

Gold

Technical

Gold prices bounced in Friday's trading session near support despite a rally in the U.S Dollar which generally leads to lower prices. Support is seen near the 10-day moving average at 1,259, while resistance is seen near the weekly highs at 1,274. Momentum on gold prices has turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses above the 9-day moving average of the spread. The index moved from negative to positive territory confirming the buy signal. The index is printing in the black with an upward sloping trajectory which points to higher prices. The RSI (relative strength index) has stabilized out of oversold territory, and is printing a reading of 38, which is on the lower end of the neutral range.

Pivot:	1,266		
Support	1,261	1,258	1,256
Resistance	1,268	1,270	1,274

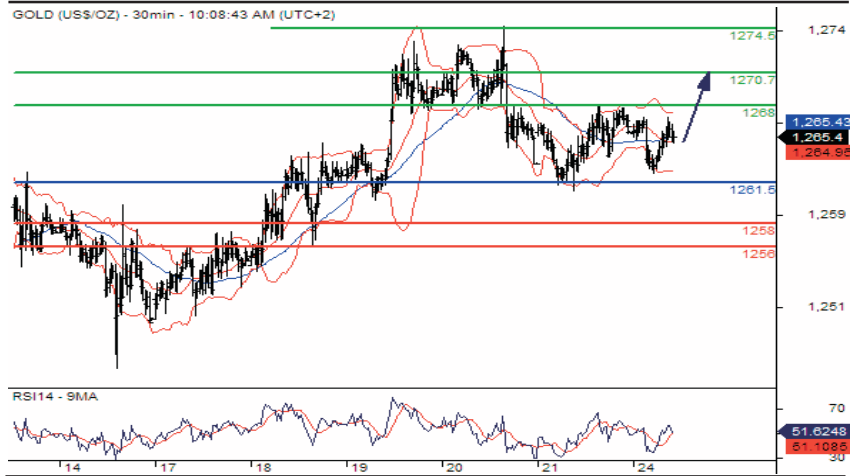
Highlights

- U.S CFTC data showed on Friday that hedge funds and money managers cut their net long positions
- SPDR Gold Shares, reported its biggest one-day outflow since April 2013 on Friday
- A broadly stronger U.S dollar continued to weigh on the precious metal
- On the Comex division of the New York Mercantile Exchange, gold futures for December delivery were little changed at \$1,267
- Gold prices remained under pressure on expectations for a U.S rate hike

Gold - Technical Indicators

RSI 14	39.53
SMA 20	1,371.34
SMA 50	1,303.72
SMA 100	1,322.99
SMA 200	1,287.05

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold steadied today in Asian session in line with the dollar as uncertainty over the timing of a U.S. interest rate hike hemmed prices into a range, with traders awaiting U.S. data and comment from a raft of Federal Reserve officials for further direction.
- Signs of improving physical demand in major Asian consumers helped keep prices underpinned after they snapped three weeks of losses last week to rise 1.3 percent.
- Spot gold was at \$1,266.05 an ounce, little changed from \$1,266.25 late on Friday, while U.S. gold futures for December delivery were down 70 cents an ounce at \$1,267.00.
- Over the last three weeks we've had very much a rangebound environment. The strength of the dollar, which is a negative factor for gold, is in large part responsible for that. On the other side, physical demand in Asia has at least given some price support.
- We have the November Fed meeting on the horizon, and the U.S. election - those are the two big macro events. But with a Democratic election victory, and no move on rates in November, nothing really changes for gold.
- The Fed is tipped to hike rates in December. 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.
- The U.S. currency rallied to a near nine-month high against a currency basket in early trade, boosted by expectations the Fed will raise rates this year and a receding chance of Donald Trump becoming U.S. president. Third-quarter growth figures from the United States and Fed policymakers speeches due this week will be closely watched for clues on a possible interest 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

Crude oil prices were nearly unchanged on Friday after testing support near the weekly lows at 50. Short term resistance is seen near the 10-day moving average at 50.95. Despite a larger than expected draw in crude oil inventories reported earlier in the week. This week's U.S. rigs count for oil climbed by 11 to 443 rigs. That marks an eighth-straight weekly rise for the oil-rig count. Momentum appears to be neutral as the MACD (moving average convergence divergence) index prints near the zero index level with a flat trajectory which points to consolidation. This is mimicked by the RSI (relative strength index) which is printing a reading of 56, which is in the middle of the neutral range and reflects consolidation. If we broke above the \$52 level, at that point in time I would be willing to buy as we would have broken above pretty significant resistance in this market.

Pivot:	50.94		
Support	50.52	50.20	49.90
Resistance	51.40	51.83	52.10

Highlights

- Oil prices struggled for direction today on signs that the production cut plan proposed by the OPEC could face more headwinds
- Iraq signalled it wants to be excluded from the pact
- On the NYMEX, crude futures slipped 3 cents, or 0.1%, to \$50.82 a barrel
- The subdued mood came as Iraqi oil officials said they would not scale back output which currently stands at 4.77 million barrels a day
- OPEC members are scheduled to meet on November 30

Crude - Technical Indicators

RSI 14	59.85
SMA 20	49.94
SMA 50	47.17
SMA 100	46.15
SMA 200	44.74

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices came under pressure today in European trading session as Iraq said it wanted to be exempt from an OPEC deal to cut production, though losses were capped by Iran saying it would encourage other members to join an output freeze.
- U.S West Texas Intermediate (WTI) crude was down 5 cents at \$50.80. Iraqi oil minister Jabar Ali al-Luaibi said Baghdad wants to be exempt from any production cut the Organization of the Petroleum Exporting Countries is aiming to achieve.
- Falah al-Amiri, head of Iraq state oil marketer SOMO, added that Iraq's market share had been compromised by the wars it has fought since the 1980s. "We should be producing 9 million (barrels per day) if it wasn't for the wars," he said.
- OPEC announced plans last month to reduce its output to between 32.5 million barrels per day (bpd) and 33 million bpd, from September's 33.39 million bpd. The group will iron out the details of how it will hit the target at its next meeting in Vienna on Nov. 30.
- A decision to cut to 33 million bpd should keep the crude price in \$48-\$58 band, not least because it shows that Saudi policy has changed, that OPEC is serious and can rise above political disagreements.
- Iraq said it could raise output slightly this month from September's 4.774 million bpd. Also pressuring the market was last week U.S. oil rig count, up by 11 for its first double-digit increase since August.
- "We should see rig counts continue to increase in the wake of the recent price rally," Morgan Stanley said. Analysts said that oil markets, which have been dogged by two years of oversupply, might be rebalancing in terms of production and consumption.

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 hang about the \$17.50 level. Because of this, it is likely that the market will continue to see quite a bit of choppiness but I still believe that we are trying to build a base in order to go higher. With ultra-loose monetary policy and central banks around the world, and of course no sign of them changing this anytime soon, it makes sense the precious metals will continue to gain. However, you're going to have to be patient in order to collect profits. This is an area that has been very attractive the markets overall, it's only a matter of time before silver markets get a bit of a boost again. Because of this, it's likely that the shorter-term trades might be the best way, or more or less a "buy-and-hold" type of situation. At this point in time, I have no interest in selling until we get well below the \$16 handle.

Pivot:	17.62		
Support	17.50	17.42	17.35
Resistance	17.70	17.77	17.82

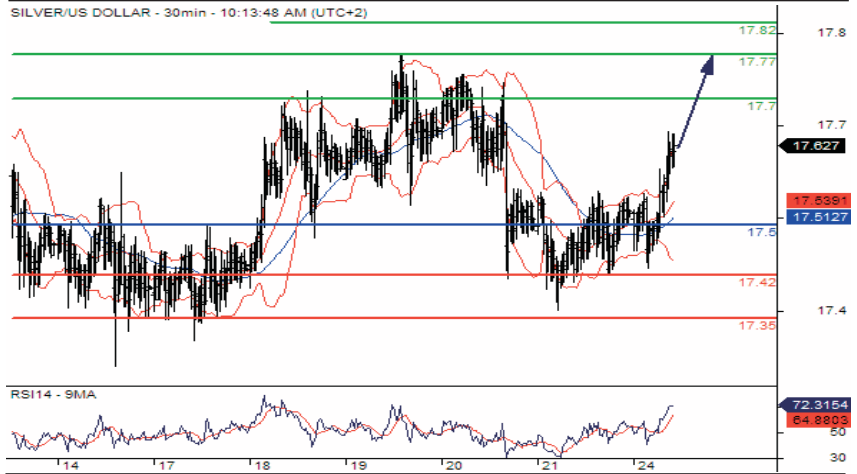
Highlights

- Silver for October delivery fell 5 cents, or 0.3%, to close at \$17.45 a troy ounce
- Precious metals have been under pressure all month by a rising US dollar
- By the end of the week, the dollar bulls were once again controlling the narrative; The US dollar index rose 0.4% to 98.70 Friday
- Investors turn their attention to a deluge of economic data this week
- UK preliminary third quarter GDP and US durable goods orders will make headlines on Thursday session

Silver - Technical Indicators

RSI 14	35.67
SMA 20	17.86
SMA 50	18.66
SMA 100	19.15
SMA 200	17.77

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices were little changed on Friday, but on the pace for narrow weekly gains, as the market stabilized after a volatile first half of October. December silver futures were last down 3 cents, or 0.2%, at \$17.52 a troy ounce. Prices fluctuated between a narrow range of \$17.40 and \$17.56. For the week, silver is on track for a gain of around 05%.
- The US dollar index extended seven-month highs Friday, as expectations for higher US interest rates remained in focus. The dollar index, which tracks the greenback against a basket of other major currencies, rose 0.2% to 98.53.
- Traders are pricing in a nearly 75% chance of a December liftoff, according to the latest 30-day Fed Fund futures prices. The dollar surged on Thursday after ECB President Mario Draghi hinted at the possibility of additional stimulus before the end of the year.
- There were no major economic news items on tap for Friday. Gold's premium over silver widened throughout the week, reaching its highest level since July as precious metals continued to consolidate after a large selloff earlier in the month.
- The gold/silver ratio used by investors to determine when to buy and sell precious metals closed at 72.55 on Friday. This essentially states that one ounce of gold is equivalent in value to 72.55 ounces of silver. October gold futures settled at \$1,265.90 a troy ounce Friday, virtually unchanged from the previous close. Meanwhile, silver for October delivery fell 5 cents, or 0.3%, to close at \$17.45 a troy ounce.
- Precious metals have been under pressure all month by a rising US dollar. Expectations that the Federal Reserve will raise interest rates imminently have contributed to a more than 3% gain in the US dollar since the September 20-21 FOMC meetings.

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 24, 2016



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Oct 24	04:50	JPY Merchandise Trade Balance Total (Yen) (SEP)	Medium	¥498.3b	¥366.1b	-¥19.2b
Mon Oct 24	05:30	JPY Nikkei Japan PMI Mfg (OCT)	Medium	51.7		50.4
Mon Oct 24	12:00	EUR Markit France Manufacturing PMI (OCT)	Low	51.3	50	49.7
Mon Oct 24	12:00	EUR Markit France Services PMI (OCT)	Low	52.1	53	53.3
Mon Oct 24	12:30	EUR Markit/BME Germany Manufacturing PMI (OCT)	Medium	55.1	54.4	54.3
Mon Oct 24	12:30	EUR Markit Germany Services PMI (OCT)	Medium	54.1	51.5	50.9
Mon Oct 24	13:00	EUR Markit Eurozone Manufacturing PMI (OCT)	Medium	53.3	52.7	52.6
Mon Oct 24	13:00	EUR Markit Eurozone Services PMI (OCT)	Medium	53.5	52.4	52.2
Mon Oct 24	18:45	USD Markit US Manufacturing PMI (OCT)	Medium		51.5	51.5

Source: Forex Factory, DailyFX

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