

## Gold

### Technical

Gold markets initially went much higher during the yesterday's trading session as the United States elected Donald Trump as president. Because of this, the U.S Dollar fell initially, which had a knock-on effect over here in the gold market. However, the market turned around and gave back most of the gold gains, and it now looks as if we are going to simply continue to grind higher overall. A break down below the bottom of the candle would be negative but I see a lot of support between here and the \$1250 level that keeps me from selling. Additional resistance on the yellow metal is seen near last week's highs at 1,308. Support on gold prices is seen near the October 27 lows at 1,261. Momentum has turned neutral as the MACD (moving average convergence divergence) index prints in the black with a flattening trajectory which reflects consolidation.

Pivot:	1,289		
Support	1,270	1,262	1,254
Resistance	1,300	1,308	1,321

### Highlights

- Gold prices saw a surprise finish lower in yesterday's session after Donald Trump's stunning U.S. presidential win
- Investors muddled through the uncertainties raised by the Republican's unorthodox approach to politics
- Perceptions today may have little correlation with tomorrow's reality
- There's no denying the very bullish short-term effect of a Trump victory on gold
- The dollar pared all of the sharp losses it saw in early trading and moved higher

### 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



Source: Meta Trader

### Fundamentals

- Gold rose slightly in today's Asian trading session as global markets took respite from a massive sell-off in risky assets and absorbed Republican Donald Trump's shocking U.S. presidential win, but gains were capped by firmer Asian stocks.
- Spot gold was up 0.75 percent at \$1,287.15 an ounce, while U.S. gold futures climbed 1.1 percent to \$1,287.50 per ounce. Asian shares rallied today and the dollar firmed in a remarkable snapback from the shock of Trump's presidential victory, though market participants were still concerned about the lack of details on the president-elect's policy path.
- Given that Donald Trump hardly has any policy details to back up his general proposals, it is not clear yet what effects his presidency will have on the various markets. We have been testing upside and we certainly going to be much more comfortable if we touch back above \$1,300, We see a lot of buying activity from China.
- Gold rose nearly 5 percent to touch \$1,337.40 yesterday, its highest in six weeks. But prices have since retreated as U.S. markets reacted positively to the Trump win. While higher uncertainty warrants an allocation to gold from a portfolio construction perspective, the tactical outlook remains mixed.
- Despite the pullback there are long-term uncertainties associated with the stated policy objectives of a Trump presidency that are likely to engineer a gold rally. Also one factor that may still propel gold may be a shift in expectations concerning a potential December rate hike.
- Trump's victory throws into question the core assumption in global financial markets that the Fed will raise interest rates soon. Gold is highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it is priced. Spot gold is expected to fall to \$1,249 per ounce.

### 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 initially sold off drastically during the day on Wednesday, but found enough support at the \$43 level to turn things back around and form a massive hammer. Because of this, the market looks as if it is strongly supported, and with that I believe that we will try to reach towards the previous uptrend line that had caused quite a bit of support. Any signs of exhaustion should be selling opportunities. With this being the case, it's likely that we will see the longer-term issues come into play as the supply is far too strong for the demand. An exhaustive candle is a reason to start selling, but so having said that I think that a break down below the \$43 level would be massively negative. Either way, I have no interest in buying until we break well above the previous uptrend line. Momentum remains negative as the MACD index prints in the red.

Pivot:	45.45		
Support	44.40	43.70	43.07
Resistance	45.95	46.43	47.20

### Highlights

- Oil prices rose yesterday, as U.S. financial markets bounced back
- Crude had tumbled as much as 4 percent early in the session, in the immediate aftermath of the U.S. presidential election results
- U.S crude tumbled to near \$43, a near two-month low before reversing losses
- The selloff was part of a broad-based market reaction where investors fled risky assets such as stocks and the dollar
- The U.S crude stockpiles rose 2.5 million barrels last week

### 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

- Oil prices steadied today as markets recovered from their initial shock at U.S. President-elect Donald Trump's surprise victory, but investors were cautious ahead of a key OPEC meeting to decide on production.
- Most markets shook off post-election losses and bounced back today. But the oil market is heavily oversupplied and investors are focusing on a gathering of the Organization of the Petroleum Exporting Countries on Nov. 30, which may lead to output cuts.
- U.S light crude was down 10 cents at \$45.17. If no agreement is reached and some individual members continue to expand their production then the market will remain in surplus throughout the year, with little prospect of oil prices rising significantly higher.
- If the supply surplus persists in 2017 there must be some risk of prices falling back. We are still in an oversupplied market and that is not going to change for the foreseeable future unless OPEC cuts.
- The market was dampened by a 2.4-million-barrel rise in U.S. crude inventories to 485 million barrels last week, reported by the Energy Information Administration on Wednesday.
- Investors are still assessing the long-term impact of a Trump presidency on world oil supply and demand. Goldman Sachs said a Trump presidency would likely result in higher investment and, in time, increased U.S. oil output as the president-elect has said he would deregulate fossil fuel production.
- Internationally, the bank said Trump's threat of renewed U.S. sanctions against OPEC member Iran would "further incentivize Iran to maximize production in the short term rather than comply to an OPEC freeze". This reinforced traders' doubts over the ability of OPEC and other producers such as Russia to trim output to prop up 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 during the all the three sessions yesterday, breaking above the top of the shooting star from the Tuesday session. There is quite a bit of noise just above though, so it's likely that the silver market will continue to chop around. Nonetheless, economists believe that there is quite a bit of bullish pressure that should continue in this market, so having said that it's likely that the market will try to reach towards the \$20 per ounce level over the longer term. Personally I have no interest in selling silver at this moment, and believe that the \$18 level will continue to be massive support. Silver was resilient in the face of weaker gold prices and closed around \$18.50. Trends in global risk appetite will continue to be watched closely with the potential for further high volatility over the next few days. The recent price action will boost confidence in the overall outlook.

Pivot:	18.79		
Support	18.52	18.32	18.14
Resistance	19.00	19.15	19.30

### Highlights

- There was relative stability in silver prices given very high volatility across other assets with a surge in risk appetite
- A rally in industrial commodities also helped support silver
- Silver was resilient in the face of weaker gold prices and closed around \$18.50
- Trends in global risk appetite will continue to be watched closely with the potential for further high volatility
- Trump's victory was a shock to the global financial system

### 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 to six-week highs yesterday, as Republican candidate Donald Trump became the 45th president of the United States, triggering a large selloff in global equities.
- Donald Trump had secured 276 votes in the electoral college after winning the key battleground states of Ohio, North Carolina, Florida and Arizona. Trump also locked down Wisconsin and Michigan.
- Trump's victory was a shock to the global financial system, which only 48 hours ago had priced in a convincing win for Democratic nominee Hillary Clinton. Japan's Nikkei 225 Index plunged 5.4%. Hong Kong's Hang Seng Index closed 2.2% lower.
- All of Europe's major bourses were lower, with the pan-European Stoxx 600 on track to snap a two-day winning streak. Carnage ensued in the US futures market, where blue-chip Dow Jones futures were down 750 points.
- There was, however, a reversal in prices later during the Asian session with silver caught between two opposing factors. The defensive demand for precious metals, which gave potential support to silver, was offset by downward pressure on industrial commodities with fears surrounding the outlook for global growth.
- These concerns prevented further silver gains and prices gradually retreated back towards the \$18.50 area. There were opposite trends later in the day as the substantial improvement in risk appetite curbed potential defensive silver support, although industrial commodities recovered ground.
- There was a strong rally in the dollar as USD/JPY recovered from lows below 101.50 to trade around 104.50, while EUR/USD retreated to below 1.1000 from highs at 1.1300. The dollar index overall secured net gains on the day, which curbed silver support, and there was a strong increase in US bond yields, which also curbed potential support for precious metals.

### 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, November 10, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Nov 10	01:00	NZD Reserve Bank of New Zealand Rate Decision (NOV 10)	High	1.75%	1.75%	2.00%
Thu Nov 10	04:50	JPY BOJ Summary of Opinions at Oct. 31-Nov.1 Meeting	Medium			
Thu Nov 10	04:50	JPY Machine Orders (YoY) (SEP)	Medium	4.3%	4.1%	11.6%
Thu Nov 10	05:01	GBP RICS House Price Balance (OCT)	Medium	23.0%	18.0%	18.0%
Thu Nov 10	05:30	AUD Home Loans (SEP)	Medium	1.6%	-1.6%	-3.0%
Thu Nov 10	11:00	JPY Machine Tool Orders (YoY) (OCT)	Medium	-8.9%		-6.3%
Thu Nov 10	18:30	CAD New Housing Price Index (YoY) (SEP)	Medium		2.8%	2.7%
Thu Nov 10	18:30	USD Initial Jobless Claims (NOV 5)	Medium		260k	265k
Thu Nov 10	18:30	USD Continuing Claims (OCT 29)	Medium		2022k	2026k

Source: Forex Factory, DailyFX

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