

Gold

Technical

Gold prices rebounded from Friday's near three-week low of 1,309.00, and closed trading at 1,313.83 after topping at 1,321.50 earlier. The modest move comes as the dollar softens marginally, and as short covering steps in ahead of Wednesday's FOMC announcement. Prices are hovering near support near the August 31 lows at 1,302. Resistance is seen near the 10-day moving average at 1,327. Fed tone will likely drive the markets until the December FOMC meeting. 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 RSI (relative strength index) appears to have stabilized above support and is printing a reading of 42, which is in the middle of the neutral range.

Pivot:	1,316		
Support	1,311	1,309	1,305
Resistance	1,321	1,326	1,332

Highlights

- Gold prices rose yesterday as the U.S dollar weakened
- Investors awaited monetary policy decisions from central banks in Japan and the U.S
- Gold for December delivery settled up 0.6% at \$1,317.80 a troy ounce on the Comex division of the New York Mercantile Exchange
- Yesterday's move higher broke a two-day losing streak that had sent gold prices to the lowest level since Sept. 2
- The U.S Dollar Index was recently down 0.3% at 86.88

Gold - Technical Indicators

RSI 14	39.49
SMA 20	1,324.57
SMA 50	1,333.83
SMA 100	1,311.83
SMA 200	1,266.68

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold rose for a second straight session today as equities wavered ahead of a two-day U.S. Federal Reserve meeting in which interest rates are mostly expected to remain unchanged.
- Spot gold was up 0.2 percent at \$1,315.77 an ounce, and U.S. gold futures rose 0.1 percent at \$1,319.1 an ounce. Asian shares edged lower on Tuesday as investors nervously awaited the outcomes of both the U.S. central bank and Bank of Japan policy meetings this week.
- A range of mixed economic figures and conflicting remarks by key Fed policymakers have kept investors guessing over the timing of the next U.S. rate hike.
- Recent weak U.S data has boosted bets the Federal Reserve will skip raising rates this month, but investors will listen closely to Chair Janet Yellen's speech on Wednesday for any hint the bank could hike rates before the end of the year.
- Even if there is an interest rate hike in September, the selling pressure in gold will be diluted, because investors have already factored that into their risk scenarios.
- Rising U.S. interest rates typically increase the opportunity cost of holding non-yielding bullion and boost the dollar, which makes it more expensive to buy gold for those holding other currencies. Gold looks neutral in a range of \$1,313-\$1,319 per ounce, and an escape could point a direction.
- Everyone is waiting for the Fed's decision tomorrow and it is extremely hard to guess this time. However, whenever the prices are touching below \$1,310, there is strong interest to buy gold. Japan's central bank also meets on Wednesday, and could make negative interest rates the primary focus of its monetary policy, moving away from quantitative easing.

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

Oil prices moved higher but closed well off its highs yesterday after notching up gains of 1.3%, but closing up 0.88%. The upward swing came as Venezuela said OPEC and non-OPEC producers are close to agreement on stabilizing supply. An informal meeting of global producers is scheduled in Algiers. Prices continue to consolidate after dropping through trend line support generated from connecting a low in August to the lows in September, which comes in near 45. Additional resistance is seen near the 10-day moving average at 44.91. Support is seen near the August low at 43. 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.

Pivot:	43.01		
Support	42.10	41.55	40.91
Resistance	44.10	44.76	45.50

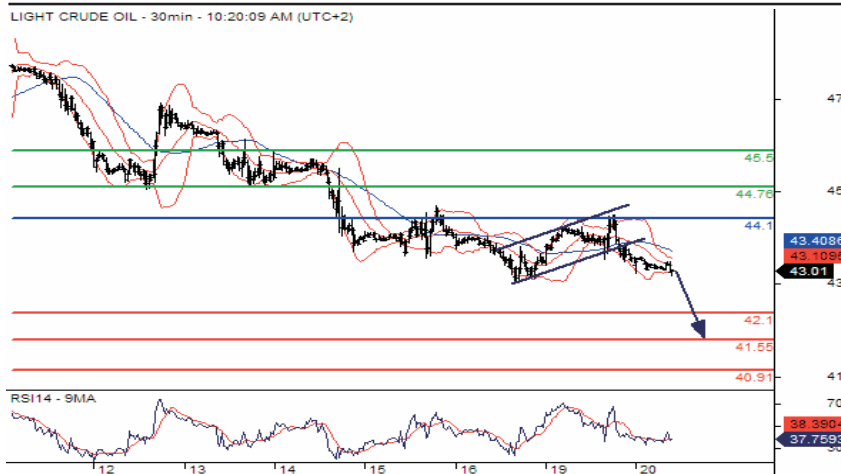
Highlights

- Crude prices continued to fall today as Venezuela announced global supply needs to be cut 10 percent to meet demand
- Saudi Arabia pumped 10.6 million barrels per day in July, up 120,000 bpd from the previous month
- Despite the bearish mood, in Yesterday's session hedge funds cut their short positions in crude oil futures
- Oil producers are meeting next week to discuss a possible output freeze
- Libya has already said before that it won't cut production

Crude - Technical Indicators

RSI 14	39.94
SMA 20	45.39
SMA 50	44.57
SMA 100	46.36
SMA 200	42.10

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices fell today in Asian session as hopes for any deal between the Organization of the Petroleum Exporting Countries and Russia to freeze production continued to fade.
- The November contract for global crude benchmark Brent was down 0.3% at \$45.80 a barrel while its U.S counterpart West Texas Intermediate was down 0.55% at \$43.62 for October deliveries
- The latest news is that OPEC members Nigeria, Libya and Venezuela are eager to ramp up oil exports. Bjarne Schieldrop from Sweden's SEB bank said that the moves from the three nations are a clear message that none would be interested in agreeing to cap production at current levels when they meet in Algeria on Sep. 28.
- Any deal would probably have a caveat allowing Nigeria, Libya and Venezuela as well as Iran to lift production levels if they can, meaning that any freeze could see higher production from OPEC.
- Meanwhile, the leak in Colonial Pipeline Co.'s Line 1 in the U.S. has been fixed and the infrastructure should start to ramp up to full capacity in the coming days. The pipeline transports 1.3 million barrels of gasoline a day from the Gulf Coast refineries to the East Coast of the country.
- The problems with the pipeline should be reflected in this week's inventory data. Today will see the American Petroleum Institute release its forecast and the Energy Information Administration will issue official data Wednesday.
- China is also expected to release its detailed oil trade data for August on Wednesday. Preliminary data showed the world's second largest oil consumer imported 32.85 million tons of crude last month. Nymex reformulated gasoline blendstock for October—the benchmark gasoline contract—fell 70 points to \$1.4138 a gallon, while October diesel traded at \$1.3912, 32 points lower.

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 during the session on Monday, as we bounced above the \$19 level yet again. I believe this is a market that will continue to find buyers given enough time, and as a result it's likely that the market will reach towards the \$20 handle. Break above there should send this market looking for the \$20.50 level as well. We are in a longer-term uptrend, and even though we see quite a bit of volatility lately, that remains the case. With this, I am only buying silver and not selling it. Silver prices remain supported above \$18.75 an ounce, and so far have rebounded to trade back above \$19.00. Technically \$18.75 remains as a key value for support as Silver prices have been consolidating in a \$1.50 range for the last six trading sessions. The commodity is now trading back towards range resistance near \$19.25. If Silver breaks out above resistance, it continue towards higher resistance.

Pivot:	19.19		
Support	19.00	18.85	18.63
Resistance	19.36	19.54	19.70

Highlights

- The U.S Dollar was unable to gain further support which supported precious metals
- There was a strong recovery in prices during the Asian session yesterday with a break back above the \$19.00 per ounce level
- The latest COT data from the CFTC recorded a decline in non-commercial long silver positions to 81,568 contracts
- Chinese markets re-opened yesterday also helped underpin demand for silver
- Silver will maintain underlying support if the dollar is unable to gain any traction into the meetings

Silver - Technical Indicators

RSI 14	42.95
SMA 20	19.09
SMA 50	19.50
SMA 100	18.78
SMA 200	17.22

Silver Daily Graph



Fundamentals

- Silver prices rebounded sharply through the overnight session, as the dollar weakened and investors set their sights on a pair of central bank meetings that begin on Tuesday.
- Silver for December delivery reached a session high of \$19.24 a troy ounce in yesterday's session. The futures contract was up 32 cents, or 1.7%, to \$19.18 a troy ounce.
- The grey metal declined 2.7% last week to close at its lowest level since August 31. The US dollar retreated from overbought levels on Monday, as investors repositioned ahead of a flurry of central bank speculation. The dollar index, which tracks the greenback against a basket of six currencies, fell 0.2% to 95.89.
- The US currency spiked nearly 1% on Friday after the Labor Department reported a bigger-than-expected rise in consumer inflation for the month of August. Headline CPI climbed 0.2% month-on-month and 1.1% annually, official data showed.
- Market participants have quickly turned their attention to a pair of central bank meetings on September 20-21. The Bank of Japan (BOJ) and US Federal Reserve will each announce their policy decisions on Wednesday. While the Fed is widely expected to hold off on raising rates, the outlook on the BOJ is much less certain.
- Global stocks rallied ahead of the central bank meetings, with Asian and European markets trading sharply higher. US stock futures also advanced in pre-market activity, pointing to a strong start to the day.
- The latest US NAHB homebuilders index strengthened significantly to 65 for September from a downwardly-revised 59 the previous month. This was the strongest reading for 11 months and also matched the highs seen over ten years ago ahead of the financial crash.

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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

Tuesday, September 20, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Sep 20	04:30	ANZ Roy Morgan Weekly Consumer Confidence Index (SEP 18)	Low	115.5		118.1
Tue Sep 20	06:30	AUD House Price Index (YoY) (2Q)	Medium	4.1%	5.2%	6.8%
Tue Sep 20	11:00	CHF Trade Balance (Swiss franc) (AUG)	Medium	3.02b		2.81b
Tue Sep 20	11:00	EUR German Producer Prices (YoY) (AUG)	Low	-1.6%	-1.6%	-2.0%
Tue Sep 20	12:00	JPY Convenience Store Sales (YoY) (AUG)	Low	0.6%		0.3%
Tue Sep 20	17:00	NZD Dairy Auction Avg. Winning Price MT (SEP 20)	High			\$2,920
Tue Sep 20	17:30	USD Housing Starts (MoM) (AUG)	Medium		-1.7%	2.1%
Tue Sep 20	17:30	USD Building Permits (MoM) (AUG)	Medium		1.8%	-0.8%
Tue Sep 20	18:10	GBP BOE Executive Director Hauser Speaks in London	Low			

Source: Forex Factory, DailyFX

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