

## Gold

### Technical

Gold markets rallied on Tuesday, approaching what I consider to be the “ceiling” of the market. The \$1200 level should be resistive, and I of course have it marked on the chart with a large yellow band. I’m looking for some type of exhaustion in this area to start selling gold again, but if we can close above the \$1220 level, I think at that point we must start thinking about gold been in an uptrend again. A lot of this must do with the value of the US dollar, and if we can continue to strengthen over the longer term. The main trend is up according to the daily swing chart. The trend turn up on Tuesday when gold prices crossed \$1190.20. The main range is \$1236.10 to \$1124.30. Its retracement zone at \$1180.20 to \$1193.40 is currently being tested.

The near-term direction of the market is likely to be determined by trader reaction to this zone. The 52-week retracement zone is \$1182.00 to \$1221.20.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 1,189 |       |       |
| Support    | 1,185 | 1,182 | 1,179 |
| Resistance | 1,193 | 1,197 | 1,201 |

### Highlights

- Gold futures pared early gains by yesterday's settlement as Dollar strengthened
- Uncertainty ahead of press conference by President-elect Donald Trump helped lift the gold to its highest finish in six weeks
- The markets anticipate details on Trump administration spending plans
- Gold for February delivery tacked less than 0.1%, to settle at \$1,185.50 an ounce
- The U.S Dollar may weaken further in the short term, though it remains well supported in the long term

### 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 today held near a six-week high hit in the previous session, with economic and political uncertainty boosting its safe-haven appeal. Markets were waiting for indications on policy from U.S. President-elect Donald Trump's first news conference since the U.S. elections, due later in the day.
- The markets are myopic. There are immediate concerns over the global economy, at least in the first half of the year. Focus was on events such as Britain's exit from the European Union, French elections in April and the impact of Trump's trade policies when he takes up his post in the White House later this month.
- Gold was up 0.1 percent at \$1,188.86 an ounce. Bullion, often seen as an alternative investment during times of political and financial uncertainty, yesterday reached its highest level since Nov. 30 at \$1,190.46.
- Greater than usual market sensitivity to Trump's comments and actions may persist until the market becomes used to him in office. This could take several months. Thus gold prices may be more volatile than usual. In addition to U.S. dollar weakness, the gold rally has depended on a pullback in U.S. bond yields and some moderation in equity gains.
- The greenback has lost some of its momentum against other currencies, while U.S. bond yields have fallen considerably from two-year highs touched in mid-December. Gold is highly sensitive to rising U.S. interest rates, which increase the opportunity cost of holding the non-yielding asset while boosting the dollar, in which it is priced.
- The outlook for U.S. rates may become a little clearer when Federal Reserve Chair Janet Yellen appears at a webcast town hall meeting with educators on Thursday. Reuters analyst Wang Tao expects spot gold to rise to \$1,210 per ounce as it has broken above resistance at \$1,172.

### 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

Investors are starting to focus on the oversupply issues with the crude oil market again, as evident by the failure to rally on Tuesday after a significant sell off on Monday. By doing so, this makes the Crude Oil Inventories number vital today, and could be the catalyst to much lower pricing. It seems as if the market will ultimately try to reach towards the \$50 handle below, so I am bearish. I believe that short-term rallies could offer short-term selling opportunities but I also expect a lot of noise in the market between now and reaching that level. Because of this, the oil markets will not be for the squeamish anytime soon. Rallies present opportunities to short again and again as far as I can see. If we can break down below the \$50 level, that would make things much more sustainable for the sellers. Momentum has turned negative as the MACD index recently generated a sell signal.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 50.93 |       |       |
| Support    | 50.34 | 49.75 | 49.00 |
| Resistance | 51.80 | 52.35 | 52.85 |

### Highlights

- Crude futures regained momentum today on the heels of a sharp selloff
- Investors remain unsure whether the recent oil production cut deal can help restore supply and demand balance in the market
- On the New York Mercantile Exchange, crude futures for delivery in February traded at \$51.17 a barrel, up 35 cents, or 0.7%
- Buying was mainly driven by bargain-hunting after prices fell over 6% in the past two sessions
- Iran has apparently sold off over a dozen million barrels in less than two months

### 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 for the first time in three days in today's Asian trading session, following news of Saudi supply cuts to Asia, but persistent doubt over output reductions and signs of rising shipments from other producers kept gains in check.
- Brent crude futures were up 52 cents at \$54.16 a barrel, while U.S. West Texas Intermediate crude futures were up 44 cents at \$51.26 a barrel. Brent has surrendered nearly 40 percent of the gains made between late November and early January.
- The slide was unlikely to become more aggressive, given the likelihood of Saudi Arabia and its Gulf neighbors at least sticking to their pledge to cut output. Few envision that Brent crude at sub-\$50 a barrel is a viable price amid OPEC production cuts tightening up the market.
- Saudi Arabia, the world's top oil exporter, has told some of its Asian customers that it will reduce their crude supplies slightly in February. But there is still plenty of oil to fill the gaps left by the Organization of the Petroleum Exporting Countries. North American drilling is on the rise, while European and Chinese traders are shipping a record 22 million barrels of crude from the North Sea and Azerbaijan to Asia this month.
- There is still doubt among many market watchers over whether the planned cuts will be enough to rebalance a market that has been oversupplied for the past two years.
- The U.S. Energy Information Administration (EIA) said yesterday that crude production in the United States this year would rise by 110,000 barrels per day to 9 million bpd. Another concern is high U.S. crude stockpiles, with the EIA scheduled to release its latest figures today. OPEC's second-biggest producer Iraq plans to raise crude exports from its southern port of Basra.

### 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 Tuesday, as we approach the \$17 level. This is an area where I would expect to see some exhaustion though, and of course the 100-day exponential moving average sitting just above that level will attract a lot of attention. We've been in a downtrend for some time, and remain so if we can stay below the \$17.25 level. I'm willing to sell signs of exhaustion on shorter-term charts, as it goes with the longer-term trend. On a daily close above the \$17.25 handle, I would have to rethink this scenario though. Silver prices remain in a short-term uptrend after carving out a low on 12/20, but the move higher looks corrective in nature given the weak to moderate momentum we've seen so far and the fact it's occurring within the context of a strong downward trend in place since July. A turn lower from here would expose minor support in the 16.10/20 vicinity.

|            |       |       |       |
|------------|-------|-------|-------|
| Pivot:     | 16.83 |       |       |
| Support    | 16.68 | 16.51 | 16.40 |
| Resistance | 16.95 | 17.03 | 17.11 |

### Highlights

- The US NFIB small business confidence index strengthened to 105.8 for December from 98.4 the previous month
- The US JOLTS job-openings data was slightly weaker than expected
- Investors will be looking ahead to President Elect Donald Trump speak
- China's consumer price index rose 2.1% in the 12 months through December, slightly lower than the 2.3% reported in November
- US stock futures were little changed, pointing to a subdued start to the day

### 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 edged slightly lower yesterday, but held near three-week highs as a softer dollar continued to underpin precious metals. The March contract for silver slipped 4 cents, or 0.3%, to \$16.64 a troy ounce. The contract traded within a narrow range of \$16.58 and \$16.75.
- Silver has rallied 4% since the start of the year as part of a broad correction for precious metals. The futures price is currently trading near three-week highs, having rebounded 5.5% from the December low.
- The US dollar was flat against a basket of other major currencies yesterday after a volatile week. The dollar index held at 101.90. It was trading above 103.00 at the start of the year.
- In economic data, China's consumer price index rose 2.1% in the 12 months through December, slightly lower than the 2.3% reported in November, the federal statistics bureau reported Tuesday. Meanwhile, inflation at the factory-gate level strengthened to 5.5% annually, the highest since 2011.
- The US NFIB small business confidence index strengthened to 105.8 for December from 98.4 the previous month. This was the second successive jump following the US Presidential election and the strongest reading for 12 years. There was a strong gain in expectations surrounding the outlook with a less pronounced boost to current conditions.
- The US JOLTS job-openings data was slightly weaker than expected with a reading of 5.52mn for November following a downwardly-revised 5.45mn the previous month and compared with expectations of 5.59mn. There was no evidence of a major change in the labour market.
- Trends in the dollar and bond yields will continue to have an important impact in the short term with US political developments also watched closely with a series of Congressional confirmation hearings.

### US Commodity Futures Trading Commission (CFTC) Data

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|-----------|-------------------|--------|---------|------------|--------|---------|-------------------|--------|---------|---------------|
|           | 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

Wednesday, January 11, 2017



## Data Calendar

### Economic Data

| Date       | Time  | Event   | Importance | Actual  | Forecast | Previous |
|------------|-------|---|------------|---------|----------|----------|
| Wed Jan 11 | 10:00 | JPY Leading Index (NOV)                         | Medium     | 102.7   | 102.6    | 100.8    |
| Wed Jan 11 | 10:00 | JPY Coincident Index (NOV)                      | Medium     | 115.1   | 115.0    | 113.5    |
| Wed Jan 11 | 14:30 | GBP Visible Trade Balance (Pounds) (NOV)        | Medium     | -£12160 | -£11100  | -£9880   |
| Wed Jan 11 | 14:30 | GBP Total Trade Balance (Pounds) (NOV)          | Medium     | -£4167  | -£3500   | -£1547   |
| Wed Jan 11 | 14:30 | GBP Industrial Production (YoY) (NOV)           | Medium     | 2.0%    | 0.6%     | -0.9%    |
| Wed Jan 11 | 17:00 | USD MBA Mortgage Applications (JAN 6)           | Medium     |         |          |          |
| Wed Jan 11 | 20:00 | GBP NIESR Gross Domestic Product Estimate (DEC) | Medium     |         | 0.5%     | 0.4%     |
| Wed Jan 11 | 20:30 | USD DOE U.S. Crude Oil Inventories (JAN 6)      | Medium     |         |          |          |
| Wed Jan 11 | 20:30 | USD DOE Cushing OK Crude Inventory (JAN 6)      | Low        |         |          |          |

Source: Forex Factory, DailyFX

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