

## Gold

### Technical

Gold prices continued to consolidate in yesterday's trading session just above support levels near the 10-day moving average at 1,264. Gold Prices have been alternating between up and down days over the past 7-trading sessions. Resistance is seen near the weekly highs at 1,276. Despite rising U.S. yields the U.S. dollar lost ground allowing the yellow metal to gain a foot hold above support. Momentum on gold prices remains positive as the MACD (moving average convergence divergence) index recently 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.

Pivot:	1,267		
Support	1,264	1,260	1,256
Resistance	1,272	1,276	1,281

### Highlights

- Gold futures settled higher yesterday as weaker-than-expected orders for U.S durable goods raised some uncertainty
- December gold gained \$2.90, or 0.2%, to settle at \$1,269.50 an ounce
- Orders for long-lasting goods made in the U.S. fell 0.1% in September
- Higher prospects for an interest-rate increase at the Fed's December meeting have been pressuring prices on gold
- The U.S Dollar Index traded up by 0.3% at 98.94, after pulling back to trade as low as 98.50

### Gold - Technical Indicators

RSI 14	46.80
SMA 20	1,361.96
SMA 50	1,299.70
SMA 100	1,320.14
SMA 200	1,287.88

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold steadied today in Asian trading session after a week of lacklustre trading as the market awaits a possible steer on U.S interest rates from U.S. third-quarter GDP data expected later in the day.
- Spot gold was little changed at \$1,266.40 an ounce while U.S. gold futures slipped 0.2 percent to \$1,267.10. A strong GDP reading for the world's biggest economy would strengthen the case for a rate increase this year, making non-yielding assets such as gold less attractive while boosting the dollar and U.S treasuries.
- Economists think it's going to be relatively strong GDP data. Good news for the U.S economy will see some downward pressure on gold. In the near term that makes a bullish dollar so in the weeks leading up to elections and Fed meeting in December gold could be under significant pressure.
- The dollar index, which measures the greenback against a basket of currencies, was barely changed and trading near nine-month highs. U.S. interest rate futures are implying a more than 78 percent chance of the U.S. Federal Reserve raising rates by December, according to the CME Group's FedWatch tool.
- Bullion markets may have largely absorbed the impact of a rate rise and moderately higher yields will not necessarily weigh on prices, provided that the dollar does not rally further.
- Meanwhile, physical demand from emerging markets is coming back and should support higher prices. Demand for bullion in India is expected to pick up during the Dhanteras and Diwali festivals, when gold is traditionally given as a gift.
- The market will look to the third quarter U.K GDP data and data from the U.S. due later in the day for the latest economic clues. The Bank of Japan is likely to abstain from expanding stimulus next week.

### 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 popped higher yesterday on a report that Saudi Arabia and Gulf allies are discussing a 4% output cut. Russia has said it would not cut production, but would consider freezing its output at post-soviet era highs of 11 million barrels per day. The WTI contract topped at \$49.85 from near \$49.10. Wednesday's smaller than expected draw in crude oil inventories kept a bid under oil prices. Resistance on WTI is seen near the 20-day moving average near 50.42, while support is seen near the 50-day moving average at 48.33. Momentum is negative as the MACD (moving average convergence divergence) index recently 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 buy signal.

Pivot:	49.53		
Support	48.85	48.30	47.62
Resistance	50.35	51.00	51.50

### Highlights

- U.S. oil is set for the first weekly drop since mid-September
- OPEC committee meets in Vienna today to discuss output quotas for members participating in an agreement to cut production
- Futures slid as much as 0.6 percent and are down 2.7 percent for the week
- Saudia and its Gulf allies are willing to cut 4 percent from their peak production
- The OPEC committee will try to resolve differences over how much individual members should produce

### Crude - Technical Indicators

RSI 14	50.58
SMA 20	50.32
SMA 50	47.39
SMA 100	46.24
SMA 200	45.08

### Crude Oil Daily Graph



### Fundamentals

- Oil prices edged lower today and were set for the biggest weekly losses in six weeks over doubts about whether OPEC and non-OPEC oil producers will be able to agree on an output cut big enough to curb a global glut that has weighed on markets for two years.
- Experts from the Organization of the Petroleum Exporting Countries and counterparts from other oil-producing nations such as Russia started two-day negotiations on Friday over an output-capping agreement expected to be presented at the end of next month.
- Disagreements remain over which members should be exempt from a curb to reduce output to a range of 32.5-33 million barrels per day (bpd). The contract was set to close the week more than 2 percent lower in its steepest weekly loss since mid-September.
- U.S. West Texas Intermediate (WTI) CLc1 crude was down 27 cents at \$49.45 a barrel, also on track for its biggest weekly loss in six weeks. Doubts linger about OPEC's ability or willingness to implement any production cuts.
- The market has been wary of reading too much into the rhetoric ahead of the next meeting scheduled for the end of November. French oil major Total said on Friday it expected crude prices to remain volatile and continued to reduce costs.
- The French company said it loses around 2 billion euros in cashflow for every \$10 downward move in oil prices. Weak prices have also hit Italian oil firm ENI, reported a worse-than-expected quarterly loss today.
- The market was keeping an eye on escalating protests in Venezuela against the rule of President Nicolas Maduro, although there was no sign of any impact on the OPEC member's oil output. Venezuelan production has been falling this year as low prices hit investment.

### 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 initially tried to rally in yesterday's trading session, but turned around to form a bit of a shooting star. Because of this, the market looks as if it is going to try to bounce around and look for support just below. I think sooner or later we will get it, and as a result I'm waiting to see a supportive candle to go long yet again. At this point in time, I believe that eventually we will continue to reach towards the \$18.50 level above, which should be rather resistive. The \$17 level below continues to be the "floor" in this market. Yesterday's session passed with silver continuing to work its way towards a breakout following another rejection up near 18. It's a critical area of resistance in the form of peaks created in May 2015/16 and the underside of the trend-line running up from January. This confluence has thus far proved formidable. Later today, U.S 3Q GDP will be reported.

Pivot:	17.62		
Support	17.50	17.42	17.36
Resistance	17.76	17.88	18.00

### Highlights

- Silver ended yesterday's trading session higher following lower Dollar and equities
- U.S pending home sales rose 1.5% in September following a revised decline of 2.5% the previous month
- There has been evidence that wages are beginning to increase
- There are strong expectations that the Fed will raise rates at the Dec meeting
- The U.S Dollar maintained a firm tone yesterday with USD/JPY approaching 105.00 as yields dominated

### Silver - Technical Indicators

RSI 14	43.08
SMA 20	17.58
SMA 50	18.56
SMA 100	19.18
SMA 200	17.82

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices edged higher yesterday, as the US dollar and equities weakened following another earnings deluge. December silver futures climbed 5 cents, or 0.3%, to \$17.68 a troy ounce, reversing an earlier drop of 0.5%. The grey metal is coming off a decline of 0.8% in the previous session. For the week, it's one track for a gain of about 1%.
- The US dollar was trading slightly lower against a basket of other major currencies, as investors awaited latest GDP figures from Washington on Friday. The dollar index edged down 0.1% to 98.54.
- Meanwhile, European markets were down in midday trading following disappointing corporate reports. The United Kingdom's FTSE 100 and Germany's DAX were each down 0.1%. The CAC in France and IBEX 35 in Spain were also down 0.3% and 0.4% respectively.
- In economic data, the UK economy grew faster than expected in the third quarter, although concerns about a broader Brexit-induced slowdown persisted. The first estimate released by the Office for National Statistics showed UK GDP expanded 0.5% in the third quarter, down from 0.7% in April-June. Economists forecast a gain of just 0.3%.
- Precious metals traders will be keeping an eye on the upcoming US GDP report. A strong reading, as is expected, could further the case for a Federal Reserve rate hike in the near future. This could create a bigger divergence between the dollar and precious metals.
- The headline US durable goods orders for September was slightly weaker than expected with a 0.1% monthly decline, although the August figure was revised slightly higher and there was a 0.2% core increase, which was in line with expectations. Pending home sales data was slightly stronger than expected, although the direct impact was limited.

### 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 28, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Oct 28	04:30	JPY Jobless Rate (SEP)	Medium	3.0%	3.1%	3.1%
Fri Oct 28	04:30	JPY National Consumer Price Index (YoY) (SEP)	High	-0.5%	-0.5%	-0.5%
Fri Oct 28	10:30	EUR French Gross Domestic Product (YoY) (3Q)	Medium	1.1%	1.2%	1.3%
Fri Oct 28	12:00	CHF KOF Leading Indicator (OCT)	Medium	104.7	101.8	101.6
Fri Oct 28	17:00	EUR German Consumer Price Index (YoY) (OCT)	High		0.8%	0.7%
Fri Oct 28	17:30	USD Gross Domestic Product (Annualized) (3Q)	High		2.5%	1.4%
Fri Oct 28	17:30	USD Personal Consumption (3Q)	High		2.6%	4.3%
Fri Oct 28	19:00	USD U. of Michigan Confidence (OCT)	Medium		88.1	87.9
Fri Oct 28	22:00	USD Baker Hughes U.S. Rig Count (OCT 28)	Medium			553

Source: Forex Factory, DailyFX

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