

Gold

Technical

The gold markets fell slightly on Tuesday, as the market continues to have a bit of negativity in it. I believe that any rally at this point time will be a selling opportunity on signs of exhaustion, and the signs of exhaustion should come rather quickly. I still have a target of \$1100 level below, and then eventually the \$1000 level below. The \$1200 level above continues to be the "ceiling" in this market, and as a result I feel that it's only matter time before the sellers get involved. I have no interest whatsoever in buying. Resistance is seen near the 10-day moving average at 1,168, while support is seen near the July 2015 lows at 1,076. Gold prices remain oversold as the RSI (Relative strength index) is printing a reading of 26.5, which is below the oversold trigger level of 30 and could foreshadow a correction. Stronger Chinese data lifted stocks and allowing the dollar to generate headwinds for gold prices.

Pivot:	1,162		
Support	1,157	1,155	1,152
Resistance	1,164	1,167	1,170

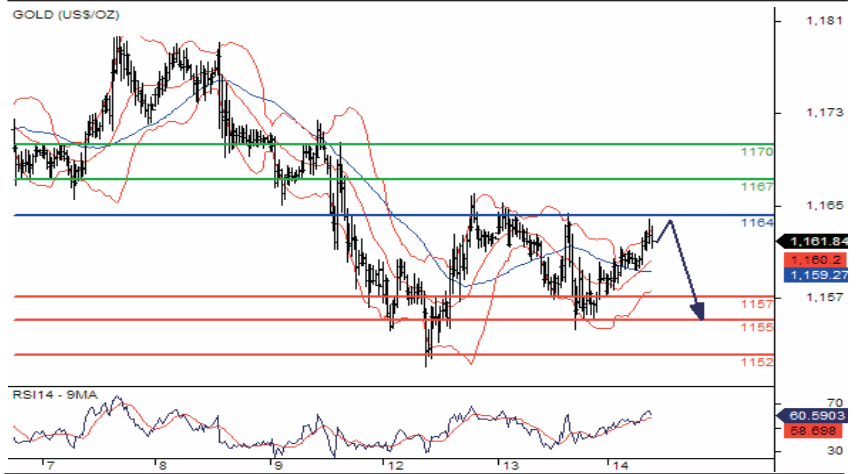
Highlights

- Gold edged lower yesterday, losing its lustre as the Fed began its two-day meeting
- Markets have priced in a near 100 percent chance of a quarter-point increase
- Higher interest rates generally dent demand for non-yielding bullion while strengthening the dollar, in which it is priced
- The Fed is scheduled to make a statement later in today's session
- Reflecting lacklustre sentiment, holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell again

Gold - Technical Indicators

RSI 14	32.02
SMA 20	1,176.96
SMA 50	1,226.70
SMA 100	1,267.14
SMA 200	1,283.88

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices edged higher today on a weaker dollar and as markets waited for the outcome of the U.S. Federal Reserve's policy meeting later in the day. Spot gold was up 0.2 percent at \$1,160.50 an ounce. The metal, which fell nearly 0.4 percent in the previous session, remained above a 10-month low of \$1,151.34 an ounce touched on Monday.
- U.S. gold futures were 0.3-percent higher at \$1,162.40 per ounce. The dollar index, which measures the greenback against a basket of currencies, was down 0.1 percent at 101.
- The rise in gold prices is because of the weaker dollar and also the anticipation of what the Fed will decide. The things that will move the markets more would definitely be on how many times the Fed will raise interest rates next year.
- The Fed is widely expected to increase U.S. interest rates at this week's Federal Open Market Committee meeting, with investors looking for clues on the central bank's views on further hikes in 2017. Higher U.S. rates raise the opportunity cost of holding non-yielding bullion.
- The outcome of the policy meeting will be announced today, followed by Chair Janet Yellen's news conference half an hour later. We expect gold to remain on the defensive and may weaken further until the conclusion of the FOMC meeting.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, are down over 9 pct since November. ETF liquidation shows investors' uninspired gold view. Until the 'slow bleed' out of the ETFs ceases, it will be difficult for gold to rally.
- People who invest in ETFs will have a relatively longer term view, so the current rotation is rotate out of gold to risky assets, expecting that the U.S. economic situation will improve.

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 slightly on Tuesday, as we are bouncing off of the gap from the open of the week. Ultimately, this is a market that starting to look a little less impressive, as perhaps the market isn't necessarily convinced about the OPEC and non-OPEC production cut agreement. However, it's not necessarily able to be sold at this point, as I would at least need to see a break down below the previous uptrend line, and more preferably, below the \$50 handle. If we get below there, then the market can really start to accelerate to the downside. However, I can also make a real argument for buying supportive candles just above that previous uptrend line. With this, it's probably best to wait to see what happens over the next 24 hours or so in order to place a trade. Prices have generated an inside day which reflects uncertainty.

Pivot:	52.46		
Support	51.80	51.50	51.05
Resistance	52.70	53.15	53.65

Highlights

- Oil prices slumped in early trade after data showed crude stockpiles grew last week
- Rising prices are enticing U.S shale producers to ramp up production
- On the New York Mercantile Exchange, crude futures for delivery in January traded at \$52.35 a barrel, down \$0.63, or 1.2%
- The American Petroleum Institute said its data for the week ended Dec. 9 showed a 4.7 million-barrel increase in crude supplies
- Oil investors are also taking a wait-and-see ahead of the U.S Fed meeting

Crude - Technical Indicators

RSI 14	60.91
SMA 20	49.41
SMA 50	48.14
SMA 100	47.51
SMA 200	46.94

Crude Oil Daily Graph



Fundamentals

- Oil prices fell today following a reported rise in U.S. crude inventories and an estimate that OPEC may have produced more crude in November than previously thought, potentially undermining a planned output cut.
- U.S. West Texas Intermediate (WTI) crude oil futures were down 69 cents, or 1.3 percent, to \$52.29 a barrel. The price falls followed a report of surprise increases in U.S. crude inventories.
- Markets were also focused on an anticipated U.S. interest rate hike that would likely boost the dollar, making dollar-traded fuel imports more expensive for countries using other currencies at home.
- Momentum continues to wane in oil markets with both Brent and WTI slightly lower overnight, following higher than expected API inventory numbers in the United States which showed an unexpectedly large increase of 4.7 million barrels.
- We expect Asia trading to have a slightly negative bias as traders trim longs into the Federal Reserves' main event this evening. Prices were further depressed by a report from the International Energy Agency (IEA) which said it believes that producer club OPEC pumped about 34.2 million barrels per day (bpd) of crude in November, 500,000 bpd above OPEC's official estimate, which was already a record.
- If true, that would undermine the effort by the Organization of the Petroleum Exporting Countries (OPEC) and other producers like Russia to cut almost 1.8 million bpd of production in a bid to end two years of oversupply and cheap oil.
- The IEA said that due to firm demand increases, oil markets could show a shortfall of 600,000 bpd early next year if producers stick to their reduction plans.

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 market had a slightly negative session on Tuesday, as we continue to test the \$17 level. I believe that the market will probably roll over in this area, some looking for an exhaustive candle to start selling. However, I also recognize that there is a little bit of support near the \$16.70 level. I think this will mean quite a bit of volatility, but with a negative bias. Rally should continue to be sold on signs of exhaustion as far as I can see, especially considering how strong the US dollar has been lately. The silver market bears have the firm overall near-term technical advantage as prices are in a six-month-old downtrend on the daily bar chart. However, there are early clues to begin to suggest that a market bottom is in place for silver. Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at \$18.00 an ounce.

Pivot:	17.06		
Support	16.90	16.80	16.74
Resistance	17.18	17.30	17.40

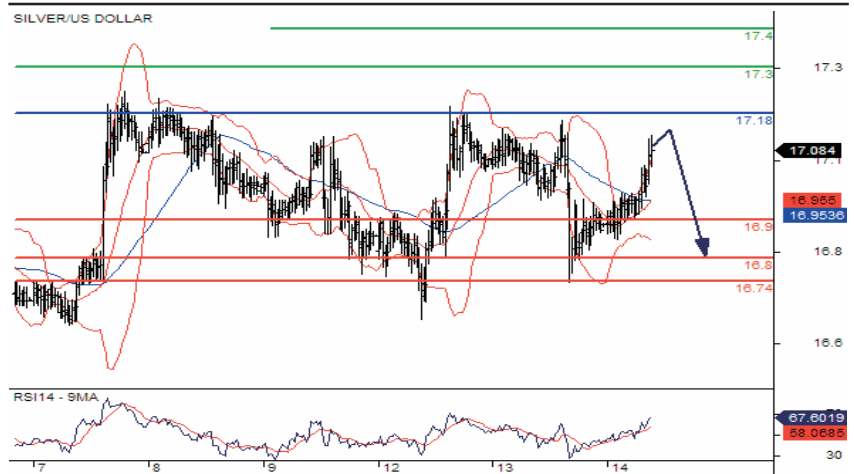
Highlights

- The dollar resisted more than very limited losses yesterday which put significant selling pressure on silver
- The US NFIB small-business confidence index rose sharply to 98.4 for November from 94.9 previously
- The dollar was vulnerable to a correction after recent strong gains
- The FOMC will give its final rate verdict of the year today
- Precious metals investors will also be monitoring a deluge of economic data

Silver - Technical Indicators

RSI 14	52.89
SMA 20	16.74
SMA 50	17.29
SMA 100	18.03
SMA 200	18.16

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices traded lower yesterday, giving back early-week gains as the Federal Reserve kicked off its two-day monetary policy meeting in Washington. March silver futures declined 25 cents, or 1.5%, to \$16.94 a troy ounce, erasing the previous day's gain. The metal was down as much as 2.1% earlier in the session.
- Silver futures have rebounded from November's nearly six-month lows, but gains have been choppy, as a stronger US dollar continues to weigh on precious metals. Silver prices recovered from oversold levels, but the technical outlook remains weak.
- The Federal Open Market Committee (FOMC) kicked off its two-day policy meeting on Tuesday and will give its final rate verdict of the year today in U.S trading session.
- The markets are nearly unanimous in their view that the Fed will raise interest rates by 25 basis points following a string of upbeat economic data reports that pointed to a firmer domestic economy.
- The FOMC statement will also be accompanied by revised economic projections covering gross domestic product (GDP), unemployment and inflation. Policymakers' outlook on interest rates will also be provided in the Fed's "dot plot" chart.
- Precious metals investors will also be monitoring a deluge of economic data, including reports on retail sales, producer inflation and industrial production. On Thursday, the Commerce Department will release the CPI for the month of November, which is expected to show stronger inflation trends.
- In the same session, the Federal Reserve Bank of Philadelphia will release its monthly manufacturing index for November. Separately, the National Association of Home Builders (NAHB) will release the housing market index.

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

Wednesday, December 14, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Dec 14	14:30	GBP Claimant Count Rate (NOV)	Medium	2.3%	2.3%	2.3%
Wed Dec 14	14:30	GBP Jobless Claims Change (NOV)	Medium	2.4k	6.5k	13.3k
Wed Dec 14	14:30	GBP Average Weekly Earnings (3M/YoY) (OCT)	Medium	2.5%	2.3%	2.4%
Wed Dec 14	17:00	USD MBA Mortgage Applications (DEC 9)	Medium			-0.7%
Wed Dec 14	18:30	USD Advance Retail Sales (NOV)	High		0.3%	0.8%
Wed Dec 14	19:15	USD Industrial Production (NOV)	Medium		-0.4%	0.0%
Wed Dec 14	20:30	USD DOE U.S. Crude Oil Inventories (DEC 9)	Medium			-2389k
Wed Dec 14	00:00	USD Federal Open Market Committee Rate Decision (DEC 14)	High		0.75%	0.50%
Wed Dec 14	00:00	USD Fed Summary of Economic Projections	High			

Source: Forex Factory, DailyFX

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