

## Gold

### Technical

Gold markets continue to grind sideways, as we await the Federal Reserve later today. This will have a massive effect on what happens next in the Forex market, thereby driving the value of the US dollar. By extension, that should have a massive effect on gold markets also, and I believe that the Federal Reserve may be a bit hesitant to raise interest rates after the hurricanes. I think that a lot of traders are feeling the same way, so that should continue to be a buying opportunity if we get the Federal Reserve sounding a bit soft. Ultimately, the market could go as high as the 1003 and \$30 level, which is an area that has been resistive in the past. The \$1300 level underneath is massively supportive, and I think that it's not until we break down below there on a daily close that you can take any selloff as serious. Short-term charts should offer buying opportunities based upon dips.

Pivot:	1,312		
Support	1,310	1,304	1,300
Resistance	1,316	1,319	1,324

### Highlights

- Gold edged lower yesterday, marking its third consecutive daily loss
- U.S equities nudged further into record territory as the Federal Reserve began a two-day policy meeting
- Gold for December delivery edged down 20 cents to settle at \$1,310.60 an ounce
- The main market focus is the two-day Federal Open Market Committee meeting that will conclude today
- The Fed is seen as virtually certain to leave rates unchanged

### Gold - Technical Indicators

RSI 14	78.49
SMA 20	1,205.2
SMA 50	1,174.3
SMA 100	1,198.5
SMA 200	1,225.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold inched higher in range-bound trade today as the dollar wavered, with investors cautious ahead of the outcome of a two-day Federal Reserve meeting in the United States.
- Spot gold had risen 0.2 percent to \$1,313.50 an ounce. U.S. gold futures for December delivery were up 0.5 percent at \$1,317.40 an ounce. Donald Trump's comments overnight in regards to North Korea have certainly added a bid to the precious complex, but all in all very quiet ahead of the (Fed statement).
- U.S. President Donald Trump escalated his standoff with North Korea over its nuclear challenge on Tuesday, threatening to "totally destroy" the country and mocking its leader, Kim Jong Un, as a "rocket man".
- Geopolitical risks tend to boost demand for safe-haven assets such as gold and the Japanese yen. The dollar edged lower against a basket of currencies and the yen today. Asian stocks were little changed ahead of the Fed's monetary policy announcement later in the day.
- The U.S. Fed is expected to announce its balance sheet reduction plans and provide an outlook for interest rate hikes for the rest of the year. We suspect that the central bank will reiterate its dovish stance and likely weaken the dollar in the process.
- We could see a modest bounce in gold over the next day or two, but nothing that will take the precious metal outside of a relatively tight trading range for the time being.
- A stronger dollar makes greenback-dominated bullion more expensive for those holding other currencies. Higher interest rates lead to higher bond yields and dampen demand for non-interest bearing gold. The majority of the consensus is there will be one more hike this year, and if that remains the case, gold should still remain reasonably well supported with what's happening geopolitically.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market went sideways initially on Tuesday, but then broke above the \$50 level. Later in the day, we pulled back but I think that today could be a very volatile session in the crude oil market. We are currently still in consolidation as we dance around the \$50 level, and that being the case it's likely that the Federal Reserve will decide where we go next in the form of the statement. What I mean by this is that if the Federal Reserve looks to be a bit dovish, that could drive down the value the US dollar and thereby bring the value of oil higher. At the same time, we have the Crude Oil Inventories announcement, so I expect to see a lot of noise today. Quite frankly, it's probably easier to wait for an impulsive move and see where the market closes at the end of the day to make your decision. Crude oil prices generated an inside day ahead EIA inventory report.

Pivot:	50.35		
Support	49.70	49.35	48.90
Resistance	50.60	50.80	51.25

### Highlights

- Oil rose on signs the pace of U.S stockpile gains is slowing as refiners resume operations after Harvey, boosting crude demand
- Futures climbed as much as 1.3 percent after declining 0.9 percent yesterday
- Inventories expanded by 1.44 million barrels last week, the American Petroleum Institute was said to report
- API sprung a bit of surprise when only showing a small build in crude stocks
- West Texas Intermediate for October delivery, rose as much as 62 cents to \$50.10 a barrel

### Crude - Technical Indicators

RSI 14	37.83
SMA 20	46.58
SMA 50	50.15
SMA 100	51.59
SMA 200	49.94

### Crude Oil Daily Graph



### Fundamentals

- Oil futures ended lower yesterday, a day after the U.S. benchmark settled at a seven-week high, as traders weighed prospects for the extension of OPEC-led production cuts and looked to upcoming weekly data on U.S. crude supplies and output.
- On the New York Mercantile Exchange, October West Texas Intermediate crude the U.S. benchmark, shed 43 cents, or 0.9%, to settle at \$49.48 a barrel, after touching a high of \$50.42.
- On Monday, prices barely budged, but marked the highest settlement since the end of July, according to FactSet data. The October contract expires at the end of Wednesday's session.
- While Saudi Arabia, as the de facto leader of the Organization of the Petroleum Exporting Countries, is leading the cartel's production cutback, the efforts to drain the glut has been rather difficult owing to a few over-steppers from within OPEC, along with rising U.S. output.
- Data from the U.S. Energy Information Administration released Monday showed expectations for a 10th straight monthly rise in domestic shale-oil production. This is one of the prime reasons the commodity continues to be stuck.
- Iraqi oil minister Jabar al-Luaibi said Tuesday that Iraq and other OPEC members are considering options that include a proposal for the cartel's output-cut deal to run through 2018 instead of expiring as planned in March. All in all, the outlook seems to be bright and prices are rising.
- OPEC and 10 producers outside the cartel first agreed late last year to cap production at around 1.8 million barrels a day lower than peak October 2016 levels, part of an effort to alleviate the global oil glut and boost prices. The deal was extended in May through March 2018, but has been hindered by a lack of compliance by some signatories and steady U.S. shale output.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets went sideways initially on Tuesday, but continue to find support near the \$17.10 level. As we are starting to rally, I suspect that traders are betting on the Federal Reserve won't be able to raise interest rates, as the markets have initially suspected. Although there has been a certain amount of selling pressure, the reality is that the hurricanes could have changed everything for the Federal Reserve. Quite frankly, the Federal Reserve cannot raise interest rates, it should drive the value of precious metals higher. Ultimately, this is a market that should continue to find buyers, and I believe that the \$17 level is rather supportive in general. If we were to break down below that level, that would be very negative and ugly. I believe that the market is trying to bounce, reaching towards the \$17.50 handle. That's an area that was previously supportive, so it should now be resistive.

Pivot:	17.30		
Support	17.16	17.04	16.90
Resistance	17.44	17.53	17.64

### Highlights

- Silver prices edged higher today, aided by a weaker dollar ahead of a U.S. Federal Reserve policy announcement
- A threat by U.S President Donald Trump to "totally destroy" North Korea also helped to push the dollar lower
- The Fed is expected to say that it will start to reduce its balance sheet
- Investors will scour its forecasts and a news conference by Chair Janet Yellen for clues
- Markets are pricing in a 56 percent probability of the Fed raising rates in December

### Silver - Technical Indicators

RSI 14	77.87
SMA 20	16.83
SMA 50	16.57
SMA 100	17.06
SMA 200	17.16

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver markets went sideways initially yesterday, but continue to find support near the \$17.10 level. As we are starting to rally, I suspect that traders are betting on the Federal Reserve won't be able to raise interest rates, as the markets have initially suspected.
- Although there has been a certain amount of selling pressure, the reality is that the hurricanes could have changed everything for the Federal Reserve. Quite frankly, the Federal Reserve cannot raise interest rates, it should drive the value of precious metals higher.
- Ultimately, this is a market that should continue to find buyers, and I believe that the \$17 level is rather supportive in general. If we were to break down below that level, that would be very negative and ugly.
- I believe that the market is trying to bounce, reaching towards the \$17.50 handle. That's an area that was previously supportive, so it should now be resistive.
- If the Federal Reserve sounds as soft as I suspect that could, it's possible that we can break above there. I believe that the pullback was necessary anyway, because we broke out of significant resistance as of late, but have not tested that area for support.
- We see this repeatedly, and this move of course is in any different. I believe that if we break down below the \$17 level however, that would be a very negative sign, and perhaps of the sellers jumping in hand over fist.
- Ultimately though, I think that Silver is simply offering a value proposition going forward, and a break above the \$17.50 level has this market looking towards the \$18 level. Longer-term, I believe that Silver is trying to offer a nice buying opportunity for investors currently as we have seen a nice pullback.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, September 20, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Sep 20	03:45	New Zealand Current Account Deficit-GDP Ratio (2Q)	Medium	-2.8%	-3.1%	-3.1%
Wed Sep 20	04:50	Japan Merchandise Trade Balance Total (Yen) (AUG)	Medium	¥113.6b	¥104.4b	¥418.8b
Wed Sep 20	05:30	Australia Westpac Leading Index (MoM) (AUG)	Medium	-0.08%		0.12%
Wed Sep 20	11:00	German Producer Prices (YoY) (AUG)	Low	2.6%	2.5%	2.3%
Wed Sep 20	13:30	U.K Retail Sales (YoY) (AUG)	Medium	2.8%	1.4%	1.7%
Wed Sep 20	16:00	U.S MBA Mortgage Applications (SEP 15)	Medium	-9.7%		9.9%
Wed Sep 20	19:00	U.S Existing Home Sales (MoM) (AUG)	Medium		0.4%	-1.3%
Wed Sep 20	19:30	DOE U.S. Crude Oil Inventories (SEP 15)	Medium		-2211.57k	5888k
Wed Sep 20	23:00	U.S Federal Open Market Committee Rate Decision (SEP 20)	High		1.25%	1.25%

Source: Forex Factory, DailyFX

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