

Gold

Technical

Gold markets initially rallied on Wednesday as we continue to see quite a large amount of volatility in the precious metals markets. If the US dollar continues to strengthen, it's likely that we will see selling pressure longer term. It appears that the market is finding minor support the \$1125 level, but eventually should break down below there and reach towards the \$1000 level longer term. Rallies continue to be selling opportunities as far as I am concerned, as the downtrend has been so strong over the last several months. Momentum has turned positive as the MACD (moving average convergence divergence) index recently generated a buy signal. The index moved from negative to positive territory confirming the buy signal. The index is printing in the black with an upward sloping trajectory which points to higher prices.

Pivot:	1,148		
Support	1,145	1,142	1,140
Resistance	1,152	1,154	1,156

Highlights

- Gold prices rose to their highest in two weeks on today, as the U.S. dollar fell
- The gains in gold seems to be limited on expectations of more rate hikes by the U.S. Federal Reserve next year
- The metal was also on track for its biggest one-day rise since Nov. 28
- The dollar index, which measures the greenback against a basket of currencies, eased about 0.4 percent at 102.910
- Gold is poised to end the year up after three straight annual declines

Gold - Technical Indicators

RSI 14	41.98
SMA 20	1,146.20
SMA 50	1,193.90
SMA 100	1,245.10
SMA 200	1,274.80

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices edged higher today in Asian session as subdued cash demand and investor short-covering helped offset a stronger U.S. dollar. Spot gold was up 0.27 percent at \$1,141.92 per ounce, after hitting \$1,148.98 on Tuesday, the strongest since Dec. 14.
- The most active U.S. gold futures for February delivery settled up \$2.1, or 0.18 percent, at \$1,140.90 per ounce. Investors were covering short positions in options-related dealings and year-end demand from China and Russia buoyed prices. Gold is holding up despite lots of bears in the woods for lots of good reasons.
- Spot prices are poised to finish the year up about 8 percent despite an 8 percent drop in November, as U.S. Treasury yields rose after Donald Trump's election led to speculation his commitment to infrastructure spending would spur growth.
- Gold hit a 10-month low on Dec. 15 as solid U.S. economic data prompted the Federal Reserve to raise U.S. interest rates for the first time in a year. The central bank signalled three more increases next year, up from the previous projection of two.
- Recent upbeat U.S. data has helped underscore expectations the Fed will raise interest rates more quickly next year, which would lower demand for non-yielding assets such as bullion, while boosting the dollar in which it is priced. The dollar index edged higher against a basket of six main currencies on Wednesday.
- In the short term, we are focussed towards support at \$1,100 and a break of this will be very bearish for the metal. As for the upside, we really need to break the level of \$1,170 and \$1,200. Reflecting bearish investor sentiment, assets in the SPDR Gold Trust (GLD), the world's largest gold-backed exchange-traded fund, fell 0.14 percent to 823.36 tonnes.

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 market went back and forth on Wednesday as we await the Crude Oil Inventories number coming out the United States. This of course will make the market very on average to wait for direction as to how demand is going. Ultimately, the markets look like they are focusing on the output production cuts that have recently been agreed upon, but we have a long history of countries cheating on these production cuts, and I cannot help but wonder how long it's going to be before one of them does. On top of that, you have the Canadian and American shale oil producers looking at this market and chomping at the bits to start flooding with more supply. However, if we can break above the \$55 level, it's likely that the market will then try to reach towards the \$60 handle. On the other hand, if we breakdown below the bottom of a hammer, the market could drop to the \$52 level in the short term.

Pivot:	53.96		
Support	53.50	53.10	52.80
Resistance	54.40	54.60	54.80

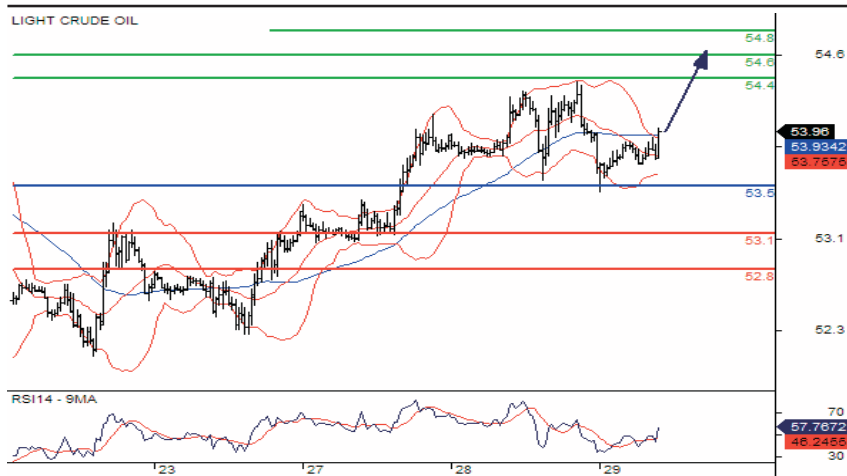
Highlights

- Crude oil prices edged up for a fourth consecutive session yesterday
- The market awaits evidence of OPEC supply reductions in the new year
- U.S. benchmark West Texas Intermediate (WIT) crude oil prices settled up 16 cents at \$54.06 for the best close since July 2, 2015
- Data from industry group the API showed a surprise build of 4.2 million barrels in U.S crude inventories
- The EIA report has been rescheduled for later in today's session

Crude - Technical Indicators

RSI 14	62.54
SMA 20	52.46
SMA 50	48.88
SMA 100	48.28
SMA 200	47.43

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices steadied today after a surprise increase in U.S. inventories helped stall an upwards trend that has pushed global crude benchmarks to their highest levels since July last year.
- U.S light crude was down 20 cents at \$53.86, while North Sea Brent crude was up 5 cents at \$56.27 a barrel. Traded volumes were thin with many investors away for year-end holidays, although the expiry of the front-month February ICE Brent contract could generate some activity.
- Both crude oil benchmarks have made big gains this month since OPEC and other producers agreed to curb production in an attempt to balance an oversupplied fuel market.
- The market is in good shape although it might fail to make significant advances this year. Either way, the odds are still on higher numbers. Data released by industry group the American Petroleum Institute (API) late on Wednesday showed a 4.2 million barrel increase in U.S. crude stocks in the week to Dec. 23.
- Analysts polled by Reuters ahead of the report had forecast on average that inventories would decline 2.1 million barrels. But the overall trend appeared to be upwards with oil producers committed to agreed output cuts.
- A committee of the Organization of the Petroleum Exporting Countries and non-OPEC producers will meet in Vienna on Jan. 21-22 to discuss compliance with the production agreement, Kuwaiti oil minister Essam Al-Marzouq told state news agency KUNA.
- Brent will be positively impacted by the OPEC and non-OPEC cuts should the agreed reductions be largely adhered to over the next six months. the market was awaiting inventory data from the U.S. Department of Energy later today to see if official figures confirmed API report.

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 when back and forth on Wednesday, as the \$16 level continues to attract quite a bit of attention. With this being the case, I believe that the sellers will return each time we tried to rally, so I am negative when it comes to silver, especially considering that the US dollar has been so strong. Given enough time, I believe that the market then reaches down to the \$15 level. Rallies that break out above the recent resistance will more than likely find even stronger resistance out the \$16.50 handle above. The longer silver struggles around the 15.80/16 area, the more likely it is to find itself carrying lower and potentially much lower in short order. One of the themes we are focusing on as 2017 quickly nears, is for the trends which have held up into year-end to gain momentum again in early January. Higher US dollar, lower precious metals, and higher stocks.

Pivot:	16.12		
Support	16.03	15.95	15.91
Resistance	16.25	16.33	16.38

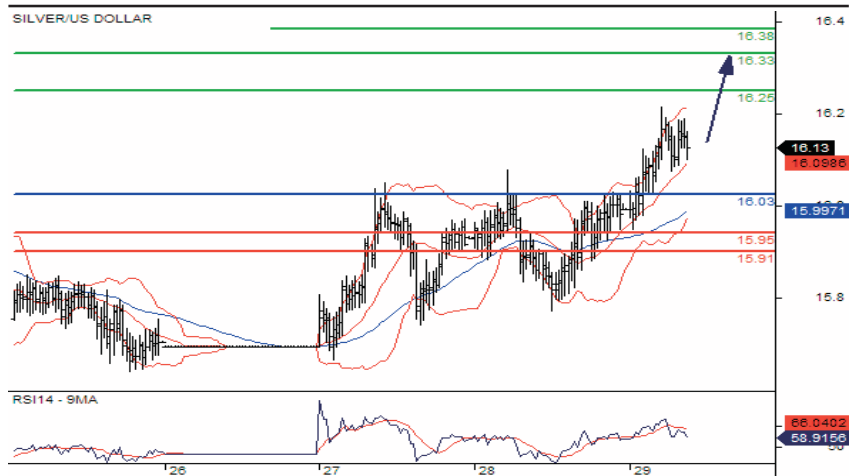
Highlights

- Gold's premium over silver has reached its highest level of the month
- The Federal Reserve's decision was also accompanied by a more hawkish outlook on monetary policy
- Expectations for a faster tightening sent the Dollar to nearly 14-year highs yesterday
- In economic data, US manufacturing conditions improved in December, according to the Fed Banks of Richmond and Dallas
- The Dallas Fed manufacturing business index climbed to 15.5 from 10.2

Silver - Technical Indicators

RSI 14	43.36
SMA 20	16.36
SMA 50	16.88
SMA 100	17.68
SMA 200	18.07

Silver Daily Graph



Source: Meta Trader

Fundamentals

- There was a dip in silver prices as the dollar gained renewed support during the European session, but there was evidence of resilience at lower levels, especially with a weaker Wall Street tone.
- Silver maintained a solid tone in late US trading on Tuesday with a move above the \$16.00 level with trading conditions inevitably lacklustre and prices drifted lower again in Asia. There was, however, a move higher in gold prices, which provided some degree of support to silver.
- The dollar gained fresh support during the European session on Wednesday with EUR/USD dipping below 1.0400 as underlying demand for the US currency remained strong into the year-end period.
- Window dressing will be an important market factor over the next few days, which will tend to benefit the dollar and undermine potential silver support, given sharp declines seen over the past two months.
- There was a weaker than expected reading for US pending home sales with a 2.5% decline for November to the lowest rate since January, which reinforced concerns over a potentially significant adverse impact on interest-rate sensitive areas of the economy if bond yields rise further.
- The dollar pulled away from its best levels after the data and there were slight gains for US Treasuries with 10-year US yields dipping below the 2.55% level, which also provided some relief to precious metals. Dollar trends will tend to dominate in the short term with silver needing a sustained US correction weaker and an overall deterioration in risk conditions to make sustained headway.
- US equity markets also lost some ground with a more fragile environment surrounding risk curbing potential selling pressure on silver. From lows just below \$15.90, silver prices edged higher late in the European session, although there was selling interest above \$16.00.

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

Thursday, December 29, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Dec 29	12:00	GBP Nationwide House Prices n.s.a. (YoY) (DEC)	Medium	4.5%	3.8%	4.4%
Thu Dec 29	14:00	EUR Euro-Zone M3 s.a. (YoY) (NOV)	Low	4.8%	4.4%	4.4%
Thu Dec 29	18:30	USD Advance Goods Trade Balance (NOV)	High		-\$61.5b	-\$62.0b
Thu Dec 29	18:30	USD Wholesale Inventories (NOV)	Medium		0.2%	-0.4%
Thu Dec 29	18:30	USD Initial Jobless Claims (DEC 24)	Medium		264k	275k
Thu Dec 29	18:30	USD Continuing Claims (DEC 17)	Medium		2027k	2036k
Thu Dec 29	21:00	USD DOE U.S. Crude Oil Inventories (DEC 23)	Medium		-1500k	2256k
Thu Dec 29	21:00	USD DOE Cushing OK Crude Inventory (DEC 23)	Low		-300k	-245k
Thu Dec 29	21:00	USD DOE U.S. Gasoline Inventories (DEC 23)	Low		1000k	-1309k

Source: Forex Factory, DailyFX

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