

## Gold

### Technical

Gold markets look likely to be very noisy over the next several sessions, but I think that the \$1250 level on the short-term charts should continue to offer support, and I think if the US dollar continues to fall, it's likely that you will continue to go upside in the gold market. However, there are a lot of noisy areas above, and I think that the initial target will probably be the \$1275 level above. If we can break above there, then the market should go much higher, perhaps reaching towards the \$1300 level above, which is a longer-term target of mine going into 2018. If we can break above the \$1300 level, the market should go much higher, perhaps reaching towards the \$1500 level after that.

That is a longer-term goal for gold traders from what I can see, and that could take quite a while to get there. I think that holding onto physical gold is probably the best way to play this market.

Pivot:	1,263		
Support	1,256	1,250	1,245
Resistance	1,267	1,272	1,276

### Highlights

- Gold dipped yesterday as U.S. Treasury yields rose on an uptick in housing starts
- Market players were wary of taking new positions before the holiday season
- Gold is on track to post its narrowest trading range of any quarter in a decade in the last three months of the year
- U.S Treasury yields hit session highs and the yield curve steepened
- Holdings of the world's largest gold-backed exchange-traded fund, New York-based SPDR fell 7.1 tonnes

### Gold - Technical Indicators

RSI 14	62.73
SMA 20	1,259.2
SMA 50	1,259.6
SMA 100	1,253.4
SMA 200	1,270.4

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices rose for a fourth day in today's session as expectations that the U.S. government will enact the country's biggest tax reforms in 30 years held the dollar steady.
- Gold has risen more than 2 percent from a five-month low of \$1,235.92 on Dec. 12, helped by a weakening dollar that makes gold cheaper for holders of other currencies.
- However, market players are expected to be wary of taking new positions before the holiday season and prices are on track to register their narrowest trading range of any quarter in a decade in the last three months of 2017.
- Gold is coming up from a cyclical bottom. It's going to get quieter due to the upcoming holiday long-weekends. Spot gold was up 0.2 percent at \$1,264.52 an ounce while U.S. gold futures were 0.3 percent higher at \$1,267.70 an ounce.
- The dollar has slipped from a one-month high earlier this month but was steady on Wednesday after the Republican-led U.S. Senate approved a sweeping \$1.5-trillion tax bill that could boost U.S. economic growth.
- Markets were however looking ahead to Friday by which time Congress must pass a temporary spending bill to avoid a government shutdown. Holdings of the world's largest gold-backed exchange-traded fund, New York-based SPDR Gold Shares, fell 1 percent over Monday and Tuesday to the lowest level since early September. But low prices have spurred demand for physical gold.
- Goldman Sachs said in a note it expected gold prices to fall further and reach \$1,200 an ounce by mid-2018. We see the decline in gold as evidence that "fear" effects, which had been keeping gold supported, have at least partially moderated as U.S tax reform and the transition to a new Fed chair appear to be going smoothly.

### 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 rallied a bit during the trading session on Tuesday, reaching above the \$57.50 level at one point, but then pulled back a bit. I think we are going to continue to try to go higher, but there is a lot of noise in this general vicinity, so I don't read too much into it. On a break above the \$58 level, I would be a bit more impressed. In the meantime, I suspect that we are going to go back and forth, bouncing around with a serious lack of direction. Alternately, if we break down below the \$56.50 level, then I think the market could drop towards the \$55 level underneath. The Brent market did very much the same, as we chop around, but ultimately didn't make up our collective mind. With the Crude Oil Inventories announcement coming out of the United States today, it's likely that we will get a catalyst to move in one direction or the other.

Pivot:	57.74		
Support	57.20	56.90	56.45
Resistance	58.15	58.55	58.95

### Highlights

- Oil prices rose modestly as the market remained broadly rangebound ahead of U.S inventory data
- The January WTI crude contract expired at \$57.46 a barrel, a gain of 30 cents or 0.5%
- Prices may remain rangebound going into the holiday season unless U.S inventory data from EIA surprise the market
- Analysts by The Wall Street Journal, look for the EIA data to show U.S. oil inventories fell 3.2 million barrels last week
- Crude oil production out of the U.S is expected to hit record levels next year

### Crude - Technical Indicators

RSI 14	75.71
SMA 20	49.03
SMA 50	48.70
SMA 100	47.55
SMA 200	50.11

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices inched up today in Asian session, supported by expectations of a fall in U.S. crude inventories and by the ongoing outage of the North Sea Forties pipeline system.
- U.S. West Texas Intermediate (WTI) crude futures were at \$57.72 a barrel, up 16 cents, or 0.3 percent, from their last settlement. Brent crude futures, the international benchmark for oil prices, were at \$63.94 a barrel, up 14 cents, or 0.2 percent.
- Oil prices inched higher on expectations of another strong drawdown in U.S. inventories. The American Petroleum Institute said on Tuesday that U.S. crude inventories fell by 5.2 million barrels in the week to Dec. 15 to 438.7 million.
- Official U.S. government data from the Energy Information Administration (EIA) is due today. Oil prices have also been supported by the continuing outage of the Forties pipeline in the North Sea, which delivers crude underpinning Brent futures.
- Operator Ineos hopes to be able to fix a crack in the pipeline, which can pump around 450,000 barrels per day of crude, within two to four weeks from Dec. 11.
- Despite the North Sea outage and falling U.S. crude inventories, oil prices have remained some way off their \$65.63 and \$59.05 per barrel recent highs for Brent and WTI respectively. Rising U.S. crude production, which has soared by 16 percent since mid-2016 to 9.8 million bpd, was capping prices.
- Expectations of higher U.S. shale production into January hamstrung crude's price increase. Most analysts expect U.S. output to break through 10 million bpd soon, which would be a new record and take it to levels on par with top exporter Saudi Arabia and close to top producer Russia, which pumps around 11 million bpd.

### 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 rallied a bit during the trading session on Tuesday, but then rolled over as it looks like we are ready to continue the nauseating volatility. The market looks likely to test the \$16 level today, and the question now remains whether we can stay above there. I think Silver markets are trying to build some type of base at this point, to go much higher. Ultimately, I think that the markets will go higher given enough time, but I think also that the market will be choppy. After all, this is the holiday season in liquidity will be an issue. I think that the US dollar will have its influence as per usual, but at this point I suspect that it's probably a "buy on the dips" type of scenario. I believe that longer-term, the Silver markets are trying to build a base that we can launch from. It's not until we break down below the \$15.75 level that I would consider selling.

Pivot:	16.11		
Support	16.05	15.92	15.80
Resistance	16.22	16.30	16.35

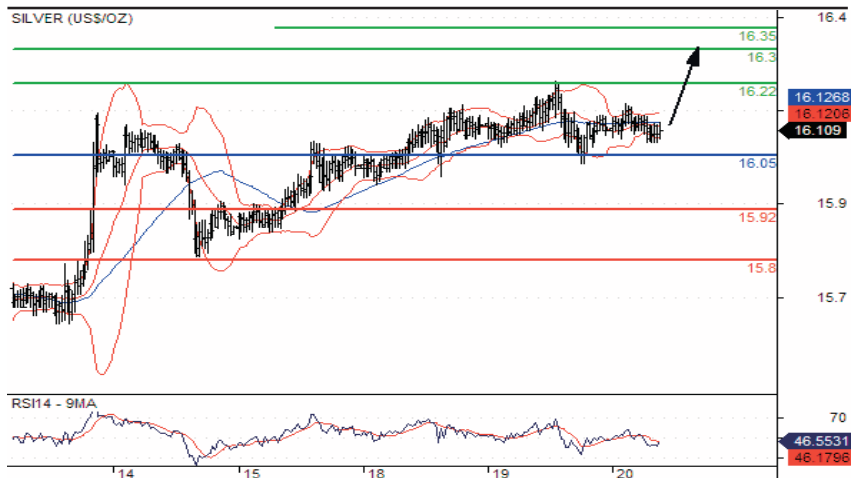
### Highlights

- Silver was little changed in yesterday's trading session amid a steady dollar
- Investors are considering the potential impact of a sweeping tax legislation in the United States
- Upbeat U.S housing data and the House's approval of the tax overhaul boosted U.S Treasury yields.
- All we see is a bit of book positioning in anticipation of adjusting their positions for the next 2-3 weeks ahead
- Silver was up 0.1 percent at \$16.13 an ounce, after touching a two-week high

### Silver - Technical Indicators

RSI 14	78.27
SMA 20	17.25
SMA 50	17.16
SMA 100	16.79
SMA 200	16.88

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices were ending the U.S day session modestly lower yesterday, on downside corrections and chart consolidation after their recent rallies. The U.S Dollar index had also recovered some of its earlier losses in midday trading, which was a mildly bearish element for the precious metals markets.
- February Comex gold was last down \$2.40 an ounce at \$1,263.00. March Comex silver was last down \$0.09 at \$16.115 an ounce. U.S. economic data released yesterday saw new residential construction numbers for November come in very upbeat, with housing starts up 3.3% from October. That helped to pressure safe-haven assets such as gold, silver and U.S. Treasuries.
- U.S. stock indexes were under mild selling pressure at midday on profit taking from Monday's record highs. There is growing optimism in the world marketplace that the U.S. Congress will pass tax-reform legislation, as soon as this week, which would likely to spur better U.S. economic growth.
- The "risk-on" trading/investing attitudes in the world marketplace at present are still limiting the upside for the safe-haven gold and silver markets. Look for trading volumes to begin to dwindle as the trading week progresses ahead of the Christmas holiday weekend.
- Investment strategist Ivan Martchev, in a commentary for MarketWatch, is extending a bearish call for gold and silver into 2018. He thinks the metal could decline below \$1,000 an ounce at any point in 2018.
- March silver gained 0.9% to settle at \$16.21 an ounce after tacking on 1.5% last week. March copper rose 0.4% to \$3.15 a pound after a weekly climb of 5.2%.
- Meanwhile, the dollar was supported after the House of Representatives on Tuesday approved the proposed U.S. tax overhaul, though Congressional Republicans will likely need to hold another vote later due to procedural issues.

### 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

## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Dec 20	02:45	NZD Trade Balance (NOV)	Medium	-1193m	-550m	-843m
Wed Dec 20	02:45	NZD Current Account Gross Domestic Product Ratio YTD (3Q)	Medium	-2.6%	-2.5%	-2.7%
Wed Dec 20	09:30	JPY All Industry Activity Index (MoM) (OCT)	Medium	0.3%	0.3%	-0.5%
Wed Dec 20	12:00	EUR German Producer Price Index (YoY) (NOV)	Low	2.5%	2.6%	2.7%
Wed Dec 20	17:00	USD MBA Mortgage Applications (DEC 15)	Medium			-2.3%
Wed Dec 20	18:15	GBP Carney Speaks at Parliament Hearing in London	High			
Wed Dec 20	20:00	USD Existing Home Sales (MoM) (NOV)	Medium		0.7%	2.0%
Wed Dec 20	20:30	USD DOE U.S. Crude Oil Inventories (DEC 15)	Medium		-3385k	-5117k
Wed Dec 20	20:30	USD DOE U.S. Gasoline Inventories (DEC 15)	Low		1634k	5664k

Source: Forex Factory, DailyFX

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