

Gold

Technical

Gold prices consolidated on Friday trading session and traded in a tight range throughout the last week, as U.S. yields continue to move higher making the dollar more attractive and taking the luster off of the yellow metal. Support is seen near the October lows at 1,240, while resistance is seen near the 10-day moving average at 1,264. A worse than expected U.S. sentiment report also weighed on precious metal prices. The only caveat is that the RSI (relative strength index) is printing a reading of 26, which is below the oversold trigger level of 30 and could foreshadow a correction in gold prices. The Michigan sentiment drop to a 13-month low of 87.9 from 91.2 in September and 89.8 in August left sentiment further below the 11-month high of 94.7 in May and the 98.1 cycle-high in January of 2015 that marked the strongest reading since January of 2004.

Pivot:	1,253		
Support	1,245	1,241	1,235
Resistance	1,262	1,269	1,277

Highlights

- Gold prices dipped today ahead of a busy week of policymaker remarks
- Gold for December delivery on the Comex division of the New York Mercantile Exchange fell 0.16% to \$1,253.55 a troy ounce
- This week will see the ECB's post policy meeting press conference on Thursday
- Last week, gold prices fell on Friday as a stronger dollar and heightened expectations for a U.S. rate hike later this year
- Hedge funds and money managers again reduced their net long positions in gold

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 prices rose slightly on Monday as the U.S. dollar pared gains and bargain hunters used dips to accumulate the precious metal. Spot gold rose as much as 0.5 percent to \$1,256.11, and was up 0.4 percent at \$1,254.60 an ounce. The yellow metal fell nearly 0.6 percent on Friday to a low of \$1,247.01, its lowest since Oct. 7.
- Because the possibility of a December rate hike is increasing, generally, the trend of gold price is downwards but in the short term we think that there could be relatively a mild technical correction.
- Prices can touch \$1,270 in the short term before a sharp selloff on expectations of a rate hike. There's still a period of time before the rate hike. U.S. producer prices rose in September to post their biggest year-on-year rise since December 2014, while retail sales gained 0.6 percent after a 0.2-percent decline in August.
- Positive economic data from the U.S. usually puts pressure on gold prices as investors raise bets on an interest rate hike that would increase the opportunity cost of holding non-yielding bullion.
- Fed Chair Janet Yellen gave a broad review of where the U.S economic recovery might still fall short. Though not addressing interest rates or immediate policy concerns directly, Yellen laid out the deepening concern at the Fed that U.S economic potential is slipping and aggressive steps may be needed.
- Though there is not much activity, the metal (gold) is finding good interest in small amounts in China at this price," a trader with a China-based bank said. The dollar index, which measures the greenback against a basket of currencies, was flat at 98.016 after touching a high of 98.169.
- The dollar index gained 0.1 percent to 97.612. Holdings of the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.28 percent to 961.57 tonnes yesterday.

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

WTI crude has suffered from a round of pre-weekend profit taking, pushing the contract to 49.90 per barrel from 51.14 highs. Soft U.S. consumer sentiment data, along with a generally stronger dollar helped the contract to session lows. The Baker Hughes operating drilling rig index showed an increase of 4 rigs in the past week which also did not help crude oil bulls. Resistance on WTI is seen near the October highs at 51.65, while support is seen near the 20-day moving average at 47.91. Momentum is neutral as the MACD (moving average convergence divergence) index prints in the black with a downward sloping trajectory which points to consolidating. It appears that we are forming a shooting star right where you would expect to see it. Because of this, looks as if the sellers may very well be turned in this market. A break above the \$52 level however is extraordinarily bullish.

Pivot:	50.19		
Support	49.60	49.35	49.10
Resistance	51.10	51.60	51.86

Highlights

- Oil futures slipped on Friday, but still scored their fourth weekly gain in a row
- Market players awaited details of a planned output cut by the Organization of the Petroleum Exporting Countries
- For the week, it gained 0.04%, after posting advances in the last three weeks
- The OPEC reached an agreement to limit production to a range of 32.5 million to 33.0 million barrels per day
- OPEC's own monthly report put production at 33.39 million bpd in September

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



Fundamentals

- Oil prices edged lower today, pulled down by a rising rig count in the United States and a strong dollar but expectations of an OPEC intervention next month to curb production gave them a floor.
- U.S. West Texas Intermediate (WTI) crude oil futures were trading at \$50.18 per barrel, down 17 cents from their last settlement, and after hitting a session low of \$49.94 a barrel.
- WTI was under pressure from a report on Friday by oil services provider Baker Hughes showed U.S. drillers added four rigs in the week to Oct. 14. It was the 16th week in a row that oil drillers had gone without making cuts, indicating more production to come.
- A firmer dollar also weighed on prices, as an expected hike in U.S. interest rates later this year drove the Dollar to a seven-month high against a basket of currencies. The index was trading near flat at 97.99.
- Dollar-traded oil becomes more expensive for holders of other currencies when the greenback strengthens, potentially limiting demand. But analysts said that the market is fundamentally supported by expectations that members of the Organization of the OPEC would take action to support prices at their meeting in Vienna on November 30.
- It's very hard for the crude price to sell below the \$50 a barrel market ahead of the November 30 meeting. OPEC kingpin Saudi Arabia sent a very clear statement about working to curb production and support higher prices, but added that an oversupplied physical crude market was capping further gains in prices.
- OPEC pumped out a record 33.6 million barrels of crude oil per day in September. Record supply from OPEC year-to-date, weaker global GDP estimates, and still elevated inventories cause us to lower and flatten our oil price outlook.

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 went back and forth during the course of the session on Friday, as we continue to bang around the \$17.50 level. Because of this, I think that we are simply going to continue to consolidate and we are trying to form a little bit of a “bottom” just above the \$17 level. I think that sooner or later we will build up enough momentum to continue to push this market towards the \$18.50 level. I think that the \$17 level below will continue to be very firm as far as support is concerned, and therefore I’m not even looking at selling at this point in time. Silver markets initially tried to rally during the course of the week but turned back around to form a very small shooting star. However, I think that the \$17 level below will continue to be very supportive and therefore I think if we can break above the top of the shooting star at \$18, the market will then start reaching towards the \$20 level again.

Pivot:	17.38		
Support	17.27	17.16	17.06
Resistance	17.58	17.68	17.82

Highlights

- Dollar trends will remain a key focus and despite resilience over the past week, there will be the risk of downward pressure on silver
- Given the dollar strength, silver prices were broadly resilient and ended the week little changed
- Overall structure of global bond yields will also continue to be very important during the week
- In basic terms, a strong dollar and rising bond yields would tend to put downward pressure on precious metals
- US data releases will continue to be watched closely during the week ahead

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 edged higher Friday and were on track for minor weekly gains, as precious metals narrowly recovered from four-month lows despite continued strength in the US dollar.
- December silver futures rose 3 cents, or 0.2%, to \$17.49 a troy ounce Friday. The metal traded within a narrow range of \$17.41 and \$17.56 a troy ounce. For the week, silver prices were set to rise around 0.7%.
- The US dollar was back on the offensive Friday, climbing 0.4% against a basket of other major currencies. The dollar index was last seen trading near seven-month highs at 97.87. The US currency is on track for a weekly gain of 1.3%.
- In economic data, China’s consumer price index (CPI) improved in September, while factory-gate prices posted their first increase in four-and a half years, Consumer inflation rose at an annualized 1.9%, Beijing’s statistics bureau said in a report on Friday.
- Producer inflation, meanwhile, edged up 0.1% in the 12 months through September. Dismal Chinese trade data pressured commodity prices on Thursday. Chinese exports plunged at an annualized 10% in September, far worse than expected.
- European stock markets surged on the heels of better-than-expected Chinese inflation data. The pan-European Stoxx 600 was up 1.3%, with all major bourses trading higher. US stock futures were also trading sharply higher, pointing to a firm start to the day.
- US data releases will continue to be watched closely during the week ahead with a particular focus on Tuesday’s consumer prices data. A stronger than expected set of data, especially on core data, would increase pressure for a Fed tightening. Even if the immediate impact on policy is likely, there would be a further strengthening of expectations surrounding a December move.

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 17, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Oct 17	02:30	NZD Performance Services Index (SEP)	Medium	54.1		57.9
Mon Oct 17	04:01	GBP Rightmove House Prices (YoY) (OCT)	Medium	4.2%		4.0%
Mon Oct 17	09:30	JPY Industrial Production (YoY) (AUG F)	Medium	4.5%		4.6%
Mon Oct 17	14:00	EUR Euro-Zone Consumer Price Index (YoY) (SEP)	Medium	0.4%	0.4%	0.2%
Mon Oct 17	17:30	CAD International Securities Transactions (Canadian dollar) (AUG)	Low			5.23b
Mon Oct 17	17:30	USD Empire Manufacturing (OCT)	Low		1	-1.99
Mon Oct 17	18:15	USD Industrial Production (SEP)	Medium		0.2%	-0.4%
Mon Oct 17	18:15	USD Capacity Utilization (SEP)	Low		75.6%	75.5%
Mon Oct 17	18:15	USD Manufacturing (SIC) Production (SEP)	Medium		0.1%	-0.4%

Source: Forex Factory, DailyFX

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