

## Gold

### Technical

Gold markets tried to rally on Monday, but found a bit of resistance just above current levels. By doing so, it looks as if the 38.2% Fibonacci retracement level is on the minds of traders, and we could see a return to the downtrend. A breakdown below the \$1200 level should send this market lower and following the longer-term trend. Alternately, if we can break above the \$1215 level it looks as if we will try to go to the \$1230 level. Ultimately, I expect volatility to say the least. A strengthening US dollar could add to bearish pressure. Support is seen near the 10-day moving average at 1,183. The 10-day moving average crossed above the 50-day moving average which means that a short term up trend is now in place. Momentum as reflected by the MACD index is positive with the index printing in the black with an upward sloping trajectory which points to higher prices for the yellow metal.

Pivot:	1,212		
Support	1,207	1,201	1,196
Resistance	1,218	1,222	1,228

### Highlights

- Gold jumped to fresh eight-week highs today in European session as wary investors shied away from riskier assets
- Investors focused Brexit speech from U.K Prime Minister Theresa May and recent comments from President-elect Donald Trump
- Gold for February delivery rose \$20.70, or 1.7%, to \$1,216.90 an ounce
- A close above \$1,200 would add strength to the conviction of the upside breakout
- Gold has steadily gained about \$100 since bottoming just before Christmas

### 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 hit their highest in more than seven weeks today, boosted by safe-haven buying ahead of a speech in which British Prime Minister Theresa May is expected to discuss plans for a "hard Brexit".
- Spot gold had risen 0.8 percent to \$1,212.40 per ounce, its highest since Nov. 23. U.S gold futures were up 1.3 percent at \$1,211.80 per ounce. Gold is going to do very well in the first half of the year due to Brexit concerns, Chinese currency pressure and uncertainty surrounding Donald Trump's policies.
- Stock valuations are pretty high and bonds are not going to perform much better than what they are doing now. There are very few alternatives for liquidity to go to and gold prices will find some support.
- Britain will not seek a Brexit deal that leaves it "half in, half out" of the European Union, Prime Minister May will say on Tuesday, according to her office, in a speech setting out her 12 priorities for upcoming divorce talks with the bloc.
- With more currency uncertainty lying ahead after Prime-Minister's May speech on Tuesday and with the European Central Bank also meeting on Thursday and likely staying dovish despite pressure on it to tighten, we think gold still has more room to move higher.
- Markets will also look to President-elect Trump and his plans for the U.S. economy after his inauguration on Friday. A trade war between the United States and China, as well as a strengthening dollar are among the biggest threats to a brightening global economic outlook.
- Trump's campaign calls for tax cuts and more infrastructure spending have boosted U.S. shares and the dollar, as well as driving a selloff in Treasuries, but his protectionist statements and a flurry of off-the-cuff Tweets have kept many investors from adding to risky positions, instead opting for the precious metals.

### 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 fell on Monday, but you should keep in mind that the Martin Luther King Junior holiday in the United States would've taken quite a bit of volume out of the market. Because of this, you can't read too much into the candle but when I do see is that the market is trying to roll over in general. After all, there are a lot of concerns when it comes to whether output cuts will be followed, and because of this I think that a little bit of doubt is starting to creep into the market. That doesn't mean that selling is easy, but quite frankly trend changes never are. I believe that exhaustive candle's after short-term rallies are selling opportunities but you should realize that there is going to be quite a bit of volatility. Because of this, you may be better off trading short-term charts. MACD index prints in the red with a downward sloping trajectory which points to lower prices for crude.

Pivot:	52.51		
Support	52.10	51.90	51.50
Resistance	52.65	52.84	53.16

### Highlights

- Oil prices rose after positive remarks on the supply and demand balance from the Saudi Arabian energy minister
- West Texas Intermediate was up 1.2% to \$52.98 for February deliveries
- Saudi oil minister, Khalid al-Falih, told reporters that the market would rebalance by the end of the first half of 2017
- Market was settled in the \$55-\$56 bracket and remained in wait-and-see mode
- The weekly U.S crude inventory forecast from the API will be out later today

### 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 rose today, supported by a falling U.S. dollar and Saudi Arabia saying it would adhere to OPEC's commitment to cut output. Gains were capped by rising U.S. production and scepticism that the Organization of the Petroleum Exporting Countries as a whole would comply with its commitments to reduce supplies.
- Brent crude futures, the international benchmark for oil prices, were up 77 cents at \$56.63 per barrel. U.S. West Texas Intermediate (WTI) crude futures were up 88 cents at \$53.25 per barrel.
- The Dollar, along with stocks and bond yields, fell across the board on Tuesday after U.S. President-elect Donald Trump said that the strong greenback was hurting U.S. competitiveness.
- Oil drew some support from top crude exporter Saudi Arabia, which said it would adhere strictly to its commitment to cut output under the agreement between OPEC and other producers like Russia.
- Under the agreement, OPEC, Russia and other non-OPEC producers have pledged to cut oil output by nearly 1.8 million barrels per day, initially for six months, to bring supplies back in line with consumption.
- The market genuinely seems quite happy here (around \$55) but people are watching with caution as the slightest hint of this OPEC/non-OPEC agreement going wrong is going to drive the market down.
- Despite this, crude futures have fallen 5 percent since their early January peaks because of doubts over the oil producers' willingness to fully comply with the cuts. Traders are also watching rising U.S. output with interest, as this could offset supply cuts elsewhere. Further weighing on crude have been refinery outages in the Middle East and Asia over the past 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	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 rallied on Monday, but found the \$17 level above to be resistive. Because of this, we turned around to form a small shooting star. I think the market is going to continue to consolidate, with the \$17 level on the top being resistive, while the \$16.50 level below will be supportive. Longer-term, I still prefer the downside, but I recognize in the meantime we made to simply chop around in this region. If we broke above the \$17.25 level, at that point I would have to recognize that the uptrend would start to accelerate. The turn lower in silver on Thursday produced a small key reversal day. Even if the metal was to trade above that day high (16.98), it still needs to close beyond the thicket of resistance in the 17-17.24 area before a clearance of resistance and higher high from December will come into play. The 21-day correlation between silver and the DXY is negative.

Pivot:	16.95		
Support	16.85	16.75	16.65
Resistance	17.04	17.11	17.20

### Highlights

- The dollar fell today as investors drew in their horns in response to comments on the dollar from U.S. President-elect Donald Trump
- Trump's remarks that the Dollar is too strong and hurting U.S competitiveness pushed the silver prices higher
- Investors are seeking clarity on his policies after campaign pledges on tax cuts
- Safe-haven investments such as gold and silver gained
- The Dollar was down a third of 1 percent against a basket of currencies

### 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 rose yesterday in a broad rally for precious metals, as investors reacted to reports indicating British Prime Minister Theresa May will soon signal the UK is ready to leave the European Union
- March silver futures rose 9 cents, or 0.5%, to \$16.85 a troy ounce. The grey metal opened in positive territory and saw a session high of \$16.97. Precious metals are in a three-week uptrend thanks to a slumping US dollar and stronger jewelry demand ahead of the Chinese new year.
- Demand for so-called safe-haven assets rose on Monday amid reports the United Kingdom was still on course for a "hard Brexit." Prime Minister May will outline her plan for leaving the single market in a highly anticipated speech on Tuesday.
- Brexit jitters led to a sharp drop in the British pound yesterday. The pound fell 1.5% against the dollar in overnight trade, reaching a session low of 1.1999 US. At last check, it was down 1% at 1.2064.
- Gains against the pound and euro lifted the dollar index yesterday. It was last up 0.4% to 101.63, following a week of sharp declines. Trends in the dollar and US yields continued to have an important impact.
- In economic data, China's dollar-denominated trade surplus narrowed in December, as exports fell more than expected. Beijing reported a surplus of US\$40.82 billion, down from \$44.61 billion. Exports slumped 6.1% year-over-year, while imports rose at a higher than expected 3.1%.
- The silver market performed reasonably well in 2016, with the price of the precious metal picking up more than \$2 to close the year at \$15.88 per ounce. That in turn helped boost the prospects for silver-tracking investments like the iShares Silver Trust. Looking forward to the coming year, investors want to see the price of silver in 2017 climb back toward the \$20 mark.

### 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

Tuesday, January 17, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Jan 17	05:30	AUD Home Loans (NOV)	Medium	0.9%	0.0%	-0.6%
Tue Jan 17	14:30	GBP Consumer Price Index (YoY) (DEC)	High	1.6%	1.4%	1.2%
Tue Jan 17	14:30	GBP Retail Price Index (YoY) (DEC)	Low	2.5%	2.3%	2.2%
Tue Jan 17	14:30	GBP House Price Index (YoY) (NOV)	Low	6.7%	6.1%	6.9%
Tue Jan 17	15:00	EUR German ZEW Survey (Economic Sentiment) (JAN)	Medium	16.6	18.4	13.8
Tue Jan 17	15:00	EUR German ZEW Survey (Current Situation) (JAN)	High	77.3	65	63.5
Tue Jan 17	15:00	EUR Euro-Zone ZEW Survey (Economic Sentiment) (JAN)	Medium	23.2		18.1
Tue Jan 17	16:45	GBP UK Prime Minister May Speaks on Her Brexit Approach	High			
Tue Jan 17	18:30	USD Empire Manufacturing (JAN)	Low		8.5	9

Source: Forex Factory, DailyFX

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