

Gold

Technical

Gold markets fell significantly during the day on Thursday, breaking below the 20-day exponential moving average which had been dynamic support. A breakdown below the bottom of the candle for the session on Thursday, should send in this market reaching towards the 1165 handle. It looks as if we are trying to continue the longer-term downtrend, so I have given up ideas of buying gold unless of course we break above the 1230 handle. Regardless, it is going to be volatile so perhaps using options might be the best way to play this market currently. Momentum on gold prices has turned negative as the MACD (moving average convergence divergence) index generated a sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread.

Pivot:	1,182		
Support	1,175	1,170	1,162
Resistance	1,191	1,194	1,198

Highlights

- Gold futures settled yesterday at their lowest levels in more than two weeks
- Strength in the dollar sapped investor appetite for so-called haven investments
- Gold has reversed an early-week climb to trade 1% below last Friday's settlement
- Gold has been trading as one of the several moving parts in the 'Trump-Trade' since the election
- The number of Americans who applied for unemployment benefits climbed by 22,000 to a one-month high of 259,000

Gold - Technical Indicators

RSI 14	63.70
SMA 20	1,177.00
SMA 50	1,170.90
SMA 100	1,222.70
SMA 200	1,268.80

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold today held near two-week lows as the dollar strengthened on the new U.S. administration's plans to spur growth, leaving the metal on track to end the week lower for the first time since late December.
- Spot gold prices were down 0.1 percent at \$1,186.80 per ounce. On Thursday, they fell to their lowest since Jan. 11 at \$1,184.03. U.S. gold futures fell 0.2 percent at \$1,187 per ounce.
- The dollar index, which measures the greenback against a basket of currencies, rose 0.1 percent to 100.500, after touching a seven-week low of 99.793 in the prior session.
- New U.S. single-family home sales fell to a 10-month low in December after three straight months of solid gains, but the housing market recovery remains intact as a tightening labor market boosts wage growth.
- Fears of a resurgence of euro zone inflation are exaggerated, so winding down from stimulus has not been discussed, a top ECB policymaker said on Thursday, even as the bank's top hawks suggested that the exit may be close.
- Physical gold demand fell 20 percent last year to its lowest since 2009, as a rebound in prices blunted appetite for the metal. China's net gold imports via main conduit Hong Kong rose 2.7 percent in December over the previous month, data showed on Thursday.
- Switzerland's gold exports to China surged to their highest on record in December at 158 tonnes, data from the Swiss customs bureau showed on Thursday, nearly triple the level of the same month a year earlier.
- If inflation begins to show signs of accelerating faster than expected, and more importantly faster than the rise in interest rates, then gold would begin to become attractive again as 'real interest rates' would be poised to begin moving lower.

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 rallied on Thursday, showing signs of exploding to the upside. However, I see a significant amount of resistance at the \$55 level, and as a result is likely that the market will struggle to break above there. If it does, that would be a very bullish signage it's in this market looking for the \$60 level. Alternately, and exhaustive candle should be a selling opportunity, as the market within roll over and reach towards the bottom of the overall consolidation. This is a market that continues to have a lot of volatility in it, because quite frankly we should worry about oversupply even though a lot of the trading is based upon the production cutbacks at the moment. With this, expect lots of choppiness but if we can break out of this \$5 range, the market can go quite far. Momentum has turned positive as the MACD index generated a crossover buy signal.

Pivot:	53.73		
Support	53.60	53.25	52.95
Resistance	54.05	54.25	54.42

Highlights

- Oil prices jumped 2 percent yesterday, boosted by the ongoing rally in the U.S. stock market
- Gains in crude futures were capped by heavy inventories in spite of efforts by producers to cut output
- U.S crude futures were up \$1.03 to \$53.78 a barrel, a gain of 2 percent
- U.S crude hit a peak of \$54.06, highest in more than three weeks
- U.S inventory figures showed an increase of 2.8 million barrels last week in U.S crude inventories to 488.3 million barrels

Crude - Technical Indicators

RSI 14	48.72
SMA 20	53.05
SMA 50	51.47
SMA 100	49.56
SMA 200	47.88

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil headed for a second weekly increase as OPEC and other producing nations maintained they would achieve their target of cutting production to reduce bloated global inventories and stabilize the market.
- Front-month futures in New York are up 2.3 percent for the week, set for the biggest advance since Dec. 2. OPEC and other producers are due to reach the 1.8 million-barrel-a-day reduction target next month, Algeria's Energy Minister Nouredine Boutarfa said Thursday.
- Nations are likely to fully comply with the deal and the curbs will bring global crude markets into balance early this year, Kuwait's oil minister said Wednesday. Last month's pact between the Organization of Petroleum Exporting Countries and 11 other nations gave hope to a market stuck in a 2 1/2 year slump.
- While Saudi Arabia says more than 80 percent of the agreed cuts have been implemented, analysts and investors are still waiting for data to gauge the extent of the decrease. The International Energy Agency says rising prices will spur U.S. shale output, and drillers are adding more rigs.
- The market sentiment is positive so any bullish news is being used as buying opportunity while bearish news is being ignored. The litmus test will come next week with OPEC production surveys. If these surveys fail to show a substantial drop, the optimism will be put to a test.
- West Texas Intermediate for March delivery fell 15 cents to \$53.63 a barrel on the New York Mercantile Exchange. Total volume traded was about 38 percent below the 100-day average. The contract gained \$1.03 to \$53.78 on Thursday.
- A committee that was formed to monitor the production cuts will meet in Kuwait in mid-March, Boutarfa said in Algiers. Some countries haven't yet made the full output reduction, but they will increase curbs over the coming months. Kuwait's Oil Minister Essam Al-Marzouk said Wednesday.

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 markets fell during the day on Thursday, but found a bit of support just below. It looks as if the market will continue to go higher, but we may have quite a bit of volatility in the short term. I believe that the \$17 level continues to act as a magnet, and with this being the case every time we pullback it looks like a buying opportunity. Alternately, if we breakdown below the \$16.50 level, the market could continue to go much lower. You the way, expect quite a bit of back and forth short-term trading. Silver is trading around critical levels each, and along with the dollar could be poised to make strong moves soon. We went through a couple of scenarios depending on how things play out over the next few days. The DXY has been dripping lower for most of the month, and with it now testing very important support levels it's at a point where the grind lower could lead to longs buying into weakness.

Pivot:	16.69		
Support	16.55	16.46	16.39
Resistance	16.81	16.87	16.96

Highlights

- Spot silver prices fell 0.2 percent to \$16.73 an ounce
- Silver today hit fresh two-week low on a stronger dollar, with selling ahead of the Lunar New Year holidays adding pressure
- A combination of things including a strong dollar, thin volumes and weak longs is putting pressure on the market
- The dollar edged up on Friday, rebounding from a seven-week low
- We suspect the fourth-quarter GDP will likely be stronger

Silver - Technical Indicators

RSI 14	59.02
SMA 20	16.51
SMA 50	16.52
SMA 100	17.26
SMA 200	18.05

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver dropped for a second consecutive session Thursday and was on track for its first weekly decline of the year, as global investors continued to pour into riskier equities after a record-setting rally on Wall Street.
- The March contract for silver declined 9 cents, or 0.5%, to \$16.90 a troy ounce. The grey metal was down as much as 0.8% earlier in a session that saw very little upside.
- Silver prices are down nearly 2% over the past two days and are on track to break a four-week winning streak in today's trading session. A rebounding U.S. dollar also weighed on precious metals in early trading.
- The dollar index, which tracks the performance of the buck against a basket of six other currencies, climbed 0.2% to 100.20. That was only the dollar's second advance in the past six sessions.
- Global stocks rose on Thursday following a milestone rally for U.S. equities. Japan's 225-issue Nikkei advanced 1.8% to 19,402.39, its second consecutive gain.
- European markets were also hovering above one-year highs, buoyed by another strong performance from banks. The pan-European Stoxx 600 was up 0.4%. The benchmark surged 1.3% on Wednesday to end at its highest since December 2015. Individual bourses across the continent were also trading in positive territory.
- Expectations of faster economic growth under President Donald Trump sent the Dow Jones Industrial Average above 20,000 on Wednesday for the first time in history. The benchmark added 155.80 points, or 0.8%, to close at 20,068.51. U.S. equity futures were trading higher Thursday in pre-market activity, pointing to a positive start to the day.

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

Friday, January 27, 2017



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jan 27	04:30	JPY National Consumer Price Index (YoY) (DEC)	High	0.3%	0.2%	0.5%
Fri Jan 27	05:30	AUD Producer Price Index (YoY) (4Q)	Low	0.7%		0.5%
Fri Jan 27	10:00	JPY Natl CPI Ex Fresh Food, Energy (YoY) (DEC)	Medium	0.1%	0.1%	-0.2%
Fri Jan 27	18:30	USD Gross Domestic Product (Annualized) (4Q)	High		2.2%	3.5%
Fri Jan 27	18:30	USD Personal Consumption (4Q)	Medium		2.5%	3.0%
Fri Jan 27	18:30	USD Gross Domestic Product Price Index (4Q)	Medium		2.1%	1.4%
Fri Jan 27	18:30	USD Durable Goods Orders (DEC)	High		2.6%	-4.5%
Fri Jan 27	20:00	USD U. of Michigan Confidence (JAN)	Medium		98.1	98.1
Fri Jan 27	23:00	USD Baker Hughes U.S. Rig Count (JAN 27)	Medium			694

Source: Forex Factory, DailyFX

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