

## Gold

### Technical

Gold markets fell again in yesterday's trading session, sending this gold market down to the \$1125 level. Rallies at this point in time should be selling opportunities on signs of exhaustion, as the US dollar will continue to strengthen due to interest-rate hikes. I have no interest in buying this market, and believe that every time we rally it's essentially offering "value" in the US dollar. With this, I feel that the market will probably eventually try to reach down to the \$1100 level, and then possibly the \$1000 level underneath there. It seems as if buying is all but impossible. Momentum has turned negative as the MACD (moving average convergence divergence) index generated a crossover sell signal. The only caveat is that the RSI (relative strength index) is printing a reading of 20, which is below the oversold trigger level of 30 and could foreshadow a correction.

Pivot:	1,133		
Support	1,126	1,122	1,117
Resistance	1,137	1,142	1,144

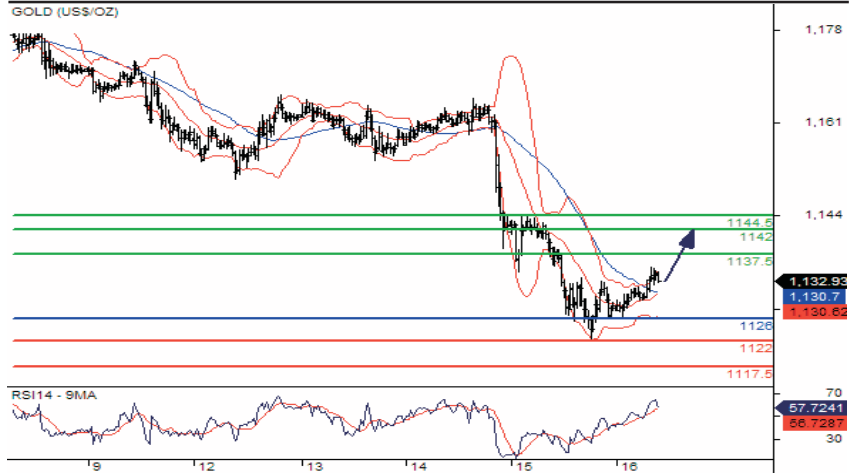
### Highlights

- Gold prices yesterday settled at a level not seen since early February as the first U.S interest-rate hike in a year
- The prospect of a more-aggressive Fed weighed on precious metals
- Gold for February delivery dropped \$33.90, or 2.9%, to \$1,129.80 an ounce
- The knee-jerk drop in gold was a response to the statement suggesting the Fed could raise rates perhaps three times in 2017
- The Fed news fueled a rally in the Dollar Index which shot to a 14-year high

### Gold - Technical Indicators

RSI 14	32.02
SMA 20	1,176.96
SMA 50	1,226.70
SMA 100	1,267.14
SMA 200	1,283.88

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold steadied on today in Asian trading session but held near a 10-1/2 month low due to the higher dollar after the U.S. Federal Reserve this week signalled rates could be raised three times next year -- one more than forecast at its September meeting.
- Spot gold was up 0.5 percent at \$1,134.46 an ounce. The metal hit \$1,122.35 on Thursday, its weakest since Feb. 2 and is down more than two percent so far this week, leaving it on track for its sixth consecutive weekly loss. U.S gold futures climbed 0.6 percent to \$1,136.40 an ounce.
- The rate hike this week from the Fed and the hawkish outlook for next year leave a fairly negative picture for gold. The dollar held near 14-year highs against the euro and a broader basket of currencies as markets repositioned for a more hawkish U.S. central bank.
- Higher interest rates next year could propel the U.S. currency to higher levels, which when it rises makes gold more expensive for non-U.S. firms. The nature of recent gold selling implies fresh shorting as well as liquidation.
- The selling may not yet be exhausted. The bearish factors for gold ? namely a high U.S. dollar, rising yields and equities and risk-on investor demand appetite - leave bullion clearly on the defensive.
- Highlighting investors' lack of appetite for gold are physically backed gold exchange traded funds; holdings of the SPDR Gold Trust, the world's largest gold ETF are down more than 10 percent since Nov. 9.
- The metal began selling off in electronic trading late Wednesday, and traded as low as \$1,124.30 after he Fed news, which came shortly after the settlement. Gold finished Wednesday's regular session at \$1,163.70 an ounce—a 0.4% gain. Higher interest rates typically make the dollar stronger, which can put pressure on commodities.

### 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 went back and forth on Thursday, testing the \$50 level for support. At this point, it looks as if it is going to hold but I do recognize that if we break down below the \$50 level on a daily or even four hour close, it might be time to start selling. If we can break above the top of the range for the session, then I feel that the market will probably reach towards the \$54 level again. We have a lot of thinking to do, because now we have to figure out whether or not the OPEC and not OPEC production cuts again to be enough to overcome the supply glut that this market has been facing for some time. With this in mind, expect volatility regardless of which direction we had next. Momentum is neutral as the trajectory of the MACD is negative while the index is printing in the black. The RSI is printing a reading of 55, which is in the middle of the neutral range.

Pivot:	50.85		
Support	50.35	50.00	49.60
Resistance	51.37	51.85	52.25

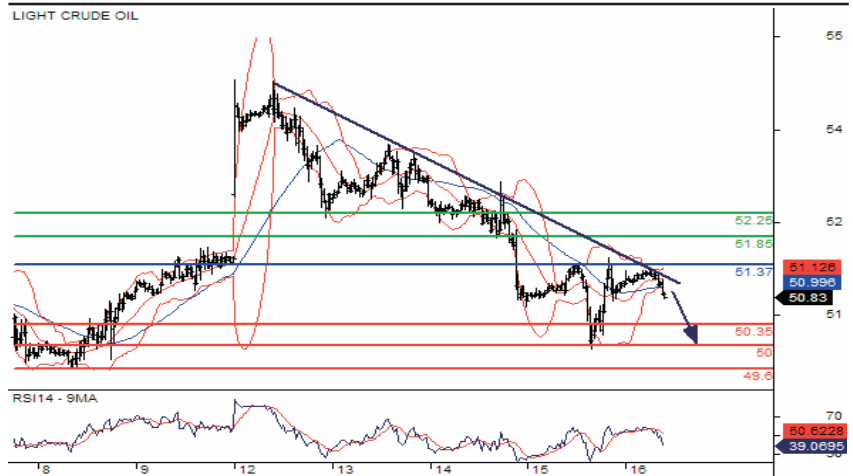
### Highlights

- Oil edged lower today as investors locked in gains by selling out long positions
- Prices remained close to 14-month highs as producers showed signs of adhering to a global supply cut
- U.S West Texas Intermediate (WTI) crude was down 27 cents at \$50.63 per barrel
- The market has faith in the OPEC deal and should trade higher in the near future
- The Organization of the Petroleum Exporting Countries has agreed to reduce output by 1.2 million barrels bpd from Jan. 1

### Crude - Technical Indicators

RSI 14	60.91
SMA 20	49.41
SMA 50	48.14
SMA 100	47.51
SMA 200	46.94

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil settled little changed in yesterday's trading session after sliding to its lowest level in a week in volatile trade, but a surging dollar did not pressure prices below technical support levels as OPEC members told customers they would cut crude supplies.
- Oil tumbled early as the dollar rallied near a 14-year high against a basket of other currencies the day after the Federal Reserve raised U.S. interest rates for the first time in a year. The Fed also hinted rates in 2017 could rise more quickly than investors had anticipated.
- A stronger greenback pressures demand for dollar-denominated crude, making barrels more expensive for users of other currencies. U.S. crude lost 14 cents, or 0.3 percent yesterday, to settle at \$50.90, its lowest close in a week.
- It was hard for crude to pick a direction. The market declined earlier in the day on the strong dollar and reports this week that U.S. production was increasing. But crude ended little changed following a technical bounce and on continued reports that OPEC members were telling customers to expect delivery cuts.
- We saw some buying because there is too much optimism OPEC will cut output for Brent to trade below \$51. The Organization of the Petroleum Exporting Countries and other producers led by Russia have promised to cut output by almost 1.8 million barrels per day (bpd) to try to clear a global glut that has depressed prices.
- National oil companies in Saudi Arabia, Kuwait and Abu Dhabi have told customers in Asia they would cut crude supplies following OPEC's decision to cut output.
- Saudi Arabia also told U.S. and European customers it would reduce oil deliveries, and traders said other OPEC members are expected to do the same. These delivery cut announcements provide psychological support.

### 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 broke down significantly during the day on Thursday, testing the \$16 level. If we can break down below the bottom of the range for the session on Thursday, I think that the silver market will then reach towards the \$15 level. At this point, if we rally at all, and then show signs of exhaustion, it's time to start selling again. I have no understand buying the silver markets, as the Federal Reserve has reason interest rates and look likely to do so again going forward. This should continue to be very negative for precious metals in general. We have maintained a bearish bias in silver despite its recent strength amid gold weakness and dollar strength. The target at support we had set awhile back in the 16/15.80 area looks poised to finally get thoroughly tested soon, if not broken. How price reacts around this key zone will be a big tell.

Pivot:	16.09		
Support	15.90	15.80	15.70
Resistance	16.25	16.35	16.45

### Highlights

- Silver futures slid yesterday following the Federal Reserve's expected decision to raise interest rates
- After a roaring start to the year, the precious metal has tumbled nearly 7% from its peak in July
- Although almost every market participant expected a rate hike, metals have taken a significant hit since Wednesday's move by Fed
- Buying opportunity should present itself before or during the first months of 2017
- The U.S Dollar surged significantly after the Fed's interest rate decision

### Silver - Technical Indicators

RSI 14	52.89
SMA 20	16.74
SMA 50	17.29
SMA 100	18.03
SMA 200	18.16

### Silver Daily Graph



### Fundamentals

- Silver prices plunged on Thursday in a fresh sell-off that extended across precious metals, as the US dollar soared to new highs in the wake of the Federal Reserve's first interest rate increase since last December.
- March silver futures plunged 95 cents, or 5.5%, to \$16.27 a troy ounce, a new six-month low. Prices were down as much as 6.3% through the early morning. The loss is shaping up to be silver's biggest since November 11.
- Precious metals are being severely pressured by a soaring US dollar in the wake of the Federal Reserve's first rate hike this year. The dollar index shot up another 1.2% to 102.96, its highest in around 14 years. The dollar gained around 1% against the euro and 0.8% versus the yen. The greenback also accelerated against the Canadian dollar and Swiss franc.
- While the Federal Reserve's decision to lift interest rates by 25 basis points on Wednesday was hardly a surprise, policymakers signaled for faster policy tightening in the wake of Donald Trump's surprise election victory.
- The federal funds rate now sits between 0.5% and 0.75%, and is expected to rise three times in 2017, according to policymakers' median estimate. That would be followed by another three increases in both 2018 and 2019 before leveling off at a long-run average of around 3%.
- Fed Chair Janet Yellen told a press conference on Wednesday that the "very modest adjustment" in monetary policy was largely driven by solid job growth and evidence of stronger inflation.
- Market participants have increased their inflation expectations following Trump's victory. The President-elect's pro-growth agenda features up to \$1 trillion in fiscal spending and massive corporate tax cuts, both of which could convince the US central bank to up the pace of future tightening.

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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, December 16, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Dec 16	02:00	USD Net Long-term TIC Flows (OCT)	Medium	\$9.4b		-\$26.2b
Fri Dec 16	05:00	NZD ANZ Consumer Confidence (MoM) (DEC)	Low	-2.1%		3.5%
Fri Dec 16	15:00	EUR Euro-Zone Trade Balance (euros) (OCT)	Low	20.1b	29.0b	26.5b
Fri Dec 16	15:00	EUR Euro-Zone Consumer Price Index (YoY) (NOV)	Medium	0.6%	0.6%	0.5%
Fri Dec 16	16:00	GBP CBI Trends Total Orders (DEC)	Low	0	-5	-3
Fri Dec 16	18:30	CAD International Securities Transactions (Canadian dollar) (OCT)	Low		-3.10%	11.77b
Fri Dec 16	18:30	USD Housing Starts (MoM) (NOV)	Medium		-6.8%	25.5%
Fri Dec 16	18:30	USD Building Permits (MoM) (NOV)	Medium		-1.2%	0.3%
Fri Dec 16	23:00	USD Baker Hughes U.S. Rig Count (DEC 16)	Medium		-0.10%	

Source: Forex Factory, DailyFX

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