

Gold

Technical

Gold prices fell as hawkish fed speak ignited an increase in yields which weighed on the yellow metal, sending down through support. Resistance is seen near former support at 1,303, and then again at the 10-day moving average at 1,321. Support is seen near the late June lows at 1,250. Momentum has turned negative as the MACD index recently generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread.

The index moved from positive to negative territory confirming the sell signal. The index is now printing in the red with a downward sloping trajectory which points to lower prices. The RSI tumbled reflecting accelerating negative momentum, but the current reading of 25, is well below the oversold trigger level of 30, which could foreshadow a correction in gold prices.

Pivot:	1,274		
Support	1,257	1,249	1,235
Resistance	1,287	1,298	1,314

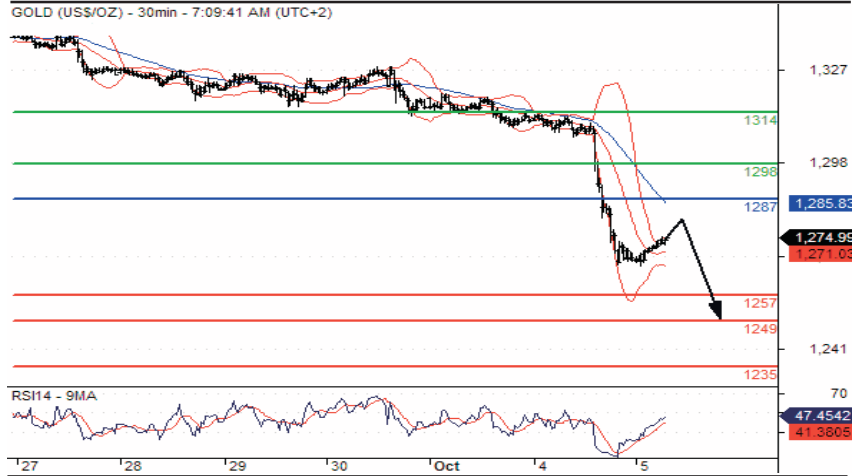
Highlights

- Gold might fall in the near term, but market bulls expect the retreat to offer investors who missed gold's first-half 2016 rally
- Gold haven't suffered a one-day drop as extreme as yesterday's selloff since 2013
- Last time gold settled this low was on the day the U.K cast its vote to leave the EU
- December gold dropped \$43, or 3.3%, to settle at \$1,269.70 an ounce, the lowest close for a most-active contract since June 23
- Shares of the SPDR Gold Trust fell more 3% lower yesterday

Gold - Technical Indicators

RSI 14	48.82
SMA 20	1,326.07
SMA 50	1,331.72
SMA 100	1,323.99
SMA 200	1,279.98

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold slid more than 3 percent and was on track for its biggest one-day drop in nearly 15 months yesterday, reaching its lowest price since Britain's shock vote to leave the European Union in June, as the dollar rallied after upbeat U.S. data.
- Forecast-beating U.S. manufacturing data on Monday, combined with Tuesday's comment by Richmond Federal Reserve President Jeffrey Lacker that there was a strong case for raising interest rates, stoked expectations that the Fed will lift rates by year-end and drove the dollar higher.
- Precious metals prices further extended losses in yesterday's session after data showed the European Central Bank (ECB) slowed down its money printing in the last week.
- Gold's break of support at \$1,300 an ounce, which had arrested the metal's August decline, led to a flurry of selling that took prices to the lowest in more than three months at \$1,266.33, a level not seen since June 24 in the immediate aftermath of the UK's Brexit vote.
- Spot gold was down 3.1 percent at \$1,270.31 an ounce, while U.S. gold futures for December delivery settled down 3.3 percent at \$1,269.70 per ounce. Lacker started the assault on gold by indicating that the Fed should be much more aggressive in its stance on interest rates.
- Sterling slumped to a 31-year low versus the U.S. dollar on concerns over Britain's separation from the European Union while the greenback rose to a two-month high.
- Investors are now turning their attention to U.S. payrolls data for September, due at the end of the week. While Monday's data showing U.S. factories ramped up activity in September fueled speculation that the Fed would lift rates at its December meeting, officials remain cautious.

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 prices moved higher as traders prepare for Wednesday's Department of Energy inventory report.

Crude oil inventories have declined by more than 14 million barrels in the past 4-weeks, during a time when inventories generally begin to build. With hurricane Matthew baring down upon Cuba, and headed for the east coast of the United States, the lack of transport will likely further reduce inventories over the coming week. Support is seen near former resistance near a downward sloping trend line near 48. Additional support is seen near the 10-day moving average at 46.75. Momentum is positive as the MACD index recently generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index is printing in the black with an upward sloping trajectory that points to higher prices.

Pivot:	49.16		
Support	48.27	47.75	47.05
Resistance	49.75	50.15	50.63

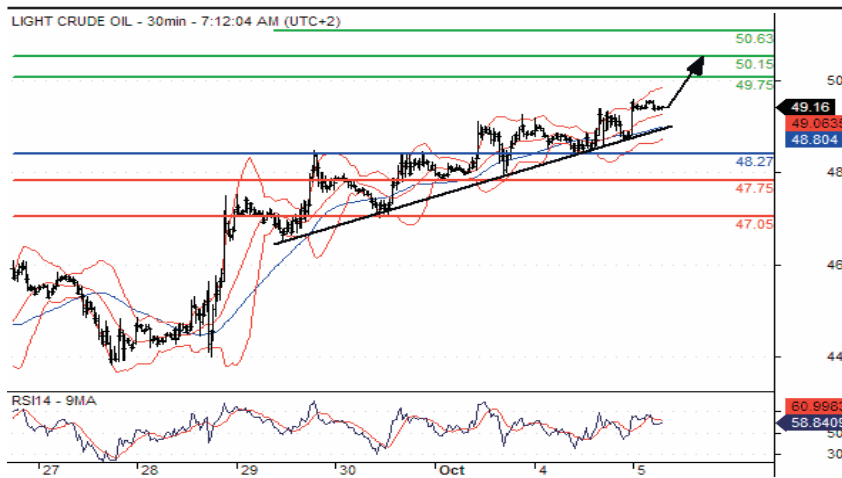
Highlights

- Oil futures moved firmly higher as traders continued to weigh the prospect of a supply deal by the OPEC
- Crude for November delivery rose 78 cents, or 1.6%, to \$49.48 a barrel
- Prices have risen sharply in the last week in the wake of an agreement to lock in a production cut by members of OPEC
- OPEC reached a tentative agreement in Algiers last week to cut output
- Investors will shift their attention to an update on U.S oil inventories today

Crude - Technical Indicators

RSI 14	58.08
SMA 20	45.35
SMA 50	45.30
SMA 100	45.94
SMA 200	42.95

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil rose towards \$50 a barrel today in Asian session, hitting its highest since June, supported by an industry report that U.S. inventories probably fell for a fifth straight week and OPEC's deal to cut supply.
- The American Petroleum Institute (API) said on Tuesday that U.S. crude inventories dropped 7.6 million barrels, which would be the fifth straight weekly decline if confirmed by U.S. Energy Information Administration (EIA) data later today.
- U.S. crude was up 81 cents at \$49.50. Another drop in U.S. crude stocks would reinforce the view that the supply glut that has been weighing on prices since 2014 is easing. The API data, however, does not always tally with the EIA data, which is due today in U.S session. Analysts expect a rise in crude stocks of 2.6 million barrels.
- If the EIA can confirm the API statistics and help crude oil break away from the resistance of the high of August, then crude oil will have to start targeting the high of June. Another confirmed drawdown in crude stocks would likely push U.S. crude above \$50.
- Crude has risen from below \$49 on Sept. 28, when the Organization of the Petroleum Exporting Countries agreed a surprise cut in its output to support prices which are less than half the level of mid-2014.
- Under the deal, OPEC will target production of between 32.50 million bpd and 33.0 million bpd, implying a cut of as much as 740,000 bpd from the August level, as reported in OPEC's monthly report.
- The move marked an about-face by OPEC, which in November 2014 dropped its role of cutting production. Although it hasn't yet worked out all the details, and analysts are sceptical the cut will be implemented, the deal is supporting the market.

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 fell rather significantly during the course of the session on Tuesday, breaking below the \$18.50 level. That being the case it looks as if we are going to try to reach down to the \$18 level below, as was previously so resistive. A bounce from here should end up being a nice buying opportunity, as a result I am simply waiting to see an opportunity to go long. Short-term, this market will continue to grind lower more than likely, but given enough time I think that the overreaction to the comments coming out of the Federal Reserve member Jeffrey Lacker during the day about the interest-rate outlook will be corrected. Silver was looking solid until it had a sharp intra-day reversal, which carried over into Monday trading session. Selling pressure pushed silver below the lower trend-line yesterday on a daily closing basis, which is forcing us to adjust.

Pivot:	17.97		
Support	17.53	17.25	17.05
Resistance	18.19	18.45	18.70

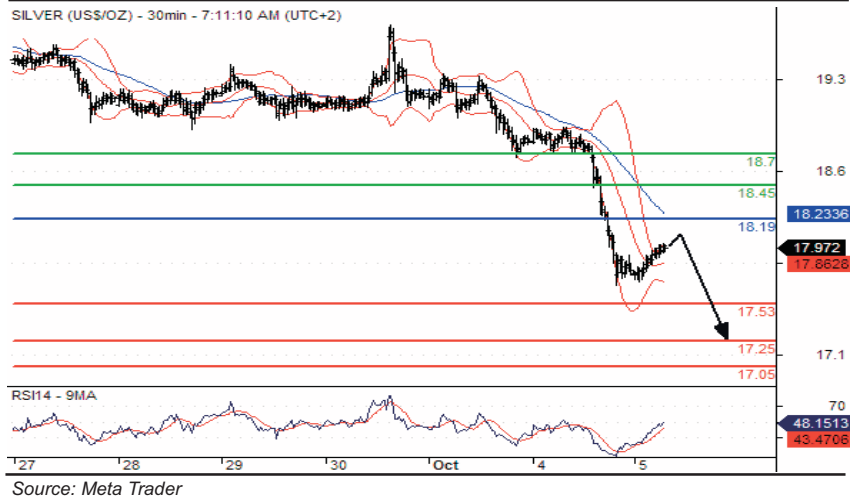
Highlights

- With confidence already fragile, a firm dollar and slide in bond prices pushed silver prices to 3-month lows
- Silver prices drifted lower with sentiment undermined by the dip below \$19.00 per ounce and inability to regain this level
- The dollar made further headway against the yen during the session
- Sterling and commodity currencies came under some pressure
- Decline was enhanced by a generally firm dollar as gains extended to near 0.70%

Silver - Technical Indicators

RSI 14	49.36
SMA 20	19.26
SMA 50	19.36
SMA 100	19.10
SMA 200	17.53

Silver Daily Graph



Fundamentals

- Silver prices declined yesterday and were on pace for six-week lows, as the US dollar reached fresh 31-year highs against the British pound amid renewed Brexit fears.
- Silver for December settlement retreated 12 cents, or 0.6%, to \$18.75 a troy ounce on the Comex division. That was the lowest level since late August. The grey metal was hovering near session lows, having traded within a narrow daily band of \$18.71 and \$18.94.
- Precious metals struggled for liftoff after Brexit fears fueled fresh gains in the US dollar. The US dollar index, which tracks the greenback against a basket of other major currencies, advanced 0.5% to 96.20 – the highest level since early August.
- The British pound plunged to 31-year lows against the greenback amid signs the United Kingdom will pursue a hard Brexit at the end of Q1 2017. The GBP/USD exchange rate fell 0.8% to 1.2744, where it traded just above session lows.
- The greenback also climbed against commodity-driven currencies like the Canadian dollar. Commodities are priced in US dollars and are therefore highly sensitive to fluctuations in the currency.
- The United States has no major economic reports scheduled for Tuesday. Activity resumes today with the latest ADP employment data. The payrolls processor is expected to show the creation of 169,000 private jobs in September, down slightly from the 177,000 gain reported the previous month.
- Separately, the Commerce Department will report on August factory orders and the Institute for Supply Management will release its latest non-manufacturing PMI today in U.S 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

Wednesday, October 05, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Oct 05	05:30	AUD Retail Sales s.a. (MoM) (AUG)	Medium	0.4%	0.2%	0.0%
Wed Oct 05	13:00	EUR Markit Eurozone Services PMI (SEP)	Medium	52.2	52.1	52.1
Wed Oct 05	13:30	GBP Markit/CIPS UK Services PMI (SEP)	Medium	52.6	52.2	52.9
Wed Oct 05	14:00	EUR Euro-Zone Retail Sales (YoY) (AUG)	Medium	0.6%	1.5%	1.8%
Wed Oct 05	16:00	USD MBA Mortgage Applications (SEP 30)	Medium			
Wed Oct 05	17:15	USD ADP Employment Change (SEP)	Medium		165k	177k
Wed Oct 05	17:30	USD Trade Balance (AUG)	Medium		-\$39.2b	-\$39.5b
Wed Oct 05	19:00	USD ISM Non-Manufacturing Composite (SEP)	High		53.0	51.4
Wed Oct 05	19:30	USD DOE U.S. Crude Oil Inventories (SEP 30)	Medium		1750k	-1882k

Source: Forex Factory, DailyFX

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