

Gold

Technical

December Comex Gold futures are trading higher today. Traders are reacting to the weaker U.S. Dollar. The price action the last few days suggest that traders have priced in the expected Fed rate hike in December. The main driver of the price action at this time is the uncertainty over the U.S. presidential election on Tuesday, November 8. Traders have been on edge since last Friday when the U.S. Federal Bureau of Investigation announced that it was renewing its investigation of emails from Democratic candidate Hillary Clinton. New polls show that Clinton has lost some ground and Trump has gained some support. This puts the election at a virtual dead heat according to some sources. The main range is \$1347.80 to \$1243.20. Its retracement zone at \$1295.50 to \$1307.80 is the primary upside target. This zone is controlling the longer-term direction of the market.

Pivot:	1,291		
Support	1,278	1,271	1,265
Resistance	1,298	1,305	1,310

Highlights

- Gold prices rose to the highest level in four weeks, boosted by a weaker U.S dollar
- Gold for December delivery settled up 1.2% at \$1,288.00 an ounce, closing at the highest level since Oct. 3
- The U.S Dollar Index was recently down 0.4% at 88.21
- Adding to gold's gains is the looming concern over the economic impact of the Nov. 8 U.S. election
- Investors will be watching the Fed's policy meeting, which concludes today

Gold - Technical Indicators

RSI 14	46.80
SMA 20	1,361.96
SMA 50	1,299.70
SMA 100	1,320.14
SMA 200	1,287.88

Gold Daily Graph



Fundamentals

- Gold hit a near one-month high today in Asian trading session as investors grew more concerned over the global economic outlook and started looking for safe-haven assets on signs that the U.S. presidential election race was tightening.
- The mounting anxiety over the elections after the renewal of the FBI probe into Democratic candidate Hillary Clinton's emails has left investors favouring gold and other safer assets over riskier ones like stocks.
- Uncertainty leading up to the U.S. election is likely to provide support to the precious complex. Spot gold was up 0.4 percent at \$1,292.81 an ounce. Bullion touched its highest since Oct. 4 at \$1294.43 per ounce. U.S. gold futures rose 0.47 percent to \$1,294.00 per ounce. Earlier in the session, it touched a one-month high at \$1,295.70.
- Markets were also awaiting direction on a U.S. interest rate hike from a two-day U.S. Federal Reserve policy meeting. The outcome of the Federal Open Market Committee meeting was due later in the day, although a rise in rates before December was seen as unlikely.
- The FOMC this week isn't in play. What's driving all of this is that (Republican candidate) Donald Trump is closing in on Hillary Clinton at a very rapid rate post the developments in the email server saga.
- For the next two weeks, it is all going to be about the U.S. elections and gold is a main beneficiary. The Fed is mostly expected to keep interest rates unchanged on Wednesday though setting the stage for a hike in December.
- Gold is highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, and also boost the dollar, making the metal more expensive for those holding other currencies. The dollar index was down 0.03 percent at 97.673.

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, as we are hanging about the 100-day exponential moving average. Beyond that, there is an uptrend line just below, so we are at an area that buyers should be interested in. If we bounce from here, and could very well be a buying opportunity. If we break down below the uptrend line, that could be a very negative sign as well. Don't forget that we get the Crude Oil Inventories announcement coming out today, so that of course can have a massive effect on this market. Ultimately, this is a market that must make some type of decision soon, so by the end of the day we should have a clear signal as to which direction we want to go. With this in mind, the close of the Wednesday session will be very important. If we can break down below the expert neutral average and the uptrend line, the market could continue to go much lower.

Pivot:	46.32		
Support	45.68	45.22	44.55
Resistance	47.35	48.25	48.87

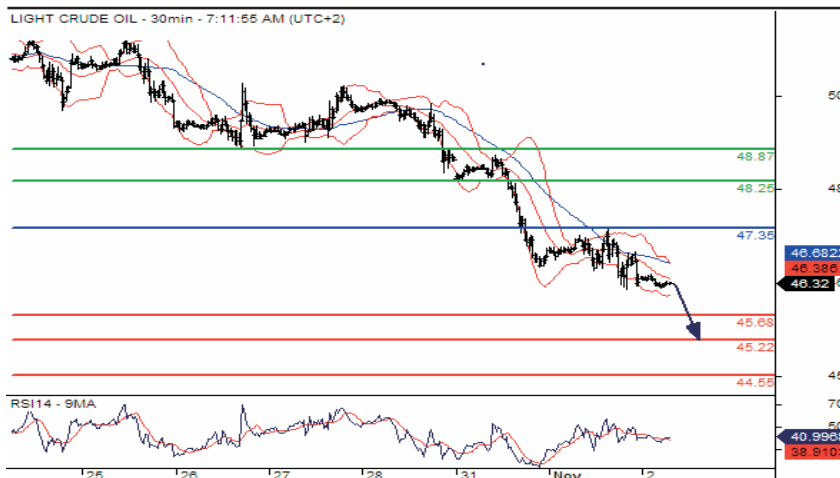
Highlights

- As crude prices continue to get dragged down by a global glut, oil investors may find some profit by going to sea
- Crude is extending declines as OPEC's members squabble over output limits
- The API reported U.S crude stocks rose by 9.3 million barrels in the last week
- Crude prices rallied about 15 percent over a three-week span after the OPEC proposed its first production cut in eight years
- Oil rode up at first on the Colonial pipeline news, but that effect has faded

Crude - Technical Indicators

RSI 14	50.58
SMA 20	50.32
SMA 50	47.39
SMA 100	46.24
SMA 200	45.08

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Crude oil prices fell for a fourth consecutive trading session today as jittery investors awaited official U.S. stockpile figures later in the day after industry data showed a surprise build in inventories, underlining the market's supply overhang.
- The American Petroleum Institute said that crude stockpiles rose by 9.3 million barrels in the week to Oct. 28, more than nine times the amount expected by analysts polled by Reuters.
- U.S. West Texas Intermediate crude fell by 70 cents to \$45.97 by 0611 ET and Brent crude LCOc1 was down 69 cents at \$47.45. Both contracts were at their lowest since Sept. 28. Official inventory data from the U.S. government's Energy Information Administration will be released later today.
- Rising production from members of the OPEC also weighed on prices. We have increasing production from Libya and Nigeria helping to create more surplus. Also, all OPEC members are producing as much as they can to have a high base line to negotiate from at the OPEC meeting.
- Nigerian Oil Minister Emmanuel Ibe Kachikwu said on Tuesday that oil output had recovered to 2.1 million barrels per day. The West African country's Trans Niger Pipeline, one of two conduits to export Bonny Light crude, reopened on Oct. 28 after a month-long shutdown, a Shell spokeswoman said late in yesterday's session.
- Libya has doubled its output since mid-September and is currently producing about 590,000 bpd, state-run National Oil Corp said. OPEC production is likely to set another record high in October at 33.82 million bpd from a revised 33.69 million bpd in September, according to a Reuters. Prices have slumped in recent days as hopes have faded that oil producers would settle their differences and agree to output cuts when OPEC meets on Nov. 30.

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 to the upside, clearing the \$18 level as we have seen quite a bit of buying pressure during the day. It now looks as if we are going to continue to go much higher, as the candle has closed towards the top of the range, and shows that we should more than likely find plenty of momentum to continue going higher. A pullback that show signs of support on a short-term chart might be reason enough to go long, but then again so would a break above the top of the candle during the day, as it shows a continuation of the buying pressure. I have no interest whatsoever in selling. After nearly a month-long wait the price of silver is trying to make a break for it. For now, a short bias is sidelined, while caution is warranted on longs into resistance. Traders who already have an existing long position, placing a stop loss below 17.82 makes sense.

Pivot:	18.39		
Support	17.92	17.75	17.53
Resistance	18.70	18.89	19.00

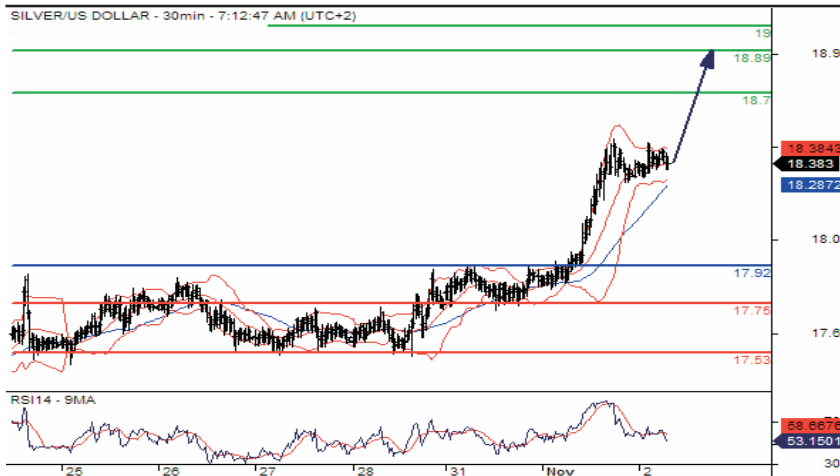
Highlights

- Silver took advantage of a weaker dollar yesterday with the strength in gold also providing important support
- Prices moved sharply higher after breaking above the \$18.00 resistance area
- The Chinese PMI data was stronger than expected, which helped underpin confidence in the global economy
- Silver prices maintained a firm tone with solid buying support on dips
- The US ISM manufacturing data was slightly higher than consensus forecasts

Silver - Technical Indicators

RSI 14	43.08
SMA 20	17.58
SMA 50	18.56
SMA 100	19.18
SMA 200	17.82

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices surged yesterday, reaching their highest level in a month as traders widened their speculative positions ahead of the Federal Reserve's policy decision.
- December silver spiked 46 cents, or 2.6%, to the highs of \$18.26 a troy ounce in yesterday's session. The metal was on pace for its strongest settlement since October 3.
- The US dollar declined sharply against a basket of currencies Tuesday, as investors anticipated another status quo update from the Federal Reserve this week. The dollar index fell 0.3% to 98.13.
- The Fed is widely expected to keep interest rates unchanged Wednesday, but could set the stage for a hike in December. Thirty-day Fed Fund futures prices imply a nearly 93% probability that the Fed keeps rates on hold this week. The probability of a December liftoff is 78%.
- In economic data, China's manufacturing sector expanded in October at the fastest pace in more than two years, offering further evidence of a stabilizing economy. The Caixin China manufacturing PMI rose 1 point to 51.2 in October on a scale where 50 separates expansion from contraction.
- Meanwhile, the Bank of Japan (BOJ) left monetary policy unchanged Tuesday and trimmed its inflation forecast. The BOJ now expects to reach 2% inflation around fiscal 2018, which ends in March 2019. That is one year later than the Bank's previous target.
- The Reserve Bank of Australia (RBA) also held its overnight cash rate at a record low yesterday. There will be caution ahead of Wednesday's Federal Reserve statement with the potential for choppy trading conditions as underlying risk conditions will continue to be monitored closely.

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

Wednesday, November 02, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Nov 02	02:45	NZD Unemployment Rate (3Q)	High	4.9%	5.1%	5.1%
Wed Nov 02	02:45	NZD Employment Change (YoY) (3Q)	High	6.1%	5.4%	4.5%
Wed Nov 02	10:00	JPY Consumer Confidence Index (OCT)	Medium	42.3	42.6	43
Wed Nov 02	3:55	EUR German Unemployment Change (OCT)	High		-1k	1k
Wed Nov 02	14:30	GBP Markit/CIPS UK Construction PMI (OCT)	Medium		51.8	52.3
Wed Nov 02	16:00	USD MBA Mortgage Applications (OCT 28)	Medium			
Wed Nov 02	17:15	USD ADP Employment Change (OCT)	Medium		165k	154k
Wed Nov 02	19:30	USD DOE U.S. Crude Oil Inventories (OCT 28)	Medium			-553k
Wed Nov 02	23:00	USD Federal Open Market Committee Rate Decision (NOV 2)	High		0.50%	0.50%

Source: Forex Factory, DailyFX

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