

## Gold

### Technical

Gold markets were volatile during the Monday session, initially falling but then finding enough support near the \$1269 level to turn around and break towards the \$1275 level again. This is an area that continues to be important for both sides of the equation, so I think it is probably best to step aside. In fact, I'm waiting for the market to tell me which direction to go next, before putting any money to work. I think that a break above the \$1282 level is reason enough to go long, perhaps trying to reach towards the \$1290 level after that, and then the \$1300 level if that area gets jumped. Alternately, if we break down below the \$1270 level, the market should then go down to the \$1265 level. If we were to break down below the \$1260 level, the market should then go down to the \$1250 level which is much more important on longer-term charts. It's the "midpoint" of the overall consolidation.

Pivot:	1,276		
Support	1,271	1,268	1,260
Resistance	1,279	1,283	1,288

### Highlights

- Two former aides of U.S. President were charged by federal authorities probing Russian interference in the 2016 election
- The yellow metal has shed about 0.2 percent so far in October, in what could be its second straight monthly decline
- The U.S. Dollar held on to its losses from the previous session
- Trump is likely to pick Fed Governor Powell as the next head of the central bank
- U.S. consumer spending recorded its biggest increase in more than eight years

### Gold - Technical Indicators

RSI 14	48.30
SMA 20	1,238.5
SMA 50	1,235.1
SMA 100	1,246.9
SMA 200	1,259.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices were largely unchanged today after the Bank of Japan kept its monetary policy steady, with investors shifting their attention to other central bank meetings and economic events due this week
- Gold markets remained cautious ahead of a two-day U.S. Federal Reserve policy meeting beginning Tuesday, the likely announcement of the next Fed chair on Thursday and U.S. payrolls data on Friday.
- Ongoing political unrest in Catalonia was also in focus, along with the Bank of England's meeting this week to discuss interest rate policy. Spot gold was little changed at \$1,275.49 per ounce. It has shed about 0.3 percent so far in October, in what could be its second straight monthly decline.
- U.S. gold futures for December delivery dipped 0.1 percent to \$1,277.10. The market is catching its breath for what will be a very data-heavy second half of the week.
- Gold itself appears to have lost any risk-aversion premium for now and is thus completely at the mercy of the nuances of the U.S. bond and stock market, and by default the U.S. dollar. The dollar was down 0.1 percent against the yen after the BOJ's decision to keep monetary policy steady even as it slightly cut its inflation forecast for the current fiscal year.
- The greenback slipped 0.4 percent against a basket of currencies on Monday after reports that former aides of U.S. President Donald Trump, including former campaign manager, Paul Manafort, were charged by federal authorities probing Russian interference in the 2016 election.
- The focus (for gold investors) is on the Fed meeting and the apparent transfer to the new chair next year. Everything else is secondary unless it moves the dollar much. Trump is likely to pick Fed Governor Jerome Powell as the next head of the U.S. central bank.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market continues to be very volatile, as we sliced around the \$54 region. The \$55 level above is massively resistive, and I think that pullbacks should continue to offer value. The \$52.50 level underneath should be support, and I believe that it's only a matter of time before the buyers get involved and pick up on value. Ultimately, if we break above the \$55 level, the market should then go to the \$57.50 level above, perhaps even the \$60 handle. If we were to break down below the \$52.50 level, the market should then go to the \$50 level after that. Ultimately, there is a lot of volatility, and of course a lot of issues when it comes to crude oil. Right now though, it seems as if hedge funds are willing to put money into this market. Brent markets went back and forth during the day as well, showing signs of support just above the \$60 handle.

Pivot:	53.97		
Support	53.60	53.15	52.85
Resistance	54.50	54.75	55.00

### Highlights

- Oil prices climbed yesterday ending at an eight-month high
- OPEC will hold its next official meeting on Nov. 30 in Vienna
- A surge for oil prices last week stemmed from speculation that the OPEC and other producers will agree to extend their production-cut deal
- U.S crude for December delivery gained 25 cents, or 0.5%, to \$54.15 a barrel
- The rally has caused some analysts to worry that U.S producers will now have an incentive to further boost crude output

### Crude - Technical Indicators

RSI 14	53.36
SMA 20	53.50
SMA 50	51.33
SMA 100	50.55
SMA 200	48.91

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices steadied today after a week of gains as the prospect of increasing U.S. exports dampened bullish sentiment that has driven Brent to more than two-year highs above \$60 per barrel.
- Iraq's move to increase oil exports from its southern ports by 220,000 barrels per day (bpd) to 3.45 million bpd to make up for supply disruptions from its northern Kirkuk fields also weighed on prices.
- U.S. light crude was 10 cents lower at \$54.05, still near its highest since February and also not far off its highest for more than two years. Investors were adjusting positions after price rises of around 5 percent in October.
- Despite generally upbeat sentiment, some analysts also warned the market was overbought, having risen too far, too fast. U.S. shale output could keep a lid on prices over the medium to long-term
- U.S. light crude has been trading at a discount of around \$6.70 to Brent making it attractive to refiners. U.S. crude production has risen almost 13 percent since mid-2016 to 9.5 million barrels per day (bpd). The large differential has opened the door on regional arbitrage, driving a spike in U.S. crude exports over recent weeks.
- Despite Tuesday's price dip, sentiment remained positive, fueled by a pledge by the OPEC, Russia and other exporters to hold back about 1.8 million barrels per day (bpd) in oil production to tighten markets.
- The OPEC deal compliance has been very firm, with rates averaging 86 percent since January. The pact runs to March 2018, but Saudi Arabia and Russia have voiced support to extend the agreement. OPEC is scheduled to meet officially at its headquarters in Vienna, Austria, on Nov. 30. The fear of oversupply could easily turn to a fear of undersupply if inventories keep declining like they have been and demand continues to grow.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets fell during the trading session on Monday, reaching down towards the \$16.70 level. We rallied from there though, and found enough support to get some of the losses back. Ultimately, I think that the \$17 level above should offer a bit of a ceiling though, and with the Federal Reserve looking to raise interest rates, I believe that the Silver markets are going to continue to have a bit of an overhang. It's not until we break above the \$17.15 level that I'm comfortable buying this market, and therefore I'm essentially looking for exhaustion to start selling. I will be the first to admit that we have made a "higher low" though, so there is the possibility that we are going to go higher. Having said that, I'm not going to go long until we break out to the upside. The \$16.50 level underneath should be supportive if we can break down below there, the market should then go to the \$16.

Pivot:	16.83		
Support	16.67	16.60	16.53
Resistance	16.95	17.05	17.13

### Highlights

- Two former aides of U.S. President were charged by federal authorities probing Russian interference in the 2016 election
- Silver inched lower yesterday as investors remained cautious ahead of policy meetings of three major central banks
- US advanced GDP for quarter ending September turned up higher than expected
- The dollar also rose supported by a rise in U.S. Treasury yields and progress in tax reforms
- Global equity markets were trading on a cautious note following mixed cues

### Silver - Technical Indicators

RSI 14	44.86
SMA 20	18.00
SMA 50	17.80
SMA 100	17.57
SMA 200	17.21

### Silver Daily Graph



### Fundamentals

- Silver prices are near unchanged today in Asian session. The markets are pausing ahead of a very active week for economic data. This week's economic onslaught includes the FOMC meeting that begins Tuesday and ends Wednesday afternoon with a statement.
- Friday brings the U.S. employment report for October. Also, the Bank of Japan and Bank of England hold monetary policy meetings this week. Global stock markets were mixed to slightly weaker overnight. China's stock market was down on worries about its slumping bond markets.
- U.S. stock indexes are pointed toward slightly lower openings when the New York day session begins. U.S. indexes on Friday hit record highs. World stock markets that are at or near record or multi-year highs continue to be a bearish element for the competing asset class, precious metals.
- News just out that the U.S. special prosecutor has indicted a key Trump administration campaign official is so far having little impact on the markets. Tensions appeared to ease in Spain's Catalonia region over the weekend. Catalonia's leader called for non-violent protests for the regions secession from Spain. Meantime, the Spanish prime minister called for elections in the Region in December.
- Reports over the weekend said President Donald Trump will nominate Jerome Powell as the next chairman of the Federal Reserve. Silver bulls and bears are also on a level overall near-term technical playing field, but the bears also have momentum on their side
- The next upside price breakout objective is closing futures prices above solid technical resistance at \$17.50 an ounce. The next downside price breakout objective for the bears is closing prices below solid support at the October low of \$16.345. First resistance is seen at \$16.87 and then at \$17.00.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Oct 31	06:00	CNY Manufacturing PMI (OCT)	High	51.6	52.0	52.4
Tue Oct 31	08:05	JPY BOJ Policy Balance Rate (OCT 31)	High	-0.10%	-0.10%	-0.10%
Tue Oct 31	11:30	EUR French Gross Domestic Product (YoY) (3Q)	Medium	2.2%	2.1%	1.8%
Tue Oct 31	15:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (3Q)	High	2.5%	2.4%	2.3%
Tue Oct 31	15:00	EUR Euro-Zone Consumer Price Index Core (YoY) (OCT)	High	0.9%	1.1%	1.1%
Tue Oct 31	17:30	CAD Gross Domestic Product (YoY) (AUG)	High		3.5%	3.8%
Tue Oct 31	18:45	USD Chicago Purchasing Manager (OCT)	Medium		60	65.2
Tue Oct 31	19:00	USD Consumer Confidence Index (OCT)	High		121	119.8
Tue Oct 31	19:00	USD Conf. Board Present Situation (OCT)	Medium			146.1

Source: Forex Factory, DailyFX

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