

Gold

Technical

December Comex Gold futures are trading slightly lower shortly before the regular session opening. The market is also trading inside yesterday's range, suggesting investor indecision and impending volatility. The price action this week is related to increased expectations of a Fed rate hike before the end of the year. The range could be tight in Asian session and volume below average as investors prepare for today's U.S. Non-Farm Payrolls report. A stronger-than-expected report could solidify the chances of a Fed rate hike. Higher U.S. Treasury yields are also weighing on gold prices since they are making the U.S. Dollar a more attractive investment. Finally, the absence of Chinese investors due to week-long holiday is also helping to lower demand for gold. The main trend is down according to the daily swing chart. The next swing bottom target is a \$1245.10.

Pivot:	1,265		
Support	1,257	1,249	1,235
Resistance	1,277	1,287	1,298

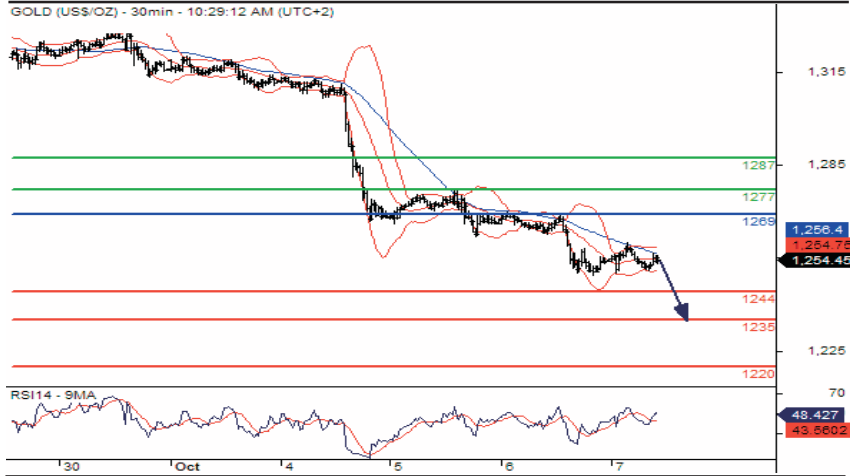
Highlights

- Gold prices fell to a fresh four-month low yesterday, as strong U.S. economic data bolstered the case for the Fed to raise interest rates
- Gold for December delivery closed down 1.2% at \$1,253 ounce
- The number of Americans applying for first-time unemployment benefits fell back toward a four-decade low last week
- Strong employment numbers for September would support rate increase in December
- Gold's recent weakness could stimulate physical demand

Gold - Technical Indicators

RSI 14	20.47
SMA 20	1,310.07
SMA 50	1,323.72
SMA 100	1,325.99
SMA 200	1,284.98

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold steadied on Friday pending U.S. non-farm payrolls data but remained on track to slide nearly 5 percent this week after a jump in the dollar to 2-1/2 month highs pushed the metal through key chart levels. A crash in the pound sent gold priced in sterling to a three-month high.
- Spot gold was at \$1,254.96 an ounce, little changed from \$1,254.22 late on Thursday, while U.S. gold futures for December delivery were up \$4.40 an ounce at \$1,257.40. Gold has fallen for the last eight sessions in a row.
- The dollar index has posted its biggest weekly rise since November this week after upbeat U.S. jobs and manufacturing data reinforced expectations the Federal Reserve would lift interest rates this year.
- That pressured gold, and its downward move accelerated as it slipped through \$1,300 an ounce, which has underpinned prices since Britain's vote to leave the European Union in June.
- The stabilisation we see now is because players don't want to push it further ahead of the U.S. employment report. If it comes in strong and Fed speakers are hawkish the move will be restarted.
- 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. Traders are awaiting non-farm payrolls data for September for clues on the next direction of trade. The data is considered a litmus test of the strength of the U.S. economy.
- The employment report is expected to show payrolls rose by 175,000 jobs last month, according to economists polled by Reuters. A strong report would increase bets that the U.S. central bank is gearing up to raise interest rates in December. Any number above 190,000 will likely be bearish for gold as it should send the dollar up and almost certainly usher in a year-end rate hike.

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 rose during the session on Thursday, breaking above the \$50 level. Ultimately, if we pullback from here though, I think that we sooner or later will have buyers as we have broken above a significant amount of resistance at the \$49 handle. That should now be supportive, and with that being the case I think that we will get buyers on dips. Keep in mind that today is Nonfarm Payroll Friday, so we should get quite a bit of volatility. That volatility should offer value if we did up in my estimation. I don't necessarily think that oil markets can go much higher over the longer term, lease nothing massive, but I recognize that the buyers are most certainly in control at this point in time as I don't really have any interest in selling this market, at least not until we break down below the \$47 handle. I feel that the market is run by the buyers right now, so it makes sense we go higher.

Pivot:	49.54		
Support	49.12	48.50	47.84
Resistance	50.56	51.21	51.69

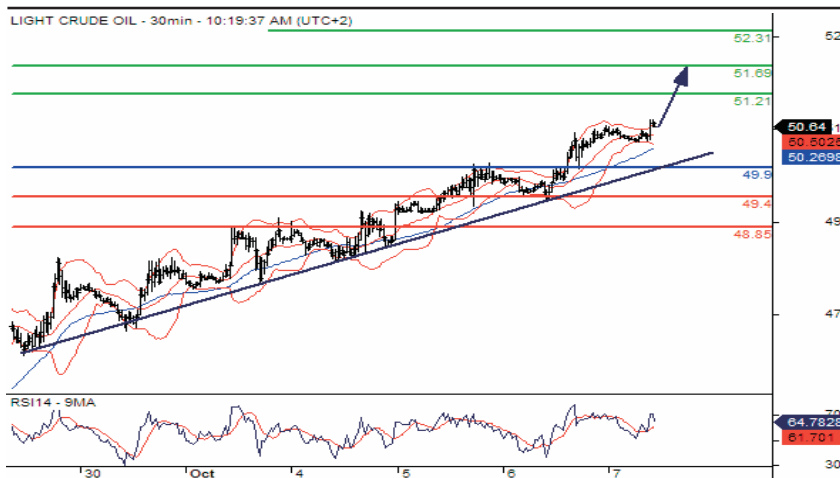
Highlights

- Crude futures held steady near 2016 high, as financial market confidence in the rally came up against a physical excess of crude
- U.S oil futures traded as high as \$50.74 a barrel, a three and a half month high
- The rally had come despite a strengthening dollar, which makes oil more expensive for holders of other currencies
- Some of the support came from Hurricane Matthew in the U.S. Gulf
- Top exporter Saudi Arabia cut its benchmark crude prices to Asia this week

Crude - Technical Indicators

RSI 14	69.08
SMA 20	46.54
SMA 50	46.22
SMA 100	45.91
SMA 200	43.50

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil rose more than 1 percent to four-month highs yesterday, spurred by another informal OPEC meeting on output cuts and plunging U.S. crude inventories, with some saying the market has overshot itself with a near 15-percent gain in seven sessions.
- Saudi, Iranian and Iraqi energy ministers will be among key OPEC representatives to meet non-OPEC member Russia on the sidelines of an energy conference next week in Istanbul, OPEC sources said.
- Oil has gained more than \$6 a barrel since the Organization of the Petroleum Exporting Countries announced at informal talks in Algeria on Sept. 28 that it hopes to reduce output to 32.5 million-33 million barrels per day. That would remove about 700,000 bpd from a global glut estimated by analysts at 1.0 million-1.5 million bpd.
- On top of OPEC's pledged output cuts, prices were supported by the surprise drop in U.S. crude stocks for a fifth week in a row, bringing the total drawdown since the beginning of September to 26 million barrels, according to government data on Wednesday.
- U.S. West Texas Intermediate crude closed up 61 cents, or 1.2 percent, at \$50.44. It was WTI's first settlement above \$50 since June 24. Earlier on Thursday, prices pared gains briefly after energy monitoring service Genscape reported a build of nearly 1 million barrels in stockpiles at the Cushing, Oklahoma delivery base for WTI during the week to Oct 4.
- Oil crashed from above \$100 a barrel in mid-2014 to around \$26 in February this year from oversupply of up to 2 million bpd and OPEC's refusal then to cut output. OPEC's policy meeting in Vienna on Nov. 30 will decide how the group's members would contribute to the pledged cuts. Algeria's Energy Minister told local media OPEC could ultimately reduce output by another 1 percent.

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 had a fairly negative session yet again during the day on Thursday, as we broke down below the \$17.50 level. The \$17 level itself is rather supportive, so will be interesting to see whether or not we can get some type of bounce. Ultimately, I do think there is a certain amount of negativity in this market overall, so a bounce could end up being a nice selling opportunity on an exhaustive candle. However, if we broke above the \$18 level, we would feel that the market will probably continue to go much higher. We will need to see strong price action at this point, and soon, to indicate the move lower washed out the longs and could turn higher. From where we sit, until then it will be tough to own silver, even if at a key area of support. However, aggressive traders looking to scoop silver up could use the confluence of support as the 'line-in-the-sand' by placing stops below.

Pivot:	17.74		
Support	17.53	17.25	17.05
Resistance	18.00	18.19	18.45

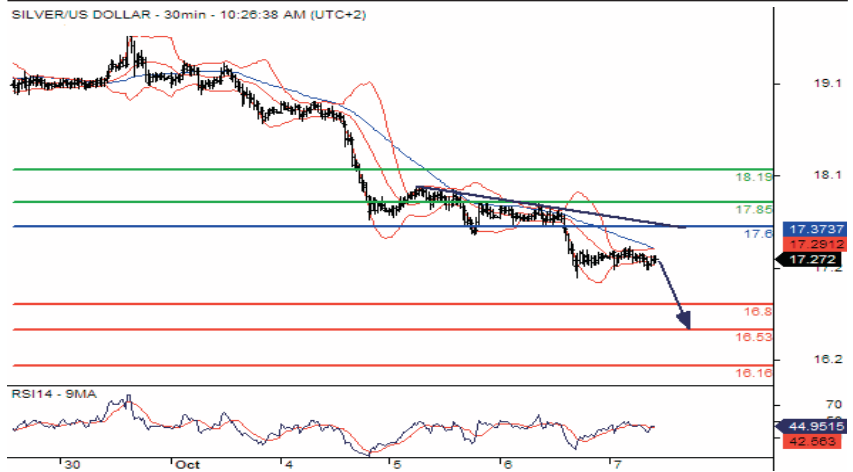
Highlights

- Silver prices could be due for a major correction today, or may continue lower, depending on the outcome of US nonfarm payrolls
- Silver had a disastrous two weeks falling from as high as \$20.10 to a low of \$17.34
- The grey metal is on pace for a more than 9% drop this week
- Strong economic data has stoked renewed buying interest in the US Dollar
- The Labor Department's nonfarm payrolls report today is expected to show the creation of 168,000 jobs last month

Silver - Technical Indicators

RSI 14	24.68
SMA 20	18.92
SMA 50	19.11
SMA 100	19.18
SMA 200	17.63

Silver Daily Graph



Fundamentals

- Silver prices rose slightly yesterday, although demand for precious metals remained muted ahead of a key report on US employment. December silver futures rose 5 cents, or 0.3%, to \$17.74 a troy ounce. The small gain stemmed from a three-day skid that saw silver prices plunge nearly 8%. The contract traded within a daily range of \$17.67 and \$17.88.
- A stronger dollar continued to limit demand for precious metals Thursday after a string of upbeat economic reports bolstered confidence in the world's largest economy and its capacity to absorb another interest rate increase.
- The U.S Dollar index, which tracks the greenback against a basket of six other major currencies, rose 0.3% to 96.39 in yesterday's session. That was the highest level since August 8.
- The short-term outlook on precious metals and the dollar could change significantly on Friday. At 8:30 am ET, the Labor Department will release its September nonfarm payrolls report, arguably the most closely watched calendar event of the month.
- According to a median estimate of economists polled by Bloomberg, nonfarm payrolls increased by 168,000 in September, following an addition of 151,000 the previous month.
- While measures of labour market slack are expected to remain virtually unchanged, economists are expecting a stronger pick up in wages. Average hourly earnings are forecast to rise 0.3%.
- Nonfarm payrolls feed directly into expectations about US interest rates. Based on the latest Fed Fund futures prices, the likelihood of a December rate stand at nearly 60%. Federal Open Market Committee (FOMC) members Stanley Fischer, Loretta Mester and Esther George are also scheduled to deliver speeches today.

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, October 07, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Oct 07	10:00	JPY Leading Index (AUG)	Medium	101.2	101.6	100.0
Fri Oct 07	13:30	GBP Industrial Production (YoY) (AUG)	Medium	0.7%	1.3%	2.1%
Fri Oct 07	13:30	GBP Manufacturing Production (YoY) (AUG)	Medium	0.5%	0.9%	0.7%
Fri Oct 07	13:30	GBP Visible Trade Balance (Pounds) (AUG)	Medium	-£12112	-£11200	-£9506
Fri Oct 07	17:30	USD Unemployment Rate (SEP)	High		4.9%	4.9%
Fri Oct 07	17:30	USD Change in Non-farm Payrolls (SEP)	High		172k	151k
Fri Oct 07	17:30	CAD Unemployment Rate (SEP)	High		7.0%	7.0%
Fri Oct 07	17:30	CAD Net Change in Employment (SEP)	High			26.2k
Fri Oct 07	19:00	GBP NIESR Gross Domestic Product Estimate (SEP)	Medium			0.3%

Source: Forex Factory, DailyFX

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