

## Gold

### Technical

December Comex Gold closed lower on Wednesday after the release of the minutes from the September Fed meeting. The price action indicates that the news contained in the report may have already been priced into the market. At this time, the direction of the gold market is being controlled by the U.S. Dollar and Treasury yields. Both indicate the Fed is likely to raise rates in December. Higher interest rates would be bearish for gold prices. The price action also suggests the market may be technically oversold. The sideways price action the last three days also suggests impending volatility. The chart shows there is room to the upside and the downside. A move to the upside will likely set up the next shorting opportunity. A move to the downside may indicate that longs are finally throwing in the towel on the long side. The main trend is down according to the daily swing chart.

Pivot:	1,258		
Support	1,250	1,240	1,235
Resistance	1,269	1,277	1,287

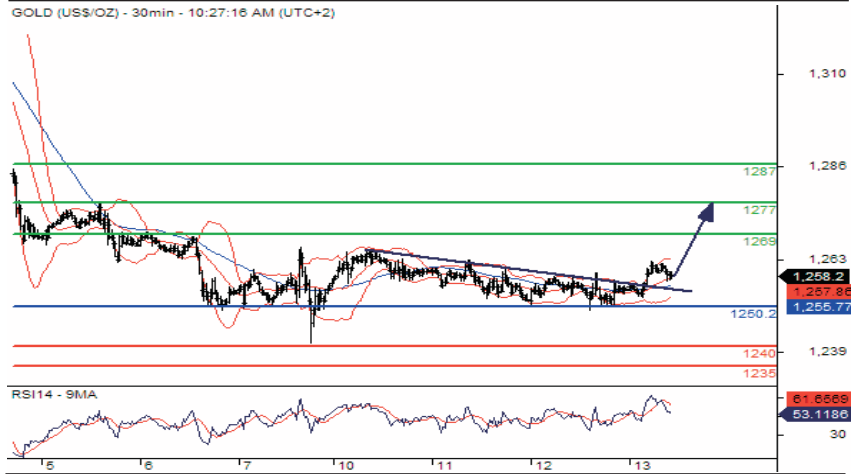
### Highlights

- Gold prices ticked higher yesterday after the release of minutes from the U.S. Federal Reserve's latest meeting
- Gold for December delivery was recently up 0.1% at \$1,257 a troy ounce
- Minutes from the Fed's September meeting showed that the decision to stand pat was a "close call."
- The minutes highlighted internal divisions over the timing of the next rate move
- Gold sold off last week on U.S. economic data and comments from Fed officials

### Gold - Technical Indicators

RSI 14	20.47
SMA 20	1,310.07
SMA 50	1,323.72
SMA 100	1,325.99
SMA 200	1,284.98

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold edged up today in Asian trading session on a weaker dollar and as equities plunged on soft Chinese trade data that stoked concerns about the health of the world's No.2 economy.
- The Yellow precious metal rose even after minutes from a U.S. Federal Reserve meeting last month signalled that the central bank could raise interest rates in December.
- Despite the FOMC minutes that were released overnight, gold prices didn't really move. This strongly suggests that gold prices at this juncture, of \$1,250, have already digested the probability of a rate hike around this year. Various headwinds to the global economy would buoy safe-haven demand for bullion, with the metal likely to touch \$1,300 by the year-end
- Several voting Federal Reserve policymakers judged a rate hike would be warranted "relatively soon" if the U.S. economy continued to strengthen but doubts on inflation remained, according to the minutes of the Fed's September policy meeting released yesterday.
- Gold has been under pressure but we do not think the FOMC minutes will add materially to the downwards slant of the market. But without further increases, some of the pressure on gold may come off.
- Spot gold was up 0.3 percent at \$1,257.95 an ounce, while U.S. gold futures advanced 0.5 percent to \$1,259.80 an ounce. There is a lot of buying on the physical side in Asia, mainly from China and buying from exchange-traded funds after recent dips.
- The dollar index, which measures the greenback against a basket of six major currencies, was down nearly 0.1 percent at 97.924. China's September exports dropped 10 percent from a year earlier, far more than what markets had expected, while imports unexpectedly shrank 1.9 percent.

### 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 reversed early gains falling 1.22% on the session. Factors limiting gains have been renewed dollar strength, along with the IEA's downgraded expectations for 2017 oil demand growth. Traders await Thursday inventory report from the Department of Energy that was delayed one day due to the Columbus Day holiday. Support on crude oil is seen near the 10-day moving average at 49.60, while resistance is seen near the June and October highs at 51.65. Momentum is positive but the trajectory of the MACD (moving average convergence divergence) index has flattened reflecting some consolidation. The RSI (relative strength index) also ran into resistance failing to break above the 68 level, and marking the end of positive momentum for crude oil prices. A break above the \$52 level would be a longer-term "buy-and-hold" type of situation.

Pivot:	49.88		
Support	49.10	48.50	47.85
Resistance	50.40	51.10	51.60

### Highlights

- Crude retreated after data from the Organization of the Petroleum Exporting Countries showed a further increase in its output
- Crude for delivery in November traded at \$49.80 a barrel, down \$0.38, or 0.8%
- OPEC's production in September rose by 220,000 barrels a day to 33.39 million bpd
- The strong production by OPEC amid an outcry to cut output highlights the eagerness of OPEC members to protect their market shares
- Another headwind facing oil prices is the possible increase in U.S crude inventories

### Crude - Technical Indicators

RSI 14	69.08
SMA 20	46.54
SMA 50	46.22
SMA 100	45.91
SMA 200	43.50

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell today in Asian session after OPEC said its production had risen to the highest level in at least eight years and following reports of an increase in U.S. crude stockpiles.
- U.S. West Texas Intermediate (WTI) crude was down 42 cents, or 0.84 percent, at \$49.76 per barrel. Oil markets had come under pressure after the Organization of the Petroleum Exporting Countries (OPEC) reported a rise in output, despite the producer cartel having plans, potentially with non-OPEC producer Russia, to cut production in a bid to rein in a global glut.
- OPEC in yesterday's session reported its oil production climbed in September to the highest in at least eight years, and raised its forecast for 2017 non-OPEC supply growth, pointing to a larger surplus next year despite the group's proposal to cut output.
- The group pumped 33.39 million barrels per day (bpd) last month, up 220,000 bpd in August. In the absence of any OPEC-Russia headlines to give crude its daily adrenaline shot, the market looks nervously to the EIA crude inventory figures due in the U.S this evening.
- The Energy Information Administration is due to publish official storage inventory data later today. The private American Petroleum Institute reported on Wednesday that U.S. crude inventories rose by 2.7 million barrels to 470.9 million barrels in the week to Oct. 7. This would be the first rise in oil stocks following five straight weeks of declines.
- The market received some support from China, which imported record volumes of crude oil last month, eclipsing the U.S as the world's top buyer of foreign oil for the third time in a year, in a trend that could soon put the Asian nation at the top of the world's oil import table permanently. China's September crude imports rose 18 percent from a year earlier to 33.06 million tonnes.

### 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 fairly neutral session during the day on Wednesday as we continue to hover around the \$17.50 handle. Because of this, I believe that we are going to stay in consolidation with the \$17 level below been that support, and the \$18 level above being the resistance. I personally will be taking any trades in this market until we break above \$18 or below \$17, but short-term traders may be tempted to go back and forth with short-term trades or perhaps even short-term binary options at this point in time as the ranges so well defined. Silver prices continue to consolidate, and have failed so far to put in a significant daily high or low for the week. Support for the commodity may be found at Friday's daily low of \$17.09. If Silver prices break below this low, it may suggest a continuation of the commodities intermediate downtrend. Alternatively, a break to new highs suggests a possible retracement.

Pivot:	17.53		
Support	17.33	17.05	16.70
Resistance	17.83	18.00	18.20

### Highlights

- Silver prices bounced from important zone late last week, and had made some further gains earlier this week
- Silver prices are being held higher by the 200-period daily moving average
- Minutes from the September FOMC meeting were released today but failed to introduce volatility in the markets
- There was an emphasis that the Fed remains data dependent
- Further incoming data would ultimately determine the timing of the next rate hike

### Silver - Technical Indicators

RSI 14	24.68
SMA 20	18.92
SMA 50	19.11
SMA 100	19.18
SMA 200	17.63

### Silver Daily Graph



### Fundamentals

- The combination of a strengthening dollar and rising bond yields was an important negative factor for silver prices during the day and, in this context, the overall performance was broadly resilient.
- After holding support levels on Tuesday, silver maintained a steadier tone in Asian trading on Wednesday with highs just above \$17.60 per ounce. The dollar was a key focus during the day as the US trade-weighted index strengthened to fresh seven-month highs with EUR/USD dipping to test the 1.1000 area.
- Global bond markets were also an important focus with yields moving higher once again. US yields moved to fresh four-month highs near 1.80%, while German yields also moved to 0.07% during the day and close to highs seen in mid-September.
- As the dollar gained ground, there was fresh downward pressure on silver with lows just below \$17.40. Overall support held relatively firm and there was relief that gold held above the \$1,250 level.
- The US job-openings data was weaker than expected with a decline to 5.44mn for August from a revised 5.83mn the previous month, although openings and hires were still above the levels of last year and the data also continued to show a strong net increase in employment.
- New York Federal Reserve President Dudley stated that the Fed could afford to be gentle in raising rates given that labour market indicators overall suggested a higher degree of slack than suggested by the headline unemployment rate.
- Minutes from the September FOMC meeting were released but failed to introduce volatility in the markets. The minutes indicated a division among Fed members with strong arguments for and against a rate hike. The primary concern for the Fed remains subdued inflation level.

### 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, October 13, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Oct 13	09:30	JPY Tertiary Industry Index (MoM) (AUG)	Medium		-0.2%	0.3%
Thu Oct 13	11:00	EUR German Consumer Price Index (YoY) (SEP)	Medium		0.7%	0.7%
Thu Oct 13	17:30	CAD New Housing Price Index (YoY) (AUG)	Medium			2.8%
Thu Oct 13	17:30	USD Import Price Index (YoY) (SEP)	Low		-1.1%	-2.2%
Thu Oct 13	17:30	USD Initial Jobless Claims (OCT 8)	Medium		253k	249k
Thu Oct 13	17:30	USD Continuing Claims (OCT 1)	Medium			
Thu Oct 13	20:00	USD DOE U.S. Crude Oil Inventories (OCT 7)	Medium			-2976K
Thu Oct 13	20:00	USD DOE Cushing OK Crude Inventory (OCT 7)	Low			569K
Thu Oct 13	21:15	USD Fed's Harker Speaks on Economic Outlook in Philadelphia	Medium			

Source: Forex Factory, DailyFX

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