a hammer. Ultimately, this is a market that looks like it could bounce but I recognize that the $17 level above is resistive. The $17.50 level above is also resistive, so at this point I feel that even though we should have a bounce, I'm looking for a resistive candle above in order to start selling. A break down below the bottom of the candle is also a bearish sign, but at this time it looks likely that we will have to you shorter-term charts.Silver exhibits overwhelmingly bearish signals, with relative strength approaching oversold levels and the MACD showing continuing declining momentum. The hammer of course is a very bullish sign, and thus I think that we may get a bit of a bounce. However, the $17 level above is resistive, just as the $17.50 level is. Because of this, I have no interest in buying this market.

Pivot:	16.63		
Support	16.57	16.44	16.25
Resistance	16.86	17.00	17.09

Highlights

- There were further negative influences on silver from a further sharp increase in bond yields and a strong dollar
- Prices were resilient on hopes for a stronger global trend after firm PMI data
- Industrial commodities were generally firmer during the day, which provided some underlying support to silver
- After sliding to lows near $16.00, silver continued a gradual recovery to the $16.60
- Silver overall dipped lower under the weight of yields, especially with gold

Silver - Technical Indicators

RSI 14	30.06
SMA 20	17.78
SMA 50	18.01
SMA 100	18.74
SMA 200	18.05

Silver Daily Graph

Source: Meta Trader

Fundamentals

- Silver for March delivery was up 1.74% at $16.79 a troy ounce in Friday's trading session, while copper for March delivery settled at $2.63 a pound, despite a solid U.S. jobs report as the dollar slid, helping support demand for the precious metal.
- The Labor Department reported Friday that the U.S. economy added 178,000 jobs in November from the prior month, while the unemployment rate dropped to 4.6%, its lowest level in nine years.
- Economists had forecast nonfarm payrolls rising by 175,000 last month and the unemployment rate remaining unchanged at 4.9%. However, the report also showed that average hourly earnings fell 0.1% from October, while the annual rate of wage growth slowed to 2.5% from 2.8% in October.
- The U.S dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, was down 0.27% to 100.75 late Friday, helping support precious metals .
- The jobs report underlined the Fed's case for a rate hikes at its upcoming meeting on December 13-14, but the weak wage data clouded the outlook for further rate hikes in 2017.
- Investors are currently pricing in a 100% chance of a rate hike this month, according to federal funds futures tracked Investing.com's Fed Rate Monitor Tool. Investors see a 93.9% chance of a follow up rate increase in February. Expectations of tighter monetary policy tend to weigh on silver, which struggles to compete with yield-bearing assets when borrowing costs rise.
- In the week ahead, markets will be paying close attention to speeches by Fed officials and U.S. data on non-manufacturing activity and consumer confidence going into the holiday period.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

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Monday, December 05, 2016

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Dec 05	06:45	CNY Caixin China PMI Services (NOV)	Medium			52.4
Mon Dec 05	10:00	JPY Consumer Confidence Index (NOV)	Medium			42.3
Mon Dec 05	13:55	EUR Markit Germany Services PMI (NOV F)	Low			55
Mon Dec 05	13:55	EUR Markit/BME Germany Composite PMI (NOV)	Low			54.9
Mon Dec 05	14:00	CHF Domestic Sight Deposits (DEC 2)	Low			463.0b
Mon Dec 05	14:00	EUR Markit Eurozone Services PMI (NOV)	Low			54.1
Mon Dec 05	14:30	GBP Markit/CIPS UK Services PMI (NOV)	Medium			54.5
Mon Dec 05	15:00	EUR Euro-Zone Retail Sales (YoY) (OCT)	Medium			1.1%
Mon Dec 05	20:00	USD ISM Services/Non-Manufacturing Composite (NOV)	High		55.2	54.8

Source: Forex Factory, DailyFX

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