

## Gold

### Technical

The gold markets had a negative week, as we have sliced through the \$1150 level. Any time we rally at this point there should be selling pressure given enough time, and that we should continue to reach lower and towards the \$1100 handle. Ultimately, I have no interest in buying the gold market as there is so much in the way of strength when it comes to the US dollar. Ultimately, I believe that the \$1200 level is absolutely the “ceiling” in this market. With this, I continue to look for selling opportunities again and again. Momentum has turned negative as the MACD index recently generated a crossover 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. Target support is seen near the July 2015 lows at 1,076, while resistance is seen near the 10-day moving average at 1,157.

Pivot:	1,139		
Support	1,132	1,127	1,122
Resistance	1,144	1,151	1,155

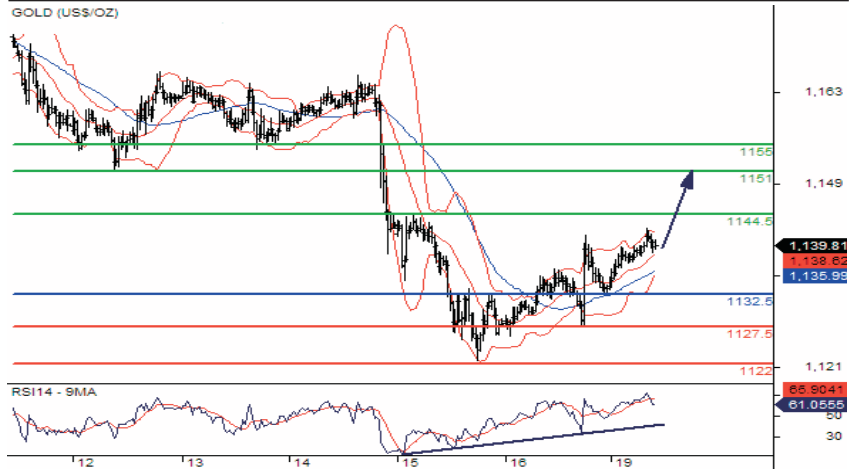
### Highlights

- Gold prices edged up today in European trading session, extending its recovery from ten-month lows
- The U.S Dollar pulled back from recent highs today
- Gold for February delivery tacked on \$4.55, or 0.4%, to \$1,141.95 a troy ounce
- Gold sank to \$1,124.30 last Thursday, a level not seen since February 2
- Market analysts warned that the outlook for gold remains cloudy given expectations for higher U.S. interest rates in the months ahead

### 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 rose today, extending its recovery from a 10-1/2-month low hit last week, as the U.S. dollar slipped from a 14-year peak against a basket of currencies. Spot gold edged up 0.7 percent to \$1,141.61 an ounce. The bullion touched \$1,122.35 on Thursday, its weakest since Feb. 2.
- Gold now appears to have found a base, however, upside will be limited as investors look to other markets for yield. U.S gold futures gained 0.6 percent to \$1,143.60 per ounce today.
- Gold is likely to rebound to \$1,160-\$1,180 levels before the year-end. The dollar index, which measures the greenback against a basket of currencies, fell 0.4 percent to 102.590. The dollar hit a 14-year high of 103.56 following the Fed's hawkish interest rate forecasts on Wednesday.
- The Fed hiked rates for the first time in a year last week and projected three more increases in 2017, up from the two projected in September. Richmond Fed President Jeffrey Lacker said on Friday the Fed will likely need to raise interest rates more than three times next year and faces challenges in gradually cooling off the U.S. economy.
- Gold is highly sensitive to rising rates, which lift the opportunity cost of holding non-yielding assets such as bullion, while boosting the dollar, in which it is priced. Spot gold may bounce moderately to \$1,153 per ounce as it has found a support at \$1,121.
- Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.63 percent to 836.99 tonnes on Friday. Holdings are down over 11 percent since November.
- The fall in ETF holdings illustrates the view investors are moving away from gold at least for the medium term. Hedge funds and money managers cut their net long position in COMEX gold contracts for the fifth straight week.

### 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 pulled back slightly during the session on Friday, but found support near the previous uptrend line. By bouncing, we ended up forming a hammer, so having said that it looks as if the market is ready to go a bit higher. If we break above the top of the candle for the session on Friday, the market will then reach towards the \$54 handle. Any pullback at this point in time will more than likely find quite a bit of support at the \$50 handle, so it's not until we break down below there that I'm willing to start selling. I would also need to see a daily close below that level. Regardless what happens, I would expect some choppiness, especially considering that it is the week of Christmas, and that of course will work against the idea of volume. Momentum is neutral with the RSI printing a reading of 58, which is in the middle of the neutral range and reflects consolidation.

Pivot:	52.34		
Support	51.50	50.90	50.50
Resistance	53.25	53.65	54.50

### Highlights

- Oil rose on Friday, edging closer to new 17-month highs as producers showed signs of adhering to a global deal to reduce output
- U.S crude settled up \$1, or 2 percent, at \$51.90 per barrel
- Oil is extending their recovery from Thursday's low as some confidence in planned production cuts returns to the market
- OPEC members have agreed to reduce output by a combined 1.2 million bpd from Jan. 1
- Baker Hughes reported its weekly count of U.S. oil rigs in operation rose by 12 to 510

### 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 rose today as a weaker dollar and the delay of new Libyan oil exports boosted benchmarks, amid expectations of tighter crude supply going into 2017.
- U.S. West Texas Intermediate (WTI) crude futures were up 30 cents at \$52.20 a barrel. The increases, which built on gains of around 2 percent on Friday, were driven by a delay in crude oil supplies from Libya.
- It looks like the Libyan story and the weaker U.S dollar are counterbalancing bearish factors. We should expect higher prices crude oil in the near-term future.
- Late last week, a group guarding oil infrastructure in Libya said it had reopened a long-blockaded pipeline leading from the oilfields of Sharara and El Feel, but a separate group had prevented a production restart at El Feel.
- Additionally, the U.S. dollar fell back against a basket of other currencies since hitting 2002 highs last week. A strong dollar makes oil more expensive for holders of other currencies.
- Some expected the strength in oil prices to continue into early 2017 due to a deal between the Organization of the Petroleum Exporting Countries and other producers to cut almost 1.8 million barrels per day (bpd) in oil output from January.
- With investors now expecting a relatively high level of compliance with the production-cut agreements, prices should be well supported. Despite this, there were factors that cast a shadow on markets, preventing prices from rising more.
- In the United States, which did not participate in the output-reduction deal, drilling for new oil has increased for seven straight weeks. Drillers added 12 oil rigs in the week to Dec. 16.

### 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 this past week but found the \$17 level to be far too resistive. We turned around to form a massive negative candle, slicing through the bottom of the previous candles, and even breaching the \$16 handle, looks as if the market is ready to continue going lower, although there is a lot of noise just below that could make this volatile. Nonetheless, I believe short-term rallies will offer selling opportunities. Longer-term, I believe that this market is going to reach towards the \$15 level, and possibly even lower than that. Silver markets initially rallied on Friday, but sold off rather drastically to form a shooting star. There is a lot of noise between here and there though, so expected to be a very volatile and choppy move to the downside. Even if we rally from here, I believe that the top of the candle from the Thursday session will continue to be a massive ceiling.

Pivot:	16.07		
Support	15.95	15.85	15.70
Resistance	16.25	16.35	16.45

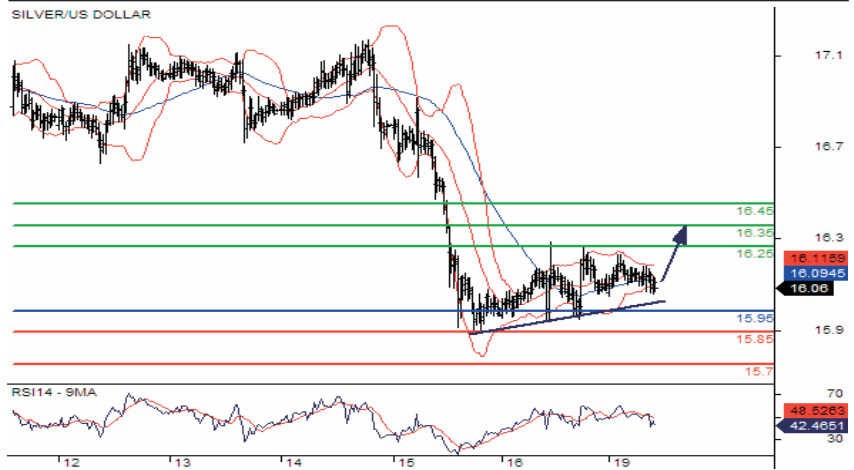
### Highlights

- Dollar strength continued to undermine silver, but a late corrective retreat in the US currency allowed prices to rally
- Silver attempted to correct stronger on Friday following the very sharp losses seen the previous day
- After finding support below \$16.00, there was a recovery to the \$16.15 area
- The US housing data was weaker than expected with an 18.7% decline in starts for November
- The gold/silver ratio neared 71.00 this week, rising roughly 2.5%

### 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 were in consolidation mode on Friday following a 7% plunge the previous session, as the grey metal headed for a large weekly drop. March silver futures rose 17 cents, or 1.1%, to \$16.13 a troy ounce. Prices briefly rose more than 2% earlier in the session.
- Silver prices crashed \$1.26, or 7.3%, on Thursday as markets dissected the Federal Reserve's decision to raise interest rates. Policymakers also signaled faster rate increases in each of the next two years, putting pressure squarely on non-yielding assets.
- The grey metal is on track for a weekly loss of nearly 5%, and has declined more than 9% since the start of November. The US dollar was trading slightly lower against a basket of other major currencies Friday morning after surging to nearly 14-year highs in the prior session.
- The greenback scored huge gains against the euro, yen, franc and Canadian dollar in the wake of the Fed's decision. The dollar index was last down 0.1% at 102.92.
- On the economic data front, Eurozone consumer inflation was confirmed at 0.6% in the 12 months through November, the European Commission's statistics branch reported Friday. Compared to October, consumer prices were down 0.1%.
- The US housing data was weaker than expected with an 18.7% decline in starts for November to an annualised rate of 1.09mn from 1.23mn previously, although this followed a substantial increase the previous month. Building permits also fell 4.7% to an annual rate of 1.20mn.
- US stock futures were trading higher in pre-market activity, signaling a continuation of Thursday's rebound. The major indices settled just below all-time highs.

### 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

Monday, December 19, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Dec 19	04:50	JPY Merchandise Trade Imports (YoY) (NOV)	Medium	-8.8%	-12.1%	-16.5%
Mon Dec 19	04:50	JPY Merchandise Trade Balance Total (Yen) (NOV)	Medium	¥152.5b	¥227.4b	¥496.2b
Mon Dec 19	05:00	NZD NBNZ Business Confidence (DEC)	Medium	21.7		20.5
Mon Dec 19	14:00	EUR German IFO - Business Climate (DEC)	Medium	111.0	110.6	110.4
Mon Dec 19	14:00	EUR German IFO - Current Assessment (DEC)	Medium	116.6	115.9	115.6
Mon Dec 19	14:00	EUR German IFO - Expectations (DEC)	Medium	105.6	105.6	105.5
Mon Dec 19	14:00	CHF Total Sight Deposits (DEC 16)	Low	527.9b		527.4b
Mon Dec 19	19:45	USD Markit US Services PMI (DEC)	Medium		55.2	54.6
Mon Dec 19	19:45	USD Markit US Composite PMI (DEC)	Medium			54.9

Source: Forex Factory, DailyFX

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