

## Gold

### Technical

Gold prices whipsawed in a relatively tight range as traders took stock of Tuesday's route. The dollar continued to gain traction following Wednesday's stronger than expected ISM Services report. Support on the yellow metal is seen near the late June lows at 1,250, while resistance is seen near former support at 1,303. Momentum is 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 is printing in the red with a downward sloping trajectory which points to lower prices. The U.S. ISM non-manufacturing index surged to 57.1 in September, a 5.7-point jump after sliding 4.1 points to 51.4 in August. This is the fastest pace of expansion in the services sector.

Pivot:	1,265		
Support	1,257	1,249	1,235
Resistance	1,277	1,287	1,298

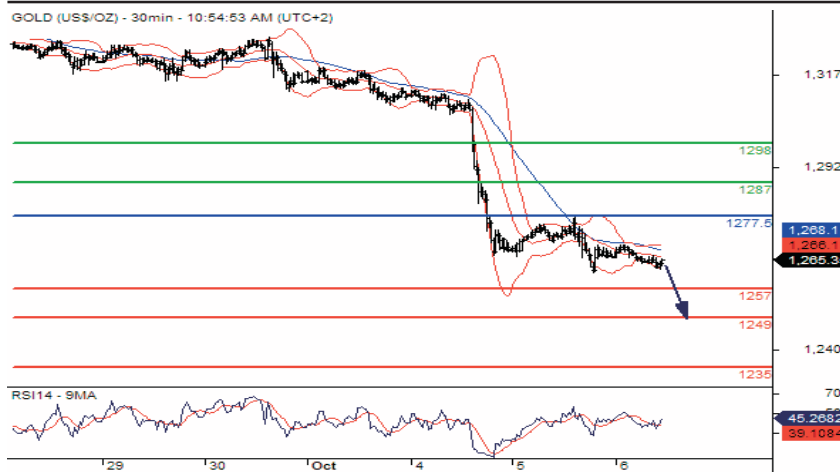
### Highlights

- Gold prices slipped yesterday as the dollar firmed ahead of economic data that should bolster expectations of a U.S. rate hike
- Friday's U.S. non-farm payrolls report is expected to show 175,000 jobs were added
- An upside of the labour numbers will make even higher probability of a rate hike and that could bring gold prices down
- The Dollar index, which tracks the currency against a basket of major peers, was up 0.2 percent
- U.S. services sector activity rebounded to an 11-month high in September

### Gold - Technical Indicators

RSI 14	48.82
SMA 20	1,326.07
SMA 50	1,331.72
SMA 100	1,323.99
SMA 200	1,279.98

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold edged higher on early today as bargain hunters stepped in to buy after the metal hit fresh three-month lows in the previous session, ahead of Friday's nonfarm payrolls report.
- Spot gold was up 0.2 percent at \$1,268.60 an ounce. Bullion touched a fresh low of \$1,261.59 in the previous session, its lowest since June 24. U.S. gold futures rose 0.2 percent to \$1,270.90 an ounce.
- U.S. services sector activity rebounded to an 11-month high in September, an encouraging sign for economic growth that may increase the prospect of a Federal Reserve interest rate hike this year.
- Elsewhere, U.S. private employers added 154,000 jobs in September, below economists' expectations, a report by a payrolls processor showed in yesterday's trading session.
- The Bank of England, which signalled a few weeks ago that a fresh interest rate cut was likely next month, has been put on the spot by signs that Britain's economy has weathered the initial shock of the Brexit vote better than expected.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund fell 0.03 percent to 947.63 tonnes on Wednesday. Physical gold demand in London jumped after this week's price drop. The Perth Mint's sales of gold and silver products rose in September.
- A U.S. judge said gold investors may pursue much of their lawsuit accusing four major banks of conspiring for a decade to fix prices and exploit distortions at the expense of investors.
- Negotiations are under way to resolve a week-long blockade at Goldcorp Inc's suspended Peñasquito gold mine in Mexico. South Africa's Sibanye Gold has opened its Cooke mine, chief executive Neal Froneman 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	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 higher on Wednesday following reports from both the Department of Energy and the American Petroleum Institute which showed unexpected draws in crude oil inventories. Prices nearly touch the 50 handle, coming \$0.03 shy, and are poised to test the 52 highs made in June. Momentum is positive as the MACD (moving average convergence divergence) index recently generated a buy signal, while the index is printing in the black with an upward sloping trajectory which points to higher prices. The EIA reported that U.S. crude oil inventories declined by 3.0 million barrels from the previous week, which was unexpected relative to the 1.5-million-barrel increase expected. Traders had some idea that crude was likely to draw given the huge draw reported by the EIA on Tuesday evening. The API reported that crude oil inventories declined by 7.5-million barrels.

Pivot:	49.54		
Support	49.12	48.50	47.84
Resistance	50.56	51.21	51.69

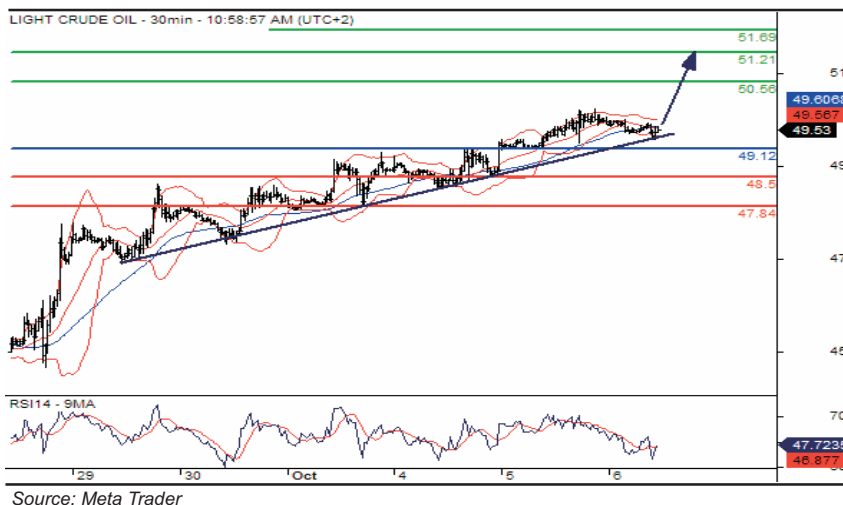
### Highlights

- Oil futures eased off a four-month high after a sharp reduction in U.S. inventories
- Crude oil futures are trading down 0.2% at \$49.71 a barrel
- Energy Information Administration's showed U.S. crude supplies fell by 3 million barrels in the week ended Sept. 30
- After two years of supplies exceeding demand, oil investors are looking for signs that the buildup in stocks is finally being absorbed.
- Oil prices have enjoyed a steady upward trend since last Wednesday

### Crude - Technical Indicators

RSI 14	58.08
SMA 20	45.35
SMA 50	45.30
SMA 100	45.94
SMA 200	42.95

### Crude Oil Daily Graph



### Fundamentals

- Oil prices are steady today in European trading session, underpinned by a surprisingly large drop in U.S. inventory levels the previous day to stay within sight of this year's highs hit in June.
- Crude futures were unchanged at \$49.86 per barrel, after hitting a high of \$50.09 the previous day. Crude hit its highest in nearly four months after U.S. data showed crude oil stockpiles fell 3 million barrels last week to 499.74 million barrels, confounding expectations for an increase.
- Still, inventories are near record highs and even the prospect of a modest cut in production from the world's largest exporters might not be enough to fuel a more sustained rally, analysts said.
- Optimism on the OPEC deal and surprising storage declines pushed oil prices to the upper end of the recent trading range. Both trends are temporary and unlikely to mark the easing of the oil supply glut. We see more downside than upside from today's price levels.
- A decline in prices early today's session reflected weaker physical crude after top exporter Saudi Arabia cut the price of its crudes to Asia for November in a sign that the global fuel glut is persisting.
- Hefty refinery maintenance in Europe, and the ensuing drop in demand for crude, has also put the physical North Sea market under pressure, forcing sellers to offer barrels of grades such as Forties at their weakest since July.
- Overall, however, the market was well supported at current levels, especially because of the proposed output cut announced last week by the Organization of the Petroleum Exporting Countries (OPEC). Declining U.S. shale production has been a major contributing factor behind this year's global rebalancing in the market. Oil investors have been monitoring Hurricane Matthew, expected to hit the southeastern U.S.

### 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 initially tried to rally during the day on Wednesday, but turn right back around to form a shooting star again. With this being the case, looks like we are going to continue to try to grind away to the downside, but there is quite a bit of noise underneath on the longer-term charts. With this being the case, expect a lot of volatility but it does seem as if we have a bit of a negative bias at this point in time. Ultimately, I do think that the silver markets turnaround but it's not can it be anytime soon. There is confluence of support here at the trend-line, with peaks in place created as far back as May 2015 along with a lower parallel. Solid confluence doesn't mean it will hold, though, but does present another important inflection point. The bad daily bar created suggests support may not hold for long. A solid bounce off support will put the metal up against resistance starting around 18.40.

Pivot:	17.74		
Support	17.53	17.25	17.05
Resistance	18.00	18.19	18.45

### Highlights

- Silver prices were put under renewed pressure and fresh 3-month lows after strong US ISM services data
- Silver attempted to rally but gains were capped just above the \$18.00 area
- There was a slightly lower than expected increase in the US ADP employment report
- The ISM non-manufacturing data was much stronger than expected with an increase to 57.1 for September from 51.4
- There is scope for consolidation today with caution ahead of Friday employment data

### Silver - Technical Indicators

RSI 14	49.36
SMA 20	19.26
SMA 50	19.36
SMA 100	19.10
SMA 200	17.53

### Silver Daily Graph



### Fundamentals

- Silver prices traded higher yesterday after its biggest single-day drop since January 2015, as a surging US dollar undercut what little was left of the precious metals rally.
- December silver futures advanced 12 cents, or 0.7%, to \$17.90 a troy ounce on the Comex division of the New York Mercantile Exchange. Silver traded within a daily range of \$17.76 and \$18.04.
- Silver futures plunged 5.5% on Tuesday, reaching their lowest level since the Brexit crisis. In percentage terms, silver's decline was much bigger than gold's, which fell 3.2%.
- The US dollar, which was responsible for much of the decline on Tuesday, remained well supported near two-month highs. The dollar index slipped 0.1% to 96.06. It surged around half a percent on Tuesday, propelled by renewed bearish sentiment concerning the British pound.
- Precious metals are priced in dollars and are therefore highly sensitive to fluctuations in the US currency. The dollar has also benefited in recent days from speculation that the Federal Reserve will move ahead with raising interest rates in December. The CME Fed Fund futures prices implied a 63.4% chance of a December liftoff.
- In economic data, growth in Germany's manufacturing sector fell to a 39-month low in September, raising red flags about Europe's largest economy. The Markit final German services PMI came in at 50.9 in September, up from an initial reading of 50.6 but well below the previous month's 51.7. Anything above 50 confirms expansion in economic activity.
- Meanwhile, Eurozone retail sales declined 0.1% in August, slightly better than the 0.3% drop forecast by economists. Compared to August 2015, retail sales advanced 0.6% compared to 1.8% year-over-year growth in July.

### 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

## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Oct 06	05:30	AUD Trade Balance (Australian dollar) (AUG)	Medium	-2010m	-2300m	-2410m
Thu Oct 06	11:00	EUR German Factory Orders n.s.a. (YoY) (AUG)	Medium	2.1%	1.6%	-0.6%
Thu Oct 06	12:15	CHF Consumer Price Index (YoY) (SEP)	Medium	-0.2%	0.0%	-0.1%
Thu Oct 06	12:30	EUR Markit Germany Construction PMI (SEP)	Medium	52.4		51.6
Thu Oct 06	13:00	CHF KOF Institute Autumn Economic Forecast	Medium			
Thu Oct 06	13:10	EUR Markit Germany Retail PMI (SEP)	Medium	53		54.1
Thu Oct 06	13:10	EUR Markit Eurozone Retail PMI (SEP)	Medium	49.6		51
Thu Oct 06	17:30	USD Initial Jobless Claims (OCT 1)	Medium			
Thu Oct 06	17:30	USD Continuing Claims (SEP 24)	Medium			

Source: Forex Factory, DailyFX

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