

## Gold

### Technical

Gold prices traded on the defensive on Friday as traders moved out of safe haven assets. The rebound in German bank shares took the luster off of the yellow metal, which was unable to recapture resistance near the 10-day moving average at 1,326. Support on gold prices is seen near the September lows at 1,306. 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. The index moved from positive to negative territory, confirming the sell signal. The index is printing in the red with a downward sloping trajectory which points to lower prices. The main trend is down according to the daily swing chart. The nearest downside target is the September 16 main bottom at \$1309.20.

Pivot:	1,315		
Support	1,312	1,310	1,307
Resistance	1,322	1,328	1,333

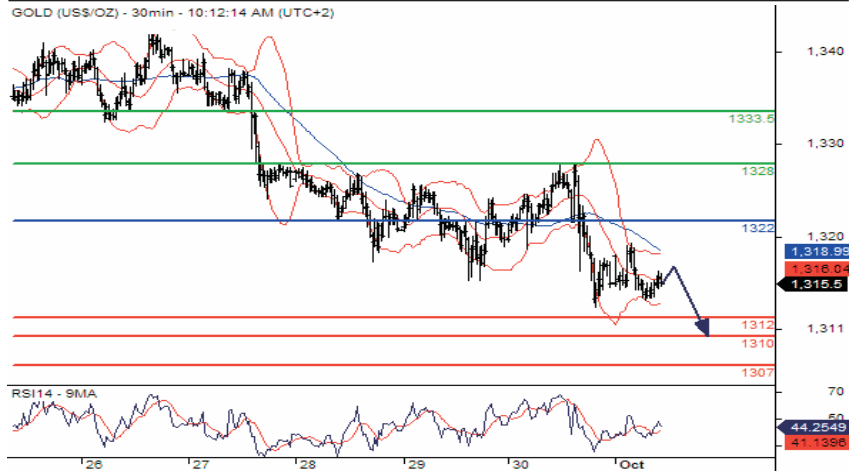
### Highlights

- Deutsche Bank is throwing its energies into reaching a settlement before next month's presidential election
- For the quarter, gold is down marginally as the metal fell more than 3 percent in August
- U.S. consumer spending fell in August for the first time in seven months
- Hedge funds and money managers raised their net long position for the first time in three weeks in the week to Sept. 27
- A drop in gold prices prompted consumers to buy the precious metal

### Gold - Technical Indicators

RSI 14	48.82
SMA 20	1,326.07
SMA 50	1,331.72
SMA 100	1,323.99
SMA 200	1,279.98

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices fell in volatile trading on Friday as safe-haven demand dwindled after stocks in major markets largely recovered from a sell-off on easing concerns about Deutsche Bank. Spot gold was down 0.3 percent at \$1,316.32 per ounce.
- AFP reported that Deutsche Bank, Germany's largest lender, was close to reaching a \$5.4 billion settlement with U.S. authorities over charges that it had mis-sold mortgage-backed securities. That was far less than the \$14 billion previously demanded by the U.S. Department of Justice, assuaging some concerns about the bank's stability.
- A slump in Deutsche Bank's already battered stock had sent Europe into a fresh tailspin early on Friday and left world equity markets sliding toward their worst week in three months. Safe-haven demand had supported bullion until the market turned its attention to U.S. economic data.
- The Commerce Department said on Friday that U.S. consumer spending fell in August for the first time in seven months while inflation showed signs of accelerating, mixed signals that could keep the Fed cautious about raising interest rates.
- Dallas Federal Reserve Bank President Robert Kaplan said on Friday that while he has scoured the U.S. economic data, he saw no evidence of overheating, so the central bank could continue to be patient in raising interest rates.
- Gold is highly sensitive to rising U.S. interest rates, as they increase the opportunity cost of holding non-yielding bullion, while boosting the dollar and making commodities more expensive for non-U.S.-firms.
- Gold is up more nearly 1 percent for the month, partly because of the weaker dollar after the Fed chose not to raise interest rates at last week's policy-setting meeting.

### 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



## Silver

### Technical

Silver markets fell slightly during the course of the week, as we continue to see quite a bit of resistance at the \$20 level. If we can break above that level, I think a longer-term buy-and-hold type situation could present itself. However, this is a market that will more than likely be easier to trade off of short-term charts as it looks like we are consolidating, trying to build up enough momentum to break out above the region near the \$20 level. Pullbacks should continue to see plenty of support near the \$18 level below, as it is so reliable. As the price of silver continues to oscillate back-and-forth between intersecting lines of support and resistance, trading opportunities remain left to only the very short-term minded. If the expected path of further convergence before an upside breakout is to be paved, then the downside in silver from here should be limited.

Pivot:	19.12		
Support	18.96	18.83	18.65
Resistance	19.39	19.54	19.70

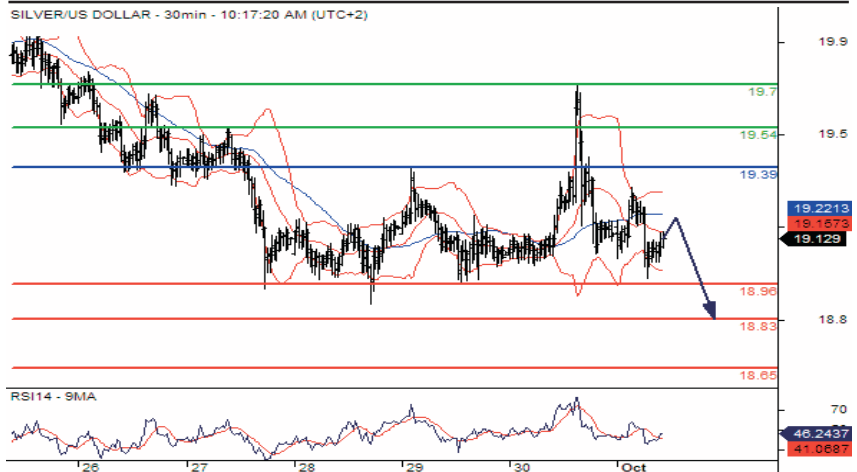
### Highlights

- Silver prices dropped 2.44% in the past week, closing the week out to erase 60% of the gains in the week of September 19
- A recovery was attempted but gains were not sustained
- Headlines related to Deutsche Bank dominated risk trends across the financial markets
- In this current week, further developments related to Deutsche Bank, and Friday's NFP figures stand to trigger volatility
- NFP data is scheduled for release on Friday and carries potential to support Silver

### Silver - Technical Indicators

RSI 14	49.36
SMA 20	19.26
SMA 50	19.36
SMA 100	19.10
SMA 200	17.53

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- After a subdued Asian session, silver spiked higher in New York and held daily gains on shifts in risk appetite and quarter-end positioning, although prices ended well off daily highs.
- Silver consolidated in a relatively narrow \$19.10-19.20 range in Asian trading on Friday with generally weak Japanese data keeping a solid dollar tone. Prices moved higher in Europe on fresh concerns surrounding the European financial sector amid a renewed focus on Deutsche Bank.
- As equities came under fresh pressure and there was renewed demand for defensive assets, silver moved higher to the \$19.30 area. US personal spending was slightly weaker than expected at unchanged for August after an upwardly-revised 0.4% increase for July.
- Personal income was in line with expectations at 0.2% and the annual core PCE price index rose to 1.7% from 1.6% previously, edging closer to the 2.0% Fed target. The Chicago PMI index was stronger than expected with an increase to 54.2 for September from 51.5 previous with the third-quarter reading the strongest since the end of 2014.
- The revised University of Michigan consumer confidence data was also stronger than expected at 91.2 from 89.8 previously. During the US session, there were reports that fines on Deutsche Bank from the US Department of Justice could be lower than expected. This was important in underpinning risk conditions and also helped pull the dollar weaker against the Euro.
- The dollar's trade-weighted index eventually turned slightly negative which bolstered silver support. There was very choppy silver trading the US session with a rapid spike to highs just above the \$19.70 level. Wider volatility was a factor and higher energy prices also offered support to silver. There was an equally rapid slide back to 19.30 as yields moved higher.

### 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, October 03, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Oct 03	04:50	JPY Tankan Large Manufacturers Index (3Q)	Medium		7	6
Mon Oct 03	12:15	CHF Retail Sales (Real) (YoY) (AUG)	Medium			-2.2%
Mon Oct 03	12:30	CHF SVME-Purchasing Managers Index (SEP)	Medium			51
Mon Oct 03	12:50	EUR Markit France Manufacturing PMI (SEP)	Low		49.5	49.5
Mon Oct 03	12:55	EUR Markit/BME Germany Manufacturing PMI (SEP)	Low		54.3	54.3
Mon Oct 03	13:30	GBP Markit UK PMI Manufacturing s.a. (SEP)	Medium		52.1	53.3
Mon Oct 03	19:00	USD Construction Spending (MoM) (AUG)	Medium		0.3%	0.0%
Mon Oct 03	19:00	USD ISM Manufacturing (SEP)	High		50.3	49.4
Mon Oct 03	19:00	USD ISM Prices Paid (SEP)	Medium		53.5	53

Source: Forex Factory, DailyFX

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