

Gold

Technical

Gold markets initially tried to rally but turned around to form a negative candle. It looks as if the market is testing the 1180 handle, which has been supportive in the past. Ultimately, I believe that the market will continue to go lower and that the longer-term target is \$1100. The \$1200 level should continue to be rather resistive so short-term rallies offer short-term selling opportunities as far as I can see. I think it will probably be a choppy move lower, but ultimately longer-term charts do lean in the direction of \$1100 being more attractive. 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. In yesterday's session, the Commerce Department reported that consumer spending increased 0.3% after an upwardly revised 0.7% gain in September.

Pivot:	1,169		
Support	1,155	1,148	1,140
Resistance	1,182	1,198	1,208

Highlights

- Gold prices fell yesterday and were on track to make of November the metal's worst month in over three years
- Strong US economic data boosted the dollar, rising expectations of an interest-rate increase by the Federal Reserve next month
- Gold for February was recently down 1.48% at \$1,173.20 an ounce
- A Fed interest-rate increase next month is now as definite as death and taxes
- Assets in bullion-backed exchange-traded funds have decreased 5.3% this month

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 to its lowest since February on Thursday, extending losses after its biggest monthly decline in more than three years, as a surge in oil prices boosted bond yields, denting interest in non-yielding gold as an alternative investment.
- The precious metal fell more than 8 percent in November, hurt by a jump in the dollar and Treasury yields, and by expectations that the Federal Reserve is gearing up to lift interest rates for only the second time in a decade this month.
- That led to hefty outflows from gold-backed exchange-traded funds, New York-listed SPDR Gold Shares, said its holdings fell nearly 60 tonnes in November, the most of any month since May 2013.
- Spot gold was down 0.4 percent today at \$1,168.27 an ounce, while U.S. gold futures for February delivery were down \$4.00 an ounce at \$1,169.90. The key story for gold is still the combination of a stronger dollar and rising Treasury yields.
- We've seen outflows of around 5 million ounces (from ETFs) since the U.S. election, and these are mainly from the U.S.-listed products. U.S. bond yields have surged since Republican candidate Donald Trump's shock election to the U.S. presidency on Nov. 8, which led to speculation that his commitment to infrastructure spending would spur growth and inflation.
- That pushed the dollar sharply higher, with the U.S. unit hitting its highest since 2003 last week. While it retreated on Thursday, it remains at highly elevated levels.
- Germany led euro zone government bond yields higher on Thursday as the first output cut by major oil producers since 2008 triggered an 8 percent surge in oil prices and boosted expectations of higher inflation.

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 rallied as it was reported that OPEC may have reached some type of cut in production. However, the market looks likely to run into quite a bit of trouble at the \$49 level as we have already seen. This is the bottom of the uptrend line from the previous move higher, and as a result I would expect resistance there anyway. Also, the \$49 level above is the beginning of resistance all the way to the psychologically important \$50 handle. I think that given enough time, the sellers will return as we come to grips with the fact that OPEC is pretty much powerless at this point in time to take out the oversupply. The Iranians more than likely won't be involved, the Iraqis almost certainly won't, and then obviously you have the Americans and the Canadians it will pay no attention to this. In fact, the rising oil price in reaction to this only makes it more enticing for American and Canadian drillers to kick into high gear.

Pivot:	49.46		
Support	48.45	47.35	46.35
Resistance	51.20	51.65	52.15

Highlights

- Oil swept to a six-week high after OPEC agreed to cut crude output to clear a glut
- Bond yields rose on prospects that resulting inflationary pressures will lead to higher interest rates
- The Organization of the Petroleum Exporting Countries on Wednesday agreed to its first output cut since 2008
- Non-OPEC Russia will also join output reductions for the first time in 15 years
- U.S crude oil added to overnight gains of 9% to reach \$50.00 a barrel

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 steadied around \$50 a barrel in today's European trading session, holding onto big gains made after OPEC and Russia agreed to restrict production, even as analysts warned other producers were likely to top up supply.
- The Organization of the Petroleum Exporting Countries agreed on Wednesday its first oil output reduction since 2008 after de-facto leader Saudi Arabia accepted "a big hit" and dropped a demand that arch-rival Iran also slash output.
- The deal also included the group's first coordinated action with non-OPEC member Russia in 15 years. On Thursday, Azerbaijan said it was also willing to engage in talks on cuts.
- OPEC has agreed to an historic production cut," analysts at AB Bernstein said. "The cut of 1.2 million barrels per day (bpd) was at the upper end of expectations (0.7-1.2 million bpd). An additional cut of 0.6 million bpd from non-OPEC countries could significantly add to what has been announced by OPEC.
- U.S. light crude oil rose back above \$50 briefly before easing to \$49.54 a barrel, up 10 cents on the day. OPEC has delivered an agreement. For the time being, oil prices have received a huge support.
- The OPEC deal triggered frenzied trading, with Brent futures trading volumes for February and March, when the supply cut will start to be visible in the market, hitting record volumes.
- OPEC produces a third of global oil, or around 33.6 million bpd, and the deal aims to reduce output by 1.2 million bpd from January 2017, similar to January 2016 levels, when prices fell to 10-year lows amid ballooning oversupply. The cuts would leave the field open for other producers, especially U.S. shale drillers.

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 had a very quiet Wednesday, hovering just above the \$16.60 level most of the day. At the moment, it appears that we are a bit exhausted from the recent choppiness but I would still venture to say that there is a lot of bearish pressure on this market. After all, the US dollar continues to strengthen so sooner or later the sellers should return. Feel that the market is going to reach towards the \$16 level again, and that \$17 is essentially a “ceiling” currently. With this I remain bearish. Since Monday, silver prices have weakened a bit, and while not as quickly as they did following the reversal bar on 11/22, the outcome is generally the same – lower. Yesterday's failure to push higher again helps forge the case for shorts. Tomorrow, the monthly US jobs data will be released. The market is looking for a NFP figure of 175k for November, while the unemployment rate is expected to hold steady.

Pivot:	16.35		
Support	16.15	16.00	15.85
Resistance	16.75	16.89	17.00

Highlights

- Silver prices edged lower as investors awaited new trading catalysts in the form of US jobs data and other macro events
- Given the mixed influences, silver prices were confined to relatively narrow ranges
- There was a stronger than expected reading for the ADP employment report
- The PCE inflation data was in line with expectations with the core annual rate held at 1.7%, still below the 2.0% target
- Silver touched the \$16.80 area early in US trading before moving sharply lower

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 prices were trading lower in lockstep with other metals on Wednesday, as the US dollar turned higher following three consecutive declines. March silver futures slipped 3 cents, or 0.2%, to \$16.71 a troy ounce. The metal traded within a range of \$16.65 and \$16.83.
- The grey metal is attempting its fourth consecutive daily advance after plunging to more than five-month lows last week. Silver has declined more than 9% since the November 8 election.
- Gold prices were also under pressure Wednesday and were on track for their second consecutive drop. The February futures prices fell \$4.80, or 0.4%, to \$1,186.00 a troy ounce.
- Meanwhile, the US dollar rebounded against a basket of other major currencies following a sharp decline in the previous session. The dollar index rose 0.2% to 101.17.
- The greenback will see plenty of action in the latter half of the week as investors turn their attention to US jobs data. On Friday, the Labor Department is expected to show the creation of 170,000 US jobs in November, giving the Federal Reserve the scope it needs to raise monetary policy for the first time since last December.
- Certainty about a December rate hike has grown in recent weeks and is currently priced at well over 90%, according to the CME Group's FedWatch Tool.
- Higher oil prices provided some net support to silver and gold, but the impact was more than offset by a fresh surge in bond yields and sharp dollar gains late in the European session with prices ending lower. Silver prices consolidated around \$16.70 per ounce during the yesterday's Asian and European trading session.

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

Commodity News

Thursday, December 01, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Dec 01	12:00	GBP Nationwide House Prices n.s.a. (YoY) (NOV)	Medium	4.4%	4.7%	4.6%
Thu Dec 01	13:30	CHF SVME-Purchasing Managers Index (NOV)	Medium	56.6	54.4	54.7
Thu Dec 01	14:30	GBP Markit UK PMI Manufacturing s.a. (NOV)	Medium	53.4	54.3	54.2
Thu Dec 01	15:00	EUR Euro-Zone Unemployment Rate (OCT)	Medium	9.8%	10.0%	9.9%
Thu Dec 01	18:30	USD Initial Jobless Claims (NOV 26)	Medium		253k	251k
Thu Dec 01	18:30	USD Continuing Claims (NOV 19)	Medium		2040k	2043k
Thu Dec 01	20:00	USD Construction Spending (MoM) (OCT)	Medium		0.6%	-0.4%
Thu Dec 01	20:00	USD ISM Manufacturing (NOV)	High		52.4	51.9
Thu Dec 01	20:00	USD ISM Prices Paid (NOV)	Medium		54.3	54.5

Source: Forex Factory, DailyFX

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