

## Gold

### Technical

Gold futures are trading higher shortly before the regular session opening. There was no follow-through to the downside after Friday's sharp sell-off. The market is posting an inside move which suggests investor indecision and impending volatility. On Friday, gold was pressured by a stronger U.S. Dollar. The Greenback was supported by a "mixed" U.S. Non-Farm Payrolls report. It was "mixed" because the headline number missed the estimate and the Average Hourly Earnings number came in better than expected. The main trend is down according to the daily swing chart. However, momentum has been to the upside since the Fed raised rates in December. A trade through \$1190.20 will turn the main trend to up. A move through \$1124.30 will signal a resumption of the downtrend. The main range is \$1236.10 to \$1124.30. Its retracement zone at \$1180.20 to \$1193.40.

Pivot:	1,176		
Support	1,170	1,164	1,160
Resistance	1,178	1,183	1,191

### Highlights

- Gold futures settled lower on Friday following strength in the Dollar and equities
- Monthly domestic jobs report dulled investment demand for the precious metal
- Prices gained for the week, buoyed by uncertainty surrounding the pace of interest-rate increases by the Federal Reserve
- February gold fell \$7.90, or 0.7%, to settle at \$1,173.40 an ounce
- The Labor Department reported that 156,000 jobs were added in December to cap off the sixth straight year

### 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 firmed today as uncertainty ahead of Donald Trump's inauguration as U.S. President this month supported prices after the previous session's retreat, though an uptick in the dollar kept a lid on gains.
- The metal, which posted its biggest weekly increase in two months last week, lost some ground on Friday after a U.S. payrolls report supported the view that the Federal Reserve will raise interest rates this year, boosting the dollar.
- However, it found good support around \$1,170 an ounce, the 23.6 percent retracement of its November to December decline. Spot gold was up 0.3 percent at \$1,176.15 an ounce, while U.S. gold futures for February delivery gained \$2.80 to \$1,176.20.
- Trump is speaking this week. On Wednesday he has a press conference, which will be very interesting, given how gold has reacted since his election. Gold slid more than 12 percent in the past quarter as Trump's election victory boosted expectations that his tax and spending policies would boost the dollar and inflation, prompting more U.S. rate increases.
- From our perspective, in terms of the overall economic backdrop, we see no reason to change our views. We are still bullish on the dollar, we still see more upside for bond yields, which of course translates into some headwinds for gold.
- Hedge funds and money managers cut their bullish positions in COMEX gold contracts for the eighth straight week in the week to Jan. 3, taking their holdings to the smallest in 11 months, data showed on Friday.
- Gold is highly sensitive to rising U.S. interest rates, which increase the opportunity cost of holding non-yielding bullion while boosting the dollar, in which it is priced. The December FOMC minutes emphasised that the Fed is also uncertain about the direction of fiscal policy after Trump's win.

### 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 went back and forth during the week, testing the \$55 level for resistance. We did find it there, and I believe that we are starting to run out of momentum. The last several weeks have been rather stagnant, so I believe it's only a matter of time before the sellers get involved and push the WTI grade lower. If we break above the \$55 level, the market should then reach towards the \$60 level above. I believe that the \$60 level is massively resistive, and is essentially the "ceiling" in this market, and where the sellers will start to take over again due to the oversupply coming out of places like the United States, Canada, and of course Iran. Ultimately, oversupply should be on the forefront of trader's minds soon. Resistance is seen near the 55.22 level while support on crude is seen near the 10-day moving average at 53.46.

Pivot:	53.73		
Support	53.32	53.00	52.58
Resistance	54.34	54.70	55.07

### Highlights

- Oil fell for the first time in four days as an increase in U.S drilling activity
- Futures slid as much as 1.7 percent after rising 3.2 percent previous three sessions
- Oil last year capped its biggest annual gain since 2009 as the OPEC and 11 other nations agreed to curb output starting Jan 1
- Developments over the weekend are putting the oil complex under fresh pressure
- West Texas Intermediate for February delivery lost as much as 89 cents to \$53.10 a barrel on the New York Mercantile Exchange

### 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 fell by \$1 a barrel on Monday as signs of growing U.S. production outweighed optimism that many other producers, including Russia, were sticking to a deal to cut supplies in a bid to bolster the market.
- A stronger U.S. dollar also weighed as the currency surge made it more expensive to hold dollar-denominated commodities. Brent crude futures were down \$1.01, or 1.8 percent, at \$56.09 a barrel. U.S. crude futures were trading at \$52.99 per barrel, down \$1, or 1.85 percent.
- We see the optimism surrounding OPEC and non-OPEC production cuts being counterbalanced by fears of higher U.S. crude production as the higher rig count of last Friday still weighs.
- Last week, U.S. energy companies added oil rigs for a 10th week in a row, Baker Hughes data showed, extending a recovery in activity into an eighth month as crude prices remained at levels at which many drillers can operate profitably.
- This raised concerns that U.S. production is increasing and undermining efforts by the Organization of the Petroleum Exporting Countries and others to cut output.
- Rising exports from Iran also added to bearish sentiment. Iran has sold more than 13 million barrels of oil held on tankers at sea, capitalizing on its exemption from a global deal to cut production in order to regain market share and court new buyers.
- In Iraq, OPEC's second-biggest producer, a record 3.51 million barrels per day (bpd) were exported from its port in Basra in December, officials said, although they added that the country would comply with its commitment to lower output by an average of 210,000 bpd from January. Russia, one of the world's largest crude producers, appeared to be sticking to the agreement to cut.

### 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 initially fell in Friday's trading session, but turned right back around at the \$16.25 level because of this, we formed a somewhat supportive looking candle but I think that there is a massive amount of resistance above. The \$17 level above offers quite a bit of resistance, and thus an exhaustive candle is reason enough to start selling again. The \$16 level underneath will offer support, but longer-term I think there is a significant amount of downward pressure. Have no understand buying, the US dollar is far too strong to think the precious metals are going to rally. The US dollar is strengthening overall, and that should continue to put pressure on the silver market. I will be looking to the daily charts on signs of exhaustion to start selling yet again as the silver market has been choppy but has had a longer-term negative bias for some time.

Pivot:	16.47		
Support	16.31	16.23	16.12
Resistance	16.58	16.70	16.83

### Highlights

- Gold's value relative to silver declined this week, as both metals kicked off 2017 in recovery mode after a disastrous fourth quarter
- The gold/silver ratio used by investors to determine when to buy and sell precious metals closed at 71.17 on Friday
- Investors will be looking ahead to U.S. economic reports, particularly Friday's retail sales
- The Labor Department said the U.S. economy added 156,000 jobs in December
- A correction in the US Dollar also supported precious metals

### 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

- Silver prices fell on Friday as the dollar strengthened against a currency basket after U.S. jobs data showed a slowdown in hiring in December but a pickup in wage growth.
- The metal was still higher for the week, its best weekly performance in two months, helped by a broad weakening of the dollar earlier in the week. The Labor Department said Friday the U.S. economy added 156,000 jobs in December, falling short of economists forecast for jobs growth of 178,000.
- The report also showed that the annual rate of wage growth rose to 2.9% in December from a year earlier, the strongest since 2009. The employment data indicated that the economy is improving enough for the Federal Reserve to keep pushing up interest rates.
- The Fed has indicated that three quarter-percentage-point interest rate increases are on the cards for 2017. Higher rates boost the dollar by making the currency more attractive to yield-seeking investors.
- The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, jumped 0.77% to 102.17 late Friday. The index had fallen in the previous two sessions after touching a 14-year high of 103.82 on Tuesday.
- Both a strong dollar and higher interest rates are typically bearish for precious metals, which are denominated in dollars and struggles to compete with yield-bearing assets when borrowing costs rise.
- In the week ahead, investors will be looking ahead to U.S. economic reports, particularly Friday's retail sales figures for December. Investors will also be watching an appearance by Fed Chair on Thursday and speeches by a handful of other Fed officials during the week. Also Wednesday, U.S. President-elect Donald Trump is scheduled to hold his first post-election conference.

### 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, January 09, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Jan 09	05:30	AUD Building Approvals (YoY) (NOV)	Low	-4.8%	-5.7%	-24.0%
Mon Jan 09	11:25	CHF SNB Preliminary Full-Year Results	Medium			
Mon Jan 09	12:00	EUR German Industrial Production n.s.a. and w.d.a. (YoY) (NOV)	Medium	2.2%	1.9%	1.6%
Mon Jan 09	12:00	EUR German Trade Balance (euros) (NOV)	Medium	22.6b	20.3b	19.4b
Mon Jan 09	13:15	CHF Retail Sales (Real) (YoY) (NOV)	Medium	0.9%		-0.5%
Mon Jan 09	13:30	GBP Halifax House Price (3MoY) (DEC)	Low	6.5%	5.8%	6.0%
Mon Jan 09	14:30	EUR Euro-Zone Sentix Investor Confidence (JAN)	Medium	18.2	12.8	10
Mon Jan 09	15:00	EUR Euro-Zone Unemployment Rate (NOV)	Medium	9.8%	9.8%	9.8%
Mon Jan 09	22:45	USD Fed's Lockhart Speaks to the Rotary Club of Atlanta	Low			

Source: Forex Factory, DailyFX

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