

## Gold

### Technical

December Comex Gold futures are trading lower on Wednesday shortly before the regular session opening. A surge in the Greenback is helping to drive down foreign demand for dollar-denominated gold. The dollar is being supported by the increased likelihood of a U.S. rate hike by December. On Tuesday, investors increased the chances a U.S. rate hike by the end of the year to as much as 70 percent, compared to less than 20 percent only a month ago after Fed Chair Janet Yellen made somewhat hawkish remarks. Later today, we should see a reaction to the announcement of a tax plan by the Trump administration and Republicans in Congress. Traders will also get the opportunity to react to the latest data on Durable Goods. The main trend is down according to the daily swing chart. The downtrend was reaffirmed after sellers took out the previous main bottom at \$1291.20.

Pivot:	1,292		
Support	1,288	1,281	1,276
Resistance	1,300	1,307	1,313

### Highlights

- Gold fell for a second-straight session as stocks and the dollar aimed higher
- December gold traded down \$7.30, or 0.6%, to \$1,295.80 and has so far moved as low as \$1,288.80 intraday
- THE SPDR Gold Trust exchange-traded fund traded 0.3% lower premarket
- The greenback continued to rise today, with a key dollar index jumping to a more than one-month high
- The U.S Dollar Index climbed 0.4% to 93.344, trading around the highest levels since Aug. 23

### Gold - Technical Indicators

RSI 14	78.49
SMA 20	1,205.2
SMA 50	1,174.3
SMA 100	1,198.5
SMA 200	1,225.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold inched lower, weighed down by a stronger dollar amid prospects for a December interest rate hike in the United States and ahead of the unveiling of a tax plan by Donald Trump's administration.
- Spot gold had declined 0.1 percent to \$1,291.81 per ounce. In the previous session, prices fell 1.3 percent in their biggest loss in over two weeks following comments by U.S. Federal Reserve Chair Janet Yellen that the central bank needed to continue gradual rate hikes despite broad uncertainty about the path of inflation.
- U.S gold futures for December delivery fell 0.5 percent to \$1,294.90. Shares rose on Wednesday as investors hoped for progress on major tax reform in the United States, while the dollar hovered near one-month highs on growing expectations of a U.S interest rate increase in December.
- Gold is highly-sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the greenback. A strong U.S. inflation reading could raise expectations for future rate increases.
- As we head towards the end of the year and the expectations for a rate hike in the U.S. continue to build, like last year, this is likely to weigh on gold prices. Prices of the yellow metal have been "vulnerable to a short-term correction.
- However, lingering tensions in the geopolitical arena have capped further losses. Gold lost what it gained on North Korea (tensions) since Friday after Yellen's comments.
- President Donald Trump warned North Korea in yesterday's trading session that any U.S. military option would be "devastating" for Pyongyang, but said the use of force was not Washington's first option to deal with the country's weapons programme. Geopolitical risks tend to boost demand for safe-haven assets such as gold.

### 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 went sideways initially on Tuesday, but then fell towards the \$51.50 level. However, it looks as if we are going to find a bit of support in that area, and have bounced. Ultimately though, it also looks like we are trying to roll over after that bounce, so I think that the volatility will continue in the crude oil markets. This probably should do with the US dollar more than anything else, as it is starting to strengthen. We get the Crude Oil Inventories announcement coming out today, so that obviously can influence this market as well. Keep in mind that the market is very volatile, and makes a lot of noise during these announcements, so I expect to see a significant move in one direction or the other. Right now, it looks like we might be a little bit overextended, so softness will probably prevail over the next several hours.

Pivot:	52.08		
Support	51.70	51.42	51.10
Resistance	52.35	52.70	53.25

### Highlights

- Oil futures were little changed today as investors waited for confirmation of a decrease in U.S crude inventories
- The U.S Energy Information Administration will release official inventory data today
- November West Texas Intermediate crude gained 5 cents to \$51.93 a barrel on the New York Mercantile Exchange
- The API reported U.S. crude stockpiles fell by 761,000 barrels for the week ended Sept. 22
- A surge Monday in WTI futures pushed oil prices into a bull market

### Crude - Technical Indicators

RSI 14	37.83
SMA 20	46.58
SMA 50	50.15
SMA 100	51.59
SMA 200	49.94

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil eased today, edging lower for a second day, although an unexpected drop in U.S. crude inventories helped keep the price within sight of this week's 26-month highs.
- A rise in the dollar to one-month highs against the euro following a signal the previous day by the head of the U.S. Federal Reserve that rates will continue to tighten dampened the broader commodity markets and that weakness fed into oil.
- U.S. crude for November delivery was unchanged on the day at \$51.88. Turkey's repeated threat to cut oil exports from the Kurdistan region in northern Iraq pushed the price close to \$60 a barrel on Monday for the first time since June 2015.
- The Dollar Index is rising, it is still far away from the levels seen at the start of the year, but the oil price increase should have a positive impact on CPI which in turn will increase the odds of more U.S. interest rate hikes.
- Fed Chair Janet Yellen said on Tuesday it would be "imprudent" to keep rates on hold until U.S. inflation hit the central bank's target of 2 percent. A stronger dollar often results in weaker oil prices, as non-U.S. investors find it more profitable to sell assets priced in the U.S. currency.
- Nonetheless, Brent is set for a 22 percent gain in the third quarter of this year, its largest rise in the period between July and September since 2004, thanks in part to coordinated output cuts.
- The Organization of the Petroleum Exporting Countries and 11 rival producers, including Russia, have committed to output cuts of 1.8 million bpd between January 2017 and March 2018 to help global supply align with demand. U.S. crude stocks fell by 761,000 barrels last week as refineries boosted production, in contrast with expectations for a fourth consecutive weekly increase.

### 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 rather drastically, after initially trying to reach towards the \$17.25 level. We fell all the way down to the \$16.85 level, an area that has been supportive in the past. Ultimately, this makes for a very ominous sign, as the market should continue to go lower from here. A breakdown below the \$16.80 level sends this market looking towards the \$16.50 level after that. I think that the market is starting to price in a stronger US dollar, and that continues to work against the value of precious metals overall. Because of this, I have no interest in trying to buy silver anytime soon, I think it will certainly soften from here. Even if it doesn't, and precious metals continue to grind higher, gold almost always outperform silver in these times. The negativity I see in this chart cannot be overstated, as we have had a massively disappointed set of buyers during the day.

Pivot:	16.79		
Support	16.70	16.59	16.47
Resistance	17.00	17.11	17.24

### Highlights

- Silver prices are lower and scored a four-week low in U.S trading today
- A strong rebound in the U.S dollar index this week is pushing the precious metals price south
- Silver prices are currently trading at a four-week low
- Risk appetite has returned to the marketplace at mid-week as world stock markets were mostly firmer overnight
- Federal Reserve Chair Janet Yellen delivered a speech yesterday that sounded an arguably hawkish tone

### Silver - Technical Indicators

RSI 14	77.87
SMA 20	16.83
SMA 50	16.57
SMA 100	17.06
SMA 200	17.16

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices have been hit hard recently but one analyst remains optimistic even if he warns volatility will likely remain high for the metal. Silver hit a four-week low following a hawkish speech by Federal Reserve chair Janet Yellen Tuesday afternoon. December Comex silver futures last traded at \$16.89 an ounce, down 1.5% on the day.
- Remarks by Fed Chair Janet Yellen that were deemed by many to be more hawkish on U.S. monetary policy pushed the precious metals to their daily lows around midday.
- Yellen said in a speech to the National Association of Business Economists in Ohio that the Fed may have misjudged the strength of the U.S labor market and it may become overheated, which could lead to higher U.S inflation.
- Yellen also said the Fed should beware about tightening monetary policy too gradually. However, some deemed Yellen's overall remarks as neutral because she did throw in some comments that could be construed as dovish on U.S. monetary policy.
- The index also pushed to a four-week high, to begin to suggest the greenback has put in a near-term market low. The dollar index had backed down a bit from its daily high.
- World stock markets were mostly weaker overnight, as some risk aversion is back in the marketplace following Monday's latest salvo from North Korea, in which the isolated nation said the U.S. had declared war on it.
- North Korea also said it had the right to shoot down U.S. warplanes outside of its air space. However, traders and investors are getting somewhat desensitized to the war of words between the U.S. and North Korea. Still, safe-haven demand and bargain hunters willing to buy any dips. It would not be surprising to see bargain buyers step in.

### 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

# Commodity News

Wednesday, September 27, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Sep 26	10:00	JPY Small Business Confidence (SEP)	Medium	49.4	49.5	49
Wed Sep 26	11:00	CHF UBS Consumption Indicator (AUG)	Medium	1.53		1.46
Wed Sep 26	11:00	JPY Machine Tool Orders (YoY) (AUG)	Low	36.2		36.3%
Wed Sep 26	01:00	CHF Credit Suisse Survey Expectations (SEP)	Low	28		25
Wed Sep 26	04:00	USD MBA Mortgage Applications (SEP 22)	Medium			-9.7%
Wed Sep 26	05:30	USD Durable Goods Orders (AUG)	High		1.0%	-6.8%
Wed Sep 26	07:00	USD Pending Home Sales (YoY) (AUG)	Medium			-0.5%
Wed Sep 26	07:30	USD DOE U.S. Crude Oil Inventories (SEP 22)	Medium		2354.57k	4591k
Wed Sep 26	08:45	CAD Speech - Stephen S. Poloz, Governor	High			

Source: Forex Factory, DailyFX

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