

Gold

Technical

Gold markets initially rallied on Thursday, but found enough resistance above to turn back around and form an exhaustive candle. Ultimately, this is a market that I think isn't ready to go anywhere at the moment and therefore I'm not willing to trade. There is a lot of support just below though, so I don't think that a breakdown is coming anytime soon. I think we are simply trying to adjust to the new reality of a Pres. Trump and the United States. Because of this, it's probably best to stand on the sidelines at the moment. Momentum has turned negative as the MACD index 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 RSI (relative strength index) moved lower with price action reflecting accelerating negative momentum which points to lower prices for gold.

Pivot:	1,255		
Support	1,240	1,225	1,214
Resistance	1,270	1,281	1,292

Highlights

- Gold prices dropped yesterday, reversing gains on a stronger U.S. dollar and concerns about an interest-rate increase in December
- Gold for December delivery settled down 0.6% at \$1,266.40 a troy ounce
- The Dollar Index was recently up 0.4% at 89.30, putting pressure on gold prices
- Gold is priced in the U.S. currency and becomes more expensive to foreign buyers when the dollar strengthens
- Gold's retreat was in lockstep with the financial market and especially the equity market recovery

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 fell more than 1 percent in yesterday's trading session after the dollar rose to a 3-1/2 month high against the yen, as markets weighed the election of Donald Trump as U.S. president and how his policies could affect economic growth.
- Trump's plans call for infrastructure building and massive tax cuts which could increase the U.S. budget deficit and help support gold. His victory has also called into question the expected U.S. interest rate increase in December.
- But the Republican president-elect has also vowed to boost growth in the U.S. economy which could boost the dollar and in turn hurt gold, which is priced in the U.S. currency. Spot gold was down 1.5 percent at \$1,258.90 an ounce, after touching \$1,258.06, its lowest since Oct 18. U.S. gold futures settled down 0.6 percent at \$1,266.40.
- In general markets are cheering, they are buying into story that President Trump will boost fiscal spending and will get growth up. Gold is highly sensitive to rising rates.
- A rally in major world stock markets lost some steam while U.S. bond yields continued to climb on fears of a revival in inflation under Trump's fiscal policy. Trump has pledged to tear up or renegotiate international trade deals, which could unleash a wave of protectionism.
- There was no real discussion about hard policies and how these things are going to be paid for. I'm guessing there will be inflationary implications from that and that's going to be helpful to gold in the medium- to long-term.
- Gold rose nearly 5 percent to a six-week high on Wednesday, after Trump's victory was announced, but sharply pared gains. Goldman Sachs analysts said in a note that while higher uncertainty warranted an allocation to gold from a portfolio construction perspective

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 initially rallied on Thursday but turned around to form a slightly negative candle. Ultimately though, I see a lot of support all the way down to the \$43 level, and with this it's only a matter of time before the market turns right back around to form a positive move. The hammer from the session on Wednesday suggests that there is quite a bit of support below, so I think there's a couple of reasons that should continue to give the buyers some solace. However, I believe that the previous uptrend line should be massively resistive, so it's only a matter of time before we see some type of exhaustive candles so buyers will probably only be able to enter the market from a shorter timeframe perspective. However, if we break down below the \$43 level first, that would be extraordinarily negative. A longer-term I still believe that we are going lower.

Pivot:	44.36		
Support	43.82	43.45	43.07
Resistance	44.97	45.35	45.65

Highlights

- Oil prices fell today, extending their recent declines amid a stubborn crude glut
- The IEA kept its demand growth forecast for 2016 at 1.2 million bpd and expects consumption to increase next year
- There is lower expectations for a production cut by the Organization of the Petroleum Exporting Countries
- International Energy Agency reported a record OPEC production in October
- West Texas Intermediate futures were trading up 0.76% at \$44.33 a barrel

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



Fundamentals

- Oil prices dipped today as the market refocused on a persistent fuel supply overhang that is not expected to abate unless OPEC and other producers cut their output significantly.
- U.S West Texas Intermediate (WTI) crude futures were trading 29 cents lower at \$44.37 per barrel, weighed down by weakening U.S. demand. This week, both U.S gasoline and diesel demand decelerated on a four-week rolling average basis to minus 2.1 percent year-on-year and plus 0.9 percent, respectively.
- Crude and refined product glut that has dogged markets for over two years was dragging on prices. The supply overhang could run into a third year in 2017 without an output cut from the Organization of the Petroleum Exporting Countries, while escalating production from other exporters could lead to relentless supply growth, the International Energy Agency (IEA) said in yesterday's session.
- Oil markets are increasingly reflecting growing consensus that the persistent oversupply seen throughout 2016 will carry on into 2017. We would actually go a step further, as while 2016 has seen a significant improvement from 2015 with easing oversupplies, 2017 will be worse again barring massive outages or OPEC action.
- In its monthly oil market report, the IEA said global supply rose by 800,000 barrels per day (bpd) in October to 97.8 million bpd, led by record OPEC output and rising production from non-OPEC members such as Russia, Brazil, Canada and Kazakhstan.
- Nigeria is working out new oil and gas policies to attract more private investors and boost crude production by 500,000 bpd by 2020, state firm NNPC said yesterday.

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

The silver markets initially rallied during the day on Thursday, breaking well above the \$18.50 level. However, we found a lot of resistance at the \$19 level again and turned around to form a shooting star. We have done this 3 days in a row, so at this point I believe that the market will probably reach towards the \$18 level below as it is a significant support barrier in this market. Ultimately, this is a very choppy market waiting to happen, as we bounced back and forth. Longer-term trades are almost impossible at this moment. If silver shows a solid reaction off the trend-line, a short trade may be warranted given its significance. A close above the trend-line could prove to be quite important and ultimately mean we will see a strong move to levels over 20. The recaptured January trend-line will continue to be viewed as support for as long as it holds.

Pivot:	18.50		
Support	18.32	18.14	17.98
Resistance	18.77	19.00	19.20

Highlights

- There was a strong underlying tone in silver given that it faced important headwinds from a strong dollar
- A sharp retreat in gold dragged prices from peak levels
- U.S jobless claims declined to 254,000 in the latest week from 265,000, which maintained confidence in the labour market
- Lower gold prices had a significant negative impact on silver
- Negative factors eventually pulled silver prices lower with a test of support around \$18.50

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 prices surged yesterday, as protesters took to the streets of major US cities to protest Donald Trump's election victory. December silver futures surged 35 cents, or 1.9%, to \$18.73 a troy ounce. The grey metal reached an intraday high of \$18.99, which would have been the highest settlement since late September.
- The US dollar traded sharply to the upside, climbing 0.5% against a basket of other major currencies. Republican candidate Donald Trump secured 279 electoral college votes on Tuesday to become the 45th President of the United States. The news initially sent global markets ablaze before Trump's victory speech eased investors' concerns.
- However, the outlook on the global financial markets will remain uncertain until the President-Elect provides tangible guidance on economic policies. Uncertainty will likely keep precious metals elevated over the short-term.
- San Francisco Fed President Williams stated that it still made sense to raise interest rates gradually and markets leaned back towards expecting a Fed rate increase in December.
- More importantly from a longer-term perspective, there was speculation that the Fed might have to tighten at a faster than expected pace in 2017 if there is a more aggressive fiscal policy and rising inflation..
- The dollar maintained a strong tone, especially against the yen, with highs close to the 107.00 level, while the Euro tested support below 1.0900 and commodity currencies were on the defensive.
- US data releases had little impact on silver prices with jobless claims declining to 254,000 in the latest week from 265,000 previously, which maintained confidence in the labour market. In this context, the overall resilience of silver prices remained impressive given the strong dollar.

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, November 11, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Nov 11	00:00	USD Monthly Budget Statement (OCT)	Medium	-\$44B	-\$80B	\$33B
Fri Nov 11	09:30	JPY Tertiary Industry Index (MoM) (SEP)	Medium	-0.1%	-0.2%	0.0%
Fri Nov 11	12:00	EUR German Consumer Price Index (YoY) (OCT F)	Medium	0.7%	0.7%	0.7%
Fri Nov 11	20:00	USD U. of Michigan Confidence (NOV)	High		87.9	87.2
Fri Nov 11	20:00	USD U. of Mich. Current Conditions (NOV)	Low		103	103.2
Fri Nov 11	20:00	USD U. of Mich. Expectations (NOV)	Low		77.5	76.8
Fri Nov 11	20:00	USD U. of Mich. 1 Yr Inflation (NOV)	Low			2.4%
Fri Nov 11	20:50	CAD Bank of Canada's Poloz joins panel talk in Santiago	Medium			
Fri Nov 11	23:00	USD Baker Hughes U.S. Rig Count (NOV 11)	Medium			

Source: Forex Factory, DailyFX

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