

## Gold

### Technical

The gold markets rallied on Thursday, reaching towards the 1175 region. This is a market that has but a bit of resistance just above, and especially as the 1200 level. I'm looking for an exhaustive candle to start selling what has been a significant downtrend. I think the downtrend will only accelerate if we break down below the 1150 handle. If we can break above the 1200 level, I believe that the market would continue a longer-term uptrend. However, until we get that all I can do is wait for the selling opportunities as they present themselves. A strengthening US dollar should help the downtrend as well. Looking at the MACD on the hourly, we see that the momentum is slowing down for the day and the RSI also faced some resistance at the 70 level and has since been moving downwards which indicates declining momentum. This presents an interesting picture ahead of the NFP today.

Pivot:	1,175		
Support	1,170	1,164	1,160
Resistance	1,184	1,191	1,195

### Highlights

- Gold futures rallied in yesterday's trading session to finish at a five-week high
- The U.S Dollar continued to slide yesterday after minutes from the Federal Reserve's December meeting
- Gold for February delivery gained \$16, or 1.4%, to settle at \$1,181.30 an ounce
- Investors appear to be pulling back on their hopes for rate hikes after Fed policy makers "pointed to a number of risks
- The Fed has no clear idea yet of what exactly is going to be implemented

### Gold - Technical Indicators

RSI 14	41.98
SMA 20	1,146.20
SMA 50	1,193.90
SMA 100	1,245.10
SMA 200	1,274.80

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold today in Asian trading session slipped from the one-month high touched in the previous session on a surge in dollar, with traders waiting for U.S. jobs data later in the day for clues on the pace of possible U.S. interest rate hikes this year.
- Spot gold eased 0.3 percent to \$1,176.36 per ounce. The metal on Thursday hit its highest since Dec. 5 at \$1,184.90. U.S. gold futures were down 0.4 percent, at \$1,177 per ounce.
- We can see a bit of profit-taking ahead of the nonfarm payroll data. A firm dollar will put pressure on gold prices ahead of Donald Trump's inauguration. U.S. services sector activity held at a one-year high in December as new orders surged, while the number of Americans filing for unemployment benefits fell near a 43-year-low last week, suggesting the economy ended 2016 with strong momentum.
- The dollar index, which measures the greenback against a basket of currencies, was up 0.2 percent at 101.680. Investors are focused on today's U.S. nonfarm payrolls report, with economists expecting job gains of 178,000 in December.
- U.S. Fed has indicated that it would press ahead with further interest rate hikes this year after its second rate increase in a decade last month. Positive data usually puts pressure on gold prices, because investors raise bets on a U.S. interest rate hike that would increase the opportunity cost of holding non-yielding bullion.
- Spot gold failed to break a resistance at \$1,182 per ounce and it may either hover below this level or retrace to a support at \$1,159, according to Reuters technical analyst Wang Tao. Holdings of SPDR Gold Trust, fell 0.03 percent to 813.59 tonnes on Thursday from Wednesday. They have fallen over 14 percent since the U.S. presidential election in November.

### 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 rallied on Thursday, showing signs of strength yet again. However, we have recently seen quite a bit of volatility and of course get the jobs number coming out today will only add to that. The jobs number can give us an idea as to what demand will be like going forward, so expect choppiness. If we can break above the \$55 level, the market should then go to the \$60 level above. Alternately, if we see signs of resistance at the \$55 level, we could drop back down to the \$52 level underneath which should be supportive. Regardless of what happens, I think the one thing you can count on is a significant amount of volatility, as this market is choppy overall. Granted, we have had a decent move higher, and have seen quite a bit of resistance, so overall volatility should remain great. A lot of the move has been due to the production cuts proposed by OPEC.

Pivot:	53.53		
Support	53.00	52.77	52.10
Resistance	54.10	54.70	55.07

### Highlights

- Oil prices were steady as the start of supply cuts by Saudi Arabia and Abu Dhabi supported the market
- Doubts that all producers will implement output reductions kept markets from rising further
- West Texas Intermediate (WTI) crude futures were at \$53.74 a barrel, two cents below their last settlement
- Prices rose following reports of supply cuts from Saudi Arabia and Abu Dhabi coming into effect
- Supply from OPEC in December fell slightly to 34.18 million bpd from a revised 34.38

### Crude - Technical Indicators

RSI 14	62.54
SMA 20	52.46
SMA 50	48.88
SMA 100	48.28
SMA 200	47.43

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices edged higher by mid-morning today as signs of output cuts by OPEC members met with lingering concern that other producers could try to shirk their share of planned decreases aimed at curbing global oversupply.
- Brent crude futures, the benchmark for international oil prices, were trading at \$57.34 per barrel, up 45 cents from the previous close. In the United States, West Texas Intermediate (WTI) crude futures were at \$54.19 a barrel, 43 cents above their last settlement. Both contracts were largely flat on the week after days of choppy trading.
- There's a lot of volatility, or at least changes in direction. People think the long-term trend is up, but after a gain of a few dollars, they take profit. Production cuts by OPEC kingpin Saudi Arabia and signs that it plans further trims have helped buoy the market.
- The Kingdom cut oil output in January by at least 486,000 barrels per day (bpd) to 10.058 million bpd, fully implementing an agreement by the Organization of the Petroleum Exporting Countries (OPEC) and other producers to curb a global supply glut.
- State oil giant Saudi Aramco has started talks with customers globally on possible cuts of 3 percent to 7 percent in February crude loadings. There are also reports of supply cuts from Abu Dhabi.
- Overall supply from OPEC in December fell only slightly to 34.18 million barrels per day (bpd) from a revised 34.38 million bpd in November, according to a Reuters survey this week based on shipping data and information from industry sources.
- But OPEC was not the only factor; analysts pointed to a strong U.S. dollar, which edged back from a 14-year high this week, and gains in U.S. oil product inventories as holding them in a relatively narrow range.

### 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 on Thursday as we continue to see a bit of a bounce in the precious metals sector. I still see a massive amount of resistance above though, especially at the 17,000 handle. This is an area that I think will bring sellers back into the market, and on signs of exhaustion I am more than willing to start shorting silver. If we get that exhaustive candle, the market should then start turning around and reaching towards the \$16 level underneath. If we break above the \$17.25 level, the market would then look rather positive. Precious metals have experienced a pop higher during the recent dollar range. Silver is rallying and has resistance ahead around 17. A return to a trend lower could be in order once a relief rally fizzles out. The US Dollar Index is still holding up in a potential consolidation pattern. Until it breaks down below the 12/30 low, the outlook is currently neutral to bullish.

Pivot:	16.44		
Support	16.31	16.23	16.12
Resistance	16.54	16.70	16.83

### Highlights

- A further dollar correction continued to provide support to silver although prices under-performed relative to other precious metals
- The Federal Reserve minutes from December's meeting recorded that most members saw upward risks to their growth forecasts
- Silver prices moved higher late in the US session to the \$16.60 area
- The US ADP employment report was weaker than expected with employment held to 153,000
- Today's US employment report is likely to trigger further volatility in precious metals

### Silver - Technical Indicators

RSI 14	43.36
SMA 20	16.36
SMA 50	16.88
SMA 100	17.68
SMA 200	18.07

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver extended its new year rally in yesterday's trading session, climbing for a third consecutive day, as the dollar weakened against a basket of other major currencies.
- Silver for March delivery rose 6 cents, or 0.4%, to \$16.62 a troy ounce. The metal has gained 4% in the holiday shortened week is trading at its highest level since December 14.
- Precious metals held their ground on Wednesday after the Federal Reserve's December meeting minutes showed a growing likelihood that interest rates may rise faster than expected on account of stronger inflation. Higher interest rates are generally viewed as a negative for dollar-denominated precious metals.
- The US dollar held lower after the minutes were released, and extended its losses. The dollar index, a measure of the greenback against a basket of six other major currencies, fell 0.5% to 102.23.
- In economic data, Eurozone producer inflation rose faster than expected in November, offering further evidence that record stimulus by the European Central Bank was beginning to have its desired effect.
- The producer price index rose 0.3% month-on-month and 0.1% compared to a year ago. That was the first annual gain since mid-2013. Eurostat reported that Eurozone consumer inflation rose 1.1% in the 12 months through December.
- US stock futures were down in pre-market activity, pointing to a soft open on Wall Street. The major gauges rose sharply on Wednesday, with the S&P 500 nearing all-time highs.
- The US ADP employment report was weaker than expected with the December increase in private-sector employment held to 153,000 from 215,000 the previous month and an expected 170,000.

### 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

Friday, January 06, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jan 06	15:00	EUR Euro-Zone Consumer Confidence (DEC)	Low		-5.1	-5.1
Fri Jan 06	15:00	EUR Euro-Zone Retail Sales (YoY) (NOV)	Medium		1.9%	3.0%
Fri Jan 06	18:30	USD Trade Balance (NOV)	Medium		-\$45.5b	-\$42.6b
Fri Jan 06	18:30	CAD Unemployment Rate (DEC)	High		6.9%	6.8%
Fri Jan 06	18:30	USD Change in Non-farm Payrolls (DEC)	High		175k	178k
Fri Jan 06	18:30	CAD Net Change in Employment (DEC)	High		-2.5k	10.7k
Fri Jan 06	18:30	USD Unemployment Rate (DEC)	High		4.7%	4.6%
Fri Jan 06	20:00	USD Factory Orders (NOV)	Medium		-2.3%	2.7%
Fri Jan 06	20:00	USD Durable Goods Orders (NOV)	Medium		-4.6%	-4.6%

Source: Forex Factory, DailyFX

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