

Gold

Technical

Gold markets had a fairly quiet session on Wednesday, as we hover around the \$1125 handle. I think at this point any time we rally it's time to start selling as the market has shown itself to be rather negative. The \$1100 level should continue to be psychologically important, but structurally we have much more support down at the \$1000 handle. Because of this, I think the longer-term downtrend continues and therefore I am essentially "sell only" when it comes to the gold markets, as the US dollar continues to punish precious metals overall. Resistance on the yellow metal is seen near the 10-day moving average at 1,145. Prices are oversold as the RSI (relative strength index) prints a reading of 25, well below the oversold trigger level of 30 which could foreshadow a correction. Momentum as reflected by the MACD is neutral with the index printing at zero with a flat trajectory.

Pivot:	1,131		
Support	1,129	1,126	1,124
Resistance	1,135	1,137	1,139

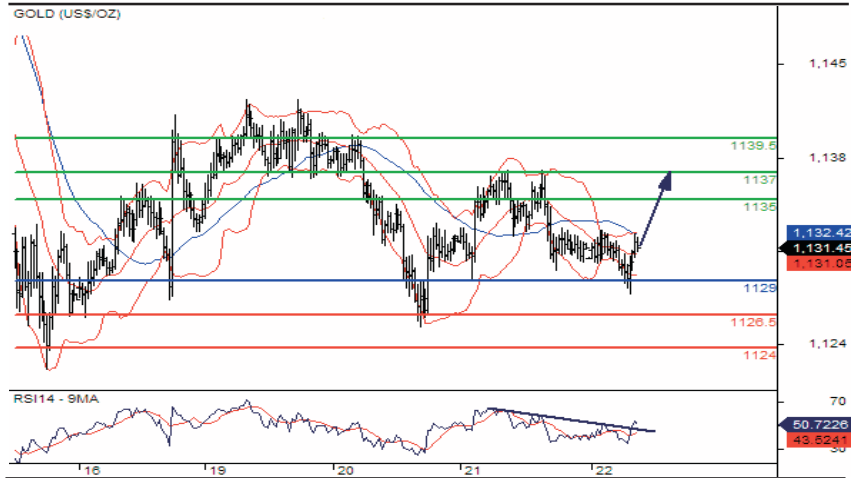
Highlights

- Gold prices settled near break-even levels as it struggled to push higher, even as the dollar retreated from a 14-year high
- Gold for February delivery ended down 40 cents, or less than 0.1%, at \$1,133.20
- The precious metal has fallen 3.2% so far in December
- As gold is priced in dollars, any advances for the greenback makes the metal more expensive for other currency holders
- Looking ahead there is a risk that the price of gold might fall further

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 fluttered in a narrow range today in muted trading ahead of the holidays, with market participants now waiting for a bunch of U.S. economic data due later in the day.
- The United States will release a third revision of U.S. third quarter gross domestic product along with durable goods orders for November, and weekly initial jobless claims.
- The Federal Reserve, which hiked U.S. interest rates last week, signaled three more increases next year compared with its previous projection of two. Strong economic data could prompt the Fed to raise rates sooner than later, pressuring gold prices as higher rates lower demand for the non-interest-paying bullion, which is priced in dollars.
- Spot gold was steady at \$1,131.76 an ounce. U.S. gold futures were little changed at \$1,133.50 per ounce. The market is in holiday mood already and we have very few trading days before the new year. It is all going to be quiet as the investors will be holding very thin margins.
- The dollar index slipped 0.1 percent to 102.890. It reached 103.65 on Tuesday, the highest since December 2002. The dollar is very strong and gold is going to be under pressure till Donald Trump takes over the U.S. presidency and the focus will shift to how his policies are unfolding.
- Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, continued to fall on Wednesday, losing 0.43 percent to hit 824.54 tonnes. Holdings are down over 12 percent since November..
- A lot of ETF buyers got in at unsatisfactory levels. Clearly Trump's win was not expected by the market and the rise in U.S. yields put further pressure on gold. A break below \$1,100 will see another round of big liquidations. With Christmas only a few days away we expect business and liquidity to further dry up.

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 markets fell slightly on Wednesday as we continue to see quite a bit of choppy trading. At this point in the year, volatility does tend to dry up due to the fact that a lot of traders will focus more on holidays and less on actual trading. The market seems to have a bit of a floor at the \$50 level underneath, and resistance at the \$54.50 level above. I think between now and the end of the year we will continue to trade within this area, giving us a relatively obvious range. I will say that I believe there is more of an upward bias than anything else in this market right now, due to the production cut agreement. However, longer-term I still have serious doubts. Short-term buying on the dips is probably about as good as it gets right now. Momentum is neutral as the MACD prints near the zero index level with a flat trajectory pointing to consolidation.

Pivot:	52.41		
Support	52.15	51.90	51.50
Resistance	52.85	53.15	53.46

Highlights

- Oil declined after a government report showed U.S. crude stockpiles increased for the first time in five weeks
- Crude stockpiles rose 2.26 million barrels last week, according to the EIA
- The industry-funded API reported Tuesday that crude supplies declined 4.15 million
- Oil has traded near \$50 a barrel since the OPEC agreed Nov. 30 to cut output for the first time in eight years
- WTI for February delivery fell 81 cents, or 1.5 percent, to settle at \$52.49

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 prices slipped in tepid Asian trading today, dragged down by an unexpected rise in U.S. crude inventories last week and moves by Libya to boost output over the next few months.
- But the fall was curbed by a weaker dollar and optimism that crude producers would abide by an agreement to limit output to prop up markets. U.S. West Texas Intermediate crude CLc1 dropped 5 cents to \$52.44 a barrel, after closing the previous session down 81 cents. It nudged up to \$52.71 per barrel in initial trade today.
- The dollar index which tracks the greenback against a basket of six rival currencies, slipped as investors took profits after its rise to a 14-year peak of 103.65 earlier this week.
- A weaker dollar makes greenback-denominated commodities including oil cheaper for holders of other currencies. There was disappointment with the size of the U.S. crude inventory build. Traders may have thought prices have run high enough.
- U.S. crude stocks posted a surprise build last week, climbing by 2.3 million barrels compared with an expected decline of 2.5 million barrels, the U.S. Energy Information Administration said on Wednesday.
- Libya's National Oil Corporation (NOC) said it hoped to add 270,000 barrels per day (bpd) to national production after it confirmed on Tuesday that pipelines leading from the Sharara and El Feel fields had reopened. NOC said that Sharara output reached 58,000 bpd on Wednesday.
- Libya recently doubled output to 600,000 bpd, but Jonathan Barratt, chief investment officer at Sydney's Ayers Alliance, said the country had the capacity to ramp up production to 1.2 million bpd.

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

The silver market initially tried to rally on Wednesday but found too much resistance above. Currently, I feel that the market is probably going to hover around the \$16 level, an area that has been rather supportive. Even if we did rally from here, I'll be looking to sell at higher levels, most notably the \$16.50 handle. The downtrend should continue based upon US dollar strength if nothing else, and I also recognize that a break below the bottom of the hammer from the session on Tuesday also signifies that it's time to start selling again as we reach towards the \$15 level. There was an air pocket we were previously focused on from the low 17s to 16/15.80. A clear break below 15.80 exposes another air pocket. Looking to the left there isn't any visible support until we arrive at the swing low from April at 14.79 down to swing highs created during December of last year around 14.50.

Pivot:	15.82		
Support	15.70	15.60	15.51
Resistance	15.96	16.02	16.13

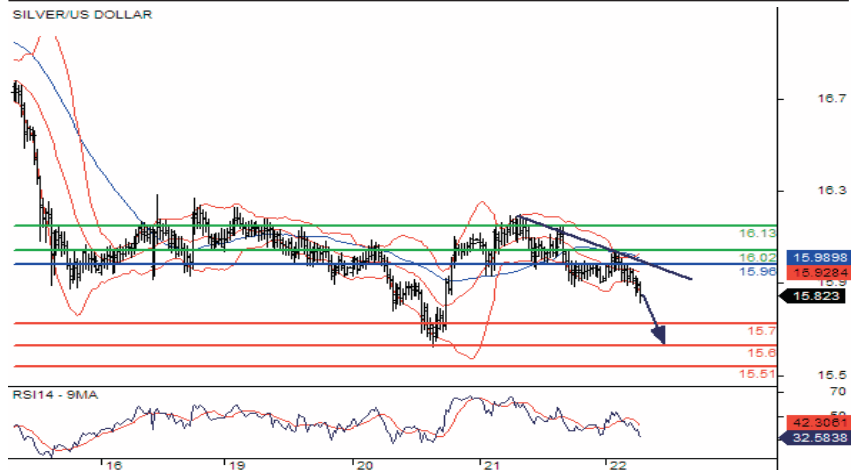
Highlights

- Dollar was subjected to a mild correction which helped trigger limited rally in silver
- There was solid selling interest on rallies as sentiment remained weak
- The US existing home sales data was stronger than expected at an annualised rate of 5.61mn from a downwardly-revised 5.57mn
- With trading volumes continuing to decline, there will be the risk of erratic market conditions in the short term
- Silver will struggle to make much impression unless there is a more substantial dollar correction

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



Source: Meta Trader

Fundamentals

- Silver prices traded slightly lower on Wednesday after a failed recovery attempt, signaling sharp downward pressure on demand for precious metals. March silver futures fell 5 cents, or 0.3%, to \$16.07 a troy ounce on the Comex division of the New York Mercantile Exchange. The futures contract was up as much as 0.7% earlier.
- Silver is down roughly 7% since last Wednesday, when the Federal Reserve raised interest rates and signaled a faster pace of tightening. However, the downtrend extends all the way back to the November 8 presidential election.
- The US dollar, which has been largely responsible for the sharp decline in precious metals, weakened against a basket of other major currencies on Wednesday. The dollar index fell 0.4% to 102.87 after hitting fresh 14-year highs the previous session.
- Demand for equities also softened, with European stocks ending the day lower. The pan-European Stoxx 600 pulled back from 2016 highs, as banks, utilities and basic materials declined. On Tuesday, the benchmark index reached its highest level since last December.
- In economic data, US existing home sales rose unexpectedly in November, adding to growing optimism about the housing market recovery despite the recent rise in mortgage rates.
- The sale of existing homes edged up 0.7% to a seasonally adjusted annual rate of 5.61 million in November, the National Association of Realtors said in a report on Wednesday. That followed a downwardly revised gain of 1.5% in October.
- The US government will release several batches of economic data today, including personal spending and outlays, core personal consumption expenditures, initial jobless claims and revised third quarter GDP.

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 22, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Dec 22	02:45	NZD Gross Domestic Product (YoY) (3Q)	High	3.5%	3.6%	3.4%
Thu Dec 22	05:01	GBP GfK Consumer Confidence Survey (DEC)	Medium	-7	-8	-8
Thu Dec 22	18:30	USD Gross Domestic Product (Annualized) (3Q)	Medium		3.3%	3.2%
Thu Dec 22	18:30	USD Personal Consumption (3Q)	Medium		2.8%	2.8%
Thu Dec 22	18:30	USD Durable Goods Orders (NOV)	High		-4.5%	4.6%
Thu Dec 22	18:30	USD Initial Jobless Claims (DEC 17)	Medium		259k	254k
Thu Dec 22	18:30	CAD Consumer Price Index (YoY) (NOV)	High		1.4%	1.5%
Thu Dec 22	19:00	USD House Price Index (MoM) (OCT)	Medium			0.6%
Thu Dec 22	20:00	USD Personal Consumption Expenditure Core (YoY) (NOV)	High			1.7%

Source: Forex Factory, DailyFX

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