

Gold

Technical

Gold prices gained ground shooting above resistance levels near last week's highs at 1,270, which is now seen as short term support. Additional support is seen near the 10-day moving average at 1,262. Resistance is now seen near the September lows at 1,300. Tuesday's softer than expected consumer confidence numbers, reduced the value of the dollar and allowed the yellow metal some room to run. Momentum has turned positive as the MACD (moving average convergence divergence) 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 moved from negative to positive territory confirming the buy signal. The index is printing in the black with an upward sloping trajectory which points to higher prices.

Pivot:	1,275		
Support	1,267	1,262	1,258
Resistance	1,281	1,285	1,291

Highlights

- Gold closed at a three-week high yesterday, as investors continued to stock up following a recent pullback
- Gold for December delivery settled up 0.8% at \$1,273.60 a troy ounce
- The drop in gold prices over the past few weeks has brought some buyers back into the market
- The Conference Board said its index of consumer confidence fell to 98.6 in October from 103.5 in September
- The impending U.S presidential election was also likely providing some support

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 prices stayed firm today in Asian trading session as stronger physical demand for the precious metal, ahead of India's late-October festival season, offset a steady U.S dollar.
- Demand for bullion is expected to pick up ahead of festivals such as Dhanteras and Diwali, which is also a time when gold is traditionally given as a gift. A recovery in physical demand provided the foundation for the rally that carried over into later trading.
- Gold investors brushed aside the negative impact on bullion of a firmer US Dollar. Spot gold was up about 0.1 percent at \$1,275.00 an ounce. In the previous session, it hit \$1276.67, its highest since Oct. 5. U.S gold futures settled up 0.16 percent at \$1,275.6 an ounce.
- Flows into exchange-traded funds and pick up in Asian demand were keeping the metal stable. Markets having already priced in the Fed's interest rate hike move. Yellen may hike rates now, but the trajectory is going to be very modest, and so interest rates in the U.S. in real terms will actually go down into more negative territory.
- A Reuters poll showed the Federal Reserve is expected to raise interest rates in December. Bank of England Governor Mark Carney cast doubt on expectations for more monetary stimulus in Europe while ECB President Mario Draghi said yesterday he would prefer not to have to keep rates so low for too long.
- Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.34 percent to 956.83 tonnes on Tuesday from 953.56 tonnes on Monday.
- The extreme longs on Comex have been reduced significantly providing upside support and potential for another assault on \$1,300. the suspense given the U.S. presidential election alone should be enough to support gold 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	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 lower on Tuesday in the wake of the news that Iraq has asked OPEC to be exempt from production caps. Prices slipped through support near the 20-day moving average at 50.26, after testing the 50.70 level earlier in the trading session. Support is seen near the 50-day moving average at 48.29. Traders await Wednesday inventory report from the EIA, which is expected to show an increase of 800K barrels. Momentum has turned negative as the MACD (moving average convergence divergence) 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. If we get a break down below the \$49 level, I feel at that point in time the market could break down significantly.

Pivot:	49.31		
Support	48.30	47.62	47.16
Resistance	50.35	51.00	51.51

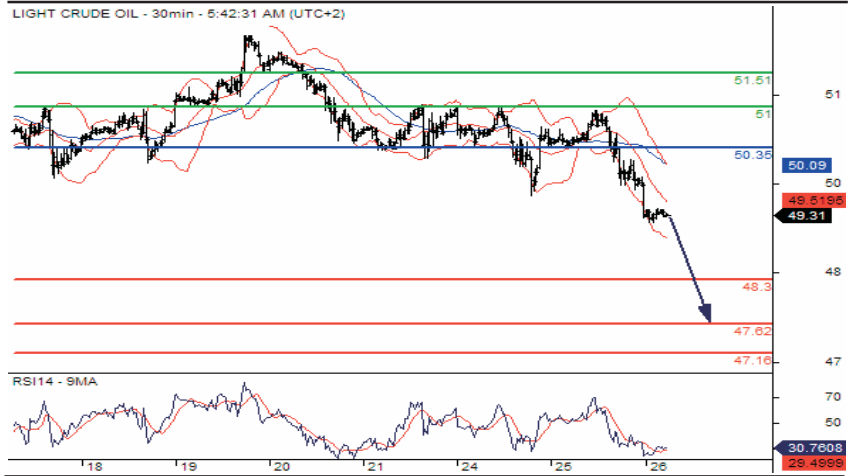
Highlights

- Oil settled down yesterday below \$50 a barrel in post-settlement trade
- Industry group yesterday reported that U.S oil inventories grew nearly three times as much as forecast
- The American Petroleum Institute (API) reported that U.S crude stocks rose by 4.8 million barrels in the week ended Oct. 21
- The U.S EIA reports official inventory numbers will be released later today
- U.S WTI crude settled down 56 cents, or 1.1 percent, at \$49.96

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 fell for a third day today in Asian session, nearing \$50 a barrel for the first time in three weeks, as investors grew increasingly doubtful that OPEC members will agree to cut output and as U.S. inventories staged a surprisingly large increase.
- Iraq, the second-largest member of OPEC, does not want to join in with a proposed production cut that the group has said it will approve at a regular meeting in Vienna next month.
- With Iran, Nigeria and Libya already expected to be excluded, along with potentially Venezuela and Indonesia, whose state oil producer said yesterday it was targeting a 42-percent increase in output next year, traders and investors are growing less confident in the chances for an effective deal.
- U.S crude futures fell 73 cents to \$49.23 a barrel. Iraq, the second-largest producer within the Organization of the Petroleum Exporting Countries, has argued it needs its oil revenues to fight Islamic State.
- Iraq is aiming to expand its oil sector through smaller field developments to lower reliance on the major oil fields and their operators for growth. Unless top world producer Russia, which does not belong to OPEC, joins in, that leaves the onus of a potential cut with Arab producers in the Middle East such as Saudi Arabia, Kuwait and the United Arab Emirates.
- Before this week, oil prices had surged about 13 percent in three weeks since OPEC announced on Sept. 27 its first planned output cut in eight years to combat the steep slump in crude prices from 2014 highs above \$100 a barrel.
- The production curbs are expected be finalized at OPEC's policy meeting in Vienna on Nov. 30. The group has been holding talks with members and outside producers led by Russia for weeks now to try and sustain the market's interest in its plan.

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 rallied during the course of the session on Tuesday, as we continue to go to the upside slightly. However, if we break above the top of the shooting star from the Monday session, at that point in time it's likely that the upward momentum will continue to go higher. At that point, I would anticipate that the \$18.50 level will be targeted. Pullbacks continue to look at support just below, so at this point in time I don't have any interest in selling. With this, I remain bullish, but I am cautious. Since slumping to four-month lows on October 6, silver has rebounded more than 2%. The Relative Strength Index (RSI) has moved back above 40 after spending the better part of the month in or near oversold territory. The grey metal continued to hold above the 200-day simple moving average. Silver price able gets out of the triangle range. Investors need more confirmation either upside or downside.

Pivot:	17.82		
Support	17.62	17.55	17.50
Resistance	18.00	18.12	18.23

Highlights

- Silver prices advanced as upbeat manufacturing data from the U.S boosted expectations for higher industrial demand for silver
- Silver climbed 16 cents, or 0.9%, to \$17.85 a troy ounce, a fresh three-week high
- Gold's premium over silver has widened in recent weeks, reaching its highest level since July
- A deluge of economic data this week could impact the dollar's short-term outlook
- Commerce Department will report on September durable goods orders today, followed by third quarter GDP report on Friday

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



Fundamentals

- Silver again showed important resilience during the period of dollar strength with only slight losses and a significant US currency retreat late in the European session provided another boost to prices.
- After holding above \$17.50 per ounce during the US session on Monday, silver prices edged higher later in the US session and there were net gains into Asian session yesterday.
- There was further speculation that concerns surrounding the trend of yuan depreciation was triggering the buying of precious metals by Chinese investors and provided net support to silver prices.
- In this environment, silver maintained a firm tone and pushed to a peak near \$17.80 during the European session. The dollar was subjected to significant buying early in the US session with USD/JPY breaking above the 104.50 level as the trade-weighted index broke above the 99.00 level for the first time in over 8 months.
- The firm US currency had some impact in curbing any upward pressure on silver prices, although precious metals overall were again broadly resilient with gold able to make progress during the day despite the US currency strength.
- The US consumer confidence reading was weaker than expected with a decline to 98.6 for October from a revised reading of 103.5 the previous month, although the overall changes were limited as underlying sentiment held firm. As the dollar came under pressure, there was a fresh move higher in silver to the \$17.85 area.
- Other US data recorded a solid gain for house prices in the Case-Shiller index, while there was a small net improvement in the Richmond Fed index. The US consumer confidence data helped draw the dollar from its best levels, especially as there was a recovery in Treasury prices.

US Commodity Futures Trading Commission (CFTC) Data

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	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 26, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Oct 26	05:30	AUD Consumer Prices Index (YoY) (3Q)	High	1.3%	1.1%	1.0%
Wed Oct 26	10:00	JPY Small Business Confidence (OCT)	Medium	48.3		47.7
Wed Oct 26	11:00	EUR German GfK Consumer Confidence Survey (NOV)	Medium	9.7	10	10
Wed Oct 26	13:30	GBP BBA Loans for House Purchase (SEP)	Medium	38252		37241
Wed Oct 26	16:00	USD MBA Mortgage Applications (OCT 21)	Medium			
Wed Oct 26	17:30	USD Advance Goods Trade Balance (SEP)	High		-\$60.5b	-\$59.2b
Wed Oct 26	18:45	USD Markit US Services PMI (OCT)	Medium		52.3	52.3
Wed Oct 26	19:00	USD New Home Sales (MoM) (SEP)	Medium		-3.1%	-7.6%
Wed Oct 26	19:30	USD DOE U.S. Crude Oil Inventories (OCT 21)	Medium			-5247k

Source: Forex Factory, DailyFX

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