

Gold

Technical

Gold futures closed lower, pressured by U.S Treasury yields. A firmer U.S Dollar also weighed on gold prices because it made the dollar-denominated commodity a less-attractive investment. Increased demand for higher risk assets also helped drive down demand for lower-yielding gold. Stocks were underpinned by the news that the Senate approved a budget blueprint. This essentially paves the way for tax cuts which could further extend the rally. The longer-term daily chart clearly shows that gold is in a downtrend. However, upside momentum has been swinging higher if a shorter-term view is taken. The last three main tops come in at \$1362.40, \$1317.10 and \$1308.40. A trade though \$1308.40 will change the main trend to up with \$1317.40 being the trigger point for an acceleration to the upside. A trade through \$1277.60 will signal a shift in momentum to the downside.

Pivot:	1,281		
Support	1,276	1,270	1,265
Resistance	1,291	1,296	1,301

Highlights

- Gold extended recent losses with a soft start today, nicked by a stronger dollar and continued stock market resilience
- The yellow metal settled at a two-week low on Friday, suffering the biggest weekly loss in a month
- Gold has fallen to \$1,275 ounce which put it on the 100-day moving average
- SPDR Gold Trust fell 0.4% premarket after its loss of around 1.8% for last week
- Gold was hurt by firming expectations that interest rates will go up in December

Gold - Technical Indicators

RSI 14	48.30
SMA 20	1,238.5
SMA 50	1,235.1
SMA 100	1,246.9
SMA 200	1,259.8

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold hit a more than two-week low today as expectations that Japan's ultra-loose monetary policy would stay in place after Prime Minister Shinzo Abe's election victory at the weekend lifted the dollar to a three-month high versus the yen.
- Abe's win also fed into positive sentiment in equity markets that were buoyed last week by fresh optimism about tax cuts in the United States, curbing interest in gold as an alternative asset.
- Spot gold was down 0.4 percent at \$1,275.80 an ounce, having touched its lowest since Oct. 6 at \$1,273.61. U.S. gold futures for December delivery fell by \$3.50 to \$1,277.00.
- Gold is just following what the dollar is doing. People are also getting more excited about the stock markets, and that removes a bit of business from gold. The metal could drift down towards the \$1,250 level by early December, as the prospect of a further U.S interest rate hike weighs.
- Gold is highly sensitive to rising U.S. rates, which lift the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced. The dollar had already posted its biggest one-day gain in a month on Friday after the U.S. Senate approved a budget blueprint for the 2018 financial year, allowing Republicans to pursue a tax-cut package without Democratic support.
- Financial markets are now awaiting guidance on who will succeed Federal Reserve chair Janet Yellen when her term expires in February. U.S. President Donald Trump is considering nominating Fed Governor Jerome Powell and Stanford University economist John Taylor for the central bank's top two jobs.
- Tensions on the Korean peninsula, however, continue to weigh upon participants' minds and as a result we are likely to see interest towards \$1,250 restrict further gold declines.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

Crude oil prices edged higher on Friday and continue to trade high on Monday morning as political tensions in the Kurdistan region continue to disrupt crude supplies. According to Baker Hughes energy services firm, the amount of U.S. oil rigs drilling for new production fell by seven to 736 in the week of Oct. 20, the lowest level since June. With the ongoing tensions between government forces and Kurdish militant groups, the demand will determine the prices along with the U.S market tightening. The production is still suspended as part of an agreement between the OPEC and non-OPEC producers to tighten the market. The Crude oil 4H chart has formed the “Ascending triangle chart pattern”. Crude oil prices retested the support slope line at \$ 50.70 level. As seen in the chart, prices bounced back and likely to retest the resistance level again.

Pivot:	50.89		
Support	50.55	50.35	50.10
Resistance	51.50	51.75	51.90

Highlights

- Oil prices swung between gains and losses as traders digested upbeat signals from OPEC, and supply disruptions in Iraq
- West Texas Intermediate oil for December delivery rose 5 cents, or 0.1%, to \$51.89, adding to a 0.6% gain from Friday
- The seesaw action came as traders reacted to a range of oil-related developments
- The oil producer cartel also said that “all options are left” for rebalancing the market
- Baker Hughes on Friday said the number of active U.S oil rigs declined for a third straight week

Crude - Technical Indicators

RSI 14	53.36
SMA 20	53.50
SMA 50	51.33
SMA 100	50.55
SMA 200	48.91

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices held on to last week’s gains today, supported by supply disruptions in Iraq and a drop in U.S. drilling. But analysts said the reduction in drilling rigs in the United States could prove temporary as activity had been restrained by hurricane threats.
- The number of U.S. rigs drilling for new oil fell by seven to 736 in the week to Oct. 20, the lowest level since June, energy services firm Baker Hughes said on Friday.
- U.S. West Texas Intermediate (WTI) crude was up 28 cents at \$52.12 a barrel. The market is in a tug of war between short-term bullish drivers which are very true, very visible and very strong versus real concerns for the oil market balance for 2018.
- One bullish factor is supply disruptions in northern Iraq, where tensions have been running high since the Kurdistan region’s vote in favor of independence last month.
- As of Sunday, oil exports from Iraq’s Kurdistan via the Turkish Mediterranean port of Ceyhan were still flowing at sharply reduced rates between 200,000 and 250,000 barrels per day, two shipping sources said. Flows had increased slightly to 255,000 bpd by Monday. Typically, the pipeline transports about 600,000 bpd.
- Iraqi Oil Minister Jabar al-Luaibi said on Saturday oil exports were increasing from the southern Basra region by 200,000 bpd to make up for a shortfall from the northern Kirkuk fields.
- In a landmark visit to Iraq, Saudi Arabia’s Energy Minister praised the two countries’ collaboration within the OPEC to cut production in an effort to prop up prices. Iraq said the two countries would continue to cooperate in implementing decisions by oil exporting countries.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets initially tried to rally during the week but found enough resistance near the \$17.50 level to turn things around and break down below the \$17 level one point. However, we did bounce a little bit from there, and it looks like the markets are very comfortable around the \$17 level. The \$16.50 level below could now become the bottom of the overall consolidation with the \$17.50 level above being resistance. Ultimately, this is a market that I think continues to go back and forth, and offers trains in both directions, albeit from a short-term perspective as the markets don't have enough room to move for the longer-term trader. I believe that we are essentially at "fair value", and that means that it's going to be difficult to trade from the longer-term standpoint. Ultimately, I think that we will continue to see difficulty in determining a longer-term trend.

Pivot:	17.09		
Support	17.00	16.88	16.80
Resistance	17.28	17.35	17.45

Highlights

- Silver futures were down 0.2 percent at \$16.97 an ounce
- The dollar climbed to a three-month high versus the yen after Japan's ruling bloc scored a big win in Sunday's election
- Geopolitical risks can boost demand for safe-haven assets such as gold and silver
- The dollar also rose supported by a rise in U.S Treasury yields and progress in tax reforms
- Financial markets are now awaiting guidance on who will succeed Federal Reserve chair Janet Yellen

Silver - Technical Indicators

RSI 14	44.86
SMA 20	18.00
SMA 50	17.80
SMA 100	17.57
SMA 200	17.21

Silver Daily Graph



Source: Meta Trader

Fundamentals

- December Comex silver was last down \$0.123 at \$16.96 an ounce. There is little trader/investor risk aversion in the marketplace at present, as evidenced by world stock markets that are trending higher and are at record or multi-year highs.
- World stock markets were mostly higher overnight. U.S. stock indexes are also pointed toward firmer openings and will be at record or near-record highs when the New York day session begins.
- The U.S. dollar is higher in early U.S. trading today. The dollar index hit a two-week high overnight. Traders and investors this week are anticipating who will be President Trump's nominee for the next chairman of the Federal Reserve. Jerome Powell has moved to the top of the list among many Fed watchers.
- Most believe a new Fed chair pick from Trump will be more of a monetary policy hawk than current Fed Chair Janet Yellen. Such a scenario has also been a bearish element for the precious metals markets.
- Also this week the European Central Bank holds its regular monetary policy meeting on Thursday. Many expect the ECB to announce more details on the winding down of its bond-buying program.
- U.S. economic data due for release today is light and includes the Chicago Fed national activity index. December silver bulls have slight the overall near-term technical advantage. The next upside price breakout objective is closing futures prices above solid technical resistance at \$17.50 an ounce
- The next downside price breakout objective for the bears is closing prices below solid support at the October low of \$16.345. First resistance is seen at today's high of \$17.05 and then at \$17.315. Next support is seen at last week's low of \$19.92 and then at \$16.765.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Monday, October 23, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Oct 23	10:00	JPY Leading Index (AUG)	Low	107.2		106.8
Mon Oct 23	10:00	JPY Coincident Index (AUG)	Low	117.7		117.6
Mon Oct 23	10:30	JPY Tokyo Department Store Sales (YoY) (SEP)	Low	4.6%		3.6%
Mon Oct 23	12:00	EUR ECB's Praet Speaks in Frankfurt	Low			
Mon Oct 23	13:00	CHF Total Sight Deposits (OCT 20)	Low	578.6b		578.5b
Mon Oct 23	14:00	EUR Euro-Zone Government Debt-GDP Ratio (2016)	Low	88.9%		89.2%
Mon Oct 23	17:30	CAD Wholesale Sales (MoM) (AUG)	Low	0.5%	0.5%	1.7%
Mon Oct 23	17:30	USD Chicago Fed Nat Activity Index (SEP)	Low	0.17	-0.1	-0.37
Mon Oct 23	19:00	EUR Euro-Zone Consumer Confidence (OCT)	Medium		-1.1	-1.2

Source: Forex Factory, DailyFX

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