

Gold

Technical

Gold markets fell on Monday, after initially trying to rally at the open. A turnaround against the initial move continues the longer-term downtrend. The market seems to be testing the \$1150 level below, and quite frankly I feel that every time we rally the sellers will come back as the real support can be found down at the \$1100 level. Because of this, I look at short-term charts for an opportunity to sell again and again. I think that buying gold is all but impossible at this point, and quite frankly I would not be overly surprised if we reach the \$1000 level longer term. Momentum remains negative as the MACD (moving average convergence divergence) index prints in the red with a downward sloping trajectory which points to lower prices. Resistance is seen near the 10-day moving average at 1,184. Support on gold prices is seen near the June lows at 1,076.

Pivot:	1,171		
Support	1,165	1,160	1,157
Resistance	1,181	1,188	1,195

Highlights

- Gold fell to its lowest in 10 months yesterday as global equities strengthened
- Investors shrugged off worries of political instability in Italy, while U.S Treasury yields rose after U.S. economic data
- Spot gold fell by as much as 1.6 percent to its lowest since February
- Gold has done really well up until the last six months.
- Gold fell more than 8 percent in November, hurt by a jump in the dollar and Treasury yields after Trump's surprise presidency

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 inched up today in Asian session as bargain-hunters moved in after prices touched their lowest in 10 months the session before, but a possible U.S. rate hike as early as next week capped gains.
- With a Fed rate hike approaching, the whole market is just waiting for that. Gold was seeing some support from buying by Chinese jewellery makers ahead of an early Spring festival next year.
- Spot gold was up 0.2 percent at \$1,172.17 an ounce. It touched \$1,157 an ounce on Monday, its lowest since Feb. 5. U.S. gold futures, which also marked a 10-month low in the prior session, shed 0.2 percent to \$1,173.70 per ounce.
- The expected increase in key interest rates is largely taken into account in current prices. However, we do not exclude a drop of the gold price to \$1,150 per ounce.
- Bullion is highly sensitive to rising interest rates, which make the non-yielding asset less attractive while boosting the dollar, in which it is priced. U.S. services sector activity hit a one-year high in November economic data showed yesterday, with a surge in production boosting hiring, further evidence of strength in the economy that clears the way for the Federal Reserve to raise interest rates next week.
- Interest rates futures implied traders saw a 93-percent chance the Fed would raise rates by a quarter point to 0.50-0.75 percent next week, CME Group's FedWatch showed.
- Fed officials cautioned on Monday that the incoming Trump administration's economic plans should not be cast as if the economy is in crisis, but instead be designed to help the economy's long-run prospects. Fed officials worry there is risk that overly aggressive fiscal, tax and other changes could become inflationary given the economy's current strength.

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

The WTI Crude Oil market rallied on Monday yet again as we broke towards the \$52 level. This is a market that is trying to break out, and I believe there is a significant amount of support all the way down to the \$50 level. A pullback from here could find plenty of support below, but I would wait for some type of daily candle to trust the supportive candle. The previous uptrend line should offer support, just as the vital \$50 level in that area. Because of this, I think that it will be very difficult to break down below there, so if we did do so, that would be an extraordinarily bearish sign. A break above the top of the candle for the session on Monday is a strong sign as well, but we also recognize that the market is a bit overextended. Momentum has turned positive as the MACD (moving average convergence divergence) index recently generated a crossover buy signal.

Pivot:	51.11		
Support	50.20	49.05	48.00
Resistance	52.50	53.10	53.90

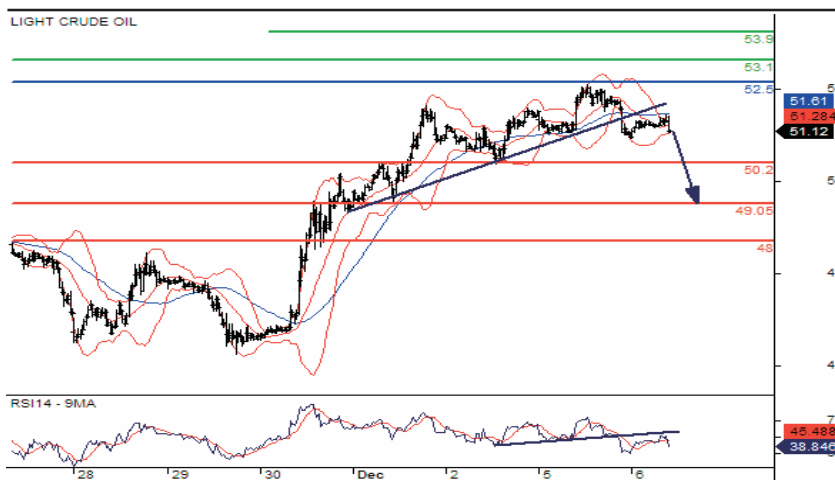
Highlights

- Crude prices rose above \$52 a barrel yesterday a fresh 16-month high
- Yesterday's gains take the rally since the OPEC agreement was struck
- Prices had eased slightly earlier in the session, sparking renewed buying
- Organization of Petroleum Exporting Countries deal has given speculators impetus to increase their bets on higher oil prices
- Non-OPEC producers are expected to agree to add an output cut of 600,000 bpd in Vienna on Dec. 10

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

- Global oil prices slipped on Tuesday as crude output rose in most major export regions despite plans by OPEC and Russia to cut production, triggering fears the fuel glut that has dogged markets for over two years might last well into 2017.
- U.S. West Texas Intermediate crude was at \$51.50 a barrel, down 29 cents. The boon from last week's OPEC decision, which helped boost prices by about 15 percent, has faded and the cartel's promise had been undermined by data showing rising production from its members and Russia.
- Most of the position adjustments that the OPEC decision forced upon traders have now run their course and it leaves the market exposed to profit taking. The meeting on Saturday between OPEC and non-OPEC producers will be crucial in order to maintain the bullish sentiment seen since last Wednesday.
- OPEC's oil output set another record high in November, rising to 34.19 million barrels per day (bpd) from 33.82 million bpd in October, according to a Reuters survey.
- Russia reported average oil production in November of 11.21 million bpd, its highest in nearly 30 years. That means OPEC and Russia alone produced enough to cover almost half of global oil demand, which is just above 95 million bpd.
- Instilling further doubts about OPEC's ability to really cut output, sources told Reuters that Saudi Arabia and Kuwait may agree to resume oil production from jointly-held fields in a neutral zone between the two countries.
- Market watchers had said OPEC's decision to cut output marked an about-turn for Saudi Arabia, which has been battling to keep its market share for the past two years by selling more, if cheaper, barrels rather than bolstering prices.

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

Silver markets rallied at first, and then fell on Monday. Ultimately though, we turned around to form a hammer, which suggests that the \$17 level will be tested yet again. However, this is a longer-term downtrend in the US dollar has been strengthening for quite some time. With this, I wait for an exhaustive candle above in order to take advantage of the longer-term downtrend, or a break down below the bottom of the hammer for the session on Monday to start shorting as well. I have no interest whatsoever in buying silver at the moment. Silver prices have not been cut down like gold prices have, not even close. Silver has actually strengthened in the past couple of weeks while gold is lower. The inverse correlation between precious metals and the US dollar grew to nearly 1-to-1 during the second half of November until recently when gold kept declining despite a softer dollar.

Pivot:	16.76		
Support	16.58	16.50	16.35
Resistance	16.97	17.10	17.23

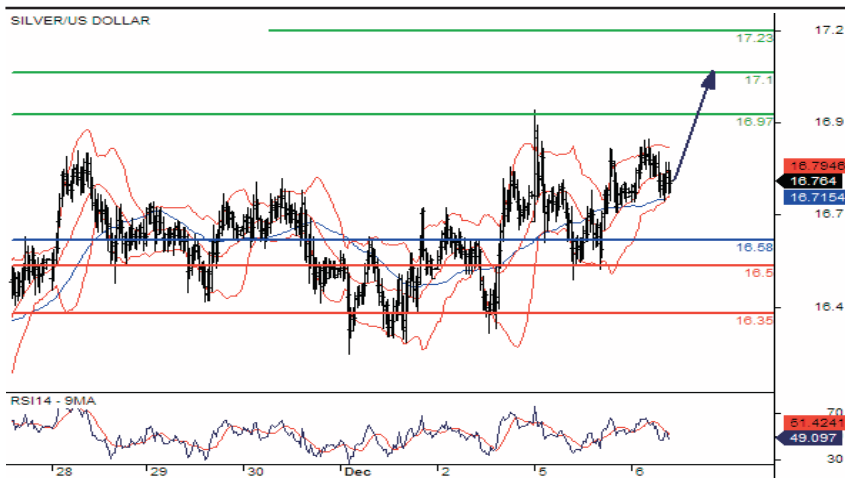
Highlights

- There were mixed influences on silver after the initial deterioration in risk triggered by the Italian referendum no vote
- Improved risk sentiment was offset by a weaker dollar as prices held firm
- After failing to break above the \$17.00 per ounce level on Friday, silver prices edged weaker late in the session
- There was a slight decline in long non-commercial silver positions
- There was a swift recovery in risk conditions which curbed further silver demand

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



Fundamentals

- Silver prices declined in yesterday's session, as the euro plunged to 20-month lows against the dollar after an Italian referendum failed to give Prime Minister Matteo Renzi the mandate to reform the constitution.
- March silver futures declined 11 cents, or 0.7%, to \$16.72 a troy ounce. The grey metal was down as much as 1.7% earlier in the session. Italians voted against reforming the constitution on Sunday in a closely followed referendum that could have major implications on regional dynamics.
- Matteo Renzi formally resigned as prime minister after conceding defeat, leaving the door wide open to the populist opposition party Five Star Movement to make further inroads.
- Five Star has promised to hold a referendum on the euro should it win the next general election, which is scheduled for 2018. However, after Renzi's defeat on Sunday, it is unclear whether an election will be held sooner.
- Meanwhile, the US dollar was trading lower against a basket of other major currencies on Monday. On Friday, the Labor Department said US employers added 178,000 workers last month, as the unemployment rate fell to a nine-year low. However, the same report also showed that wages declined unexpectedly in October.
- US stocks were trading sharply higher Monday. The S&P 500 Index was up 0.7% through the morning, while the Nasdaq was poised to recover from multi-week lows.
- In economic data, US service activity rose much faster than expected in November, a sign the economy was shifting into higher gear ahead of the holiday season. The Institute for Supply Management's non-manufacturing purchasing managers' index jumped to 57.2 in November from 54.8, its highest since October 2015. ISM's employment sub-index spiked to 58.2 from 53.1.

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	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

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Dec 06	08:30	AUD Reserve Bank of Australia Rate Decision (DEC 6)	High	1.5%	1.5%	1.5%
Tue Dec 06	12:00	EUR German Factory Orders n.s.a. (YoY) (OCT)	Medium	6.3%	1.6%	2.9%
Tue Dec 06	13:15	CHF Consumer Price Index (YoY) (NOV)	Medium	-0.3%	-0.2%	-0.2%
Tue Dec 06	14:10	EUR Markit Germany Retail PMI (NOV)	Medium	49.6		51
Tue Dec 06	14:10	EUR Markit Eurozone Retail PMI (NOV)	Medium	48.6		48.6
Tue Dec 06	15:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (3Q)	Medium	1.7%	1.6%	1.6%
Tue Dec 06	18:30	USD Trade Balance (OCT)	Medium		-\$42.0b	-\$36.4b
Tue Dec 06	20:00	USD Factory Orders (OCT)	Medium		2.6%	0.3%
Tue Dec 06	20:00	USD Durable Goods Orders (OCT)	Medium		3.4%	4.8%

Source: Forex Factory, DailyFX

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