

Gold

Technical

Gold markets rallied a bit during the trading session on Monday, as we have reached as high as \$1339. We pulled back a bit since then, as we are trying to find the floor in the market. I think that we are trying to accumulate a bit of bullish pressure, but it is going to be very difficult to do. Once we do get the bullish pressure though, and more importantly once we break above the \$1340 level, the market should then go looking towards the \$1350 level above. A break above there sends this market much higher, and I believe opens the doors to the \$1400 level which is vital. We are starting to see buyers reenter the market, showing that in fact there are people willing to pick up dips, so therefore I do remain generally positive when it comes to gold. I think that we will eventually go looking towards the \$1400 level, and once we get beyond there, it becomes more of a “buy-and-hold” situation.

Pivot:	1,343		
Support	1,335	1,332	1,327
Resistance	1,351	1,357	1,362

Source: FX EMPIRE

Highlights

- Gold prices edged higher today but did not see a larger safe-haven boost from tumbling equity markets
- World stock markets nosedived for a fourth day running today
- Gold is seen as a safe-haven investment due to its ability to retain value even at times of financial or political uncertainty
- U.S. gold futures for April delivery rose 0.7 percent to \$1,345.90 per ounce
- The selling in equities largely stemmed from technical factors

Gold - Technical Indicators

RSI 14	45.56
SMA 20	1,268.2
SMA 50	1,251.1
SMA 100	1,268.3
SMA 200	1,278.8

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose today as a rout in global equities prompted investors to seek shelter in safe havens such as gold, although expectations of more U.S. rate hikes this year weighed on the market.
- Spot gold was up 0.3 percent to \$1,342.95 per ounce following Monday's 0.5 percent gain. Prices fell 1.2 percent on Friday, the most since Dec. 7, 2017, after stronger-than-expected U.S. payrolls data shored up expectations that a pick-up in inflation will spur further rate hikes this year, boosting the dollar, in which it is priced.
- U.S. gold futures for April delivery rose 0.7 percent to \$1,345.60 per ounce today. ANZ analyst Daniel Hynes said he suspected an even bigger rally in prices considering the correction in the equity markets.
- The rate hikes have already been priced in by the market but it's certainly got the ability to temper the upside in gold prices. Asian shares fell sharply after Wall Street suffered its biggest decline since 2011 on Monday as investors' faith in factors underpinning a bull run in markets began to crumble.
- Gold is seen as a safe-haven investment due to its ability to retain value even at times of financial or political uncertainty. It is also used as a hedge against inflation.
- Last week, the U.S. Federal Reserve kept interest rates unchanged but said inflation likely would rise this year and hinted at "further gradual" rate increases. The yellow metal is highly sensitive to rising U.S. interest rates, as these increase the opportunity cost of holding non-yielding bullion, while boosting the greenback.
- Spot gold may retest a resistance at \$1,354 as it seems to have stabilised around a support at \$1,326 per ounce, according to Reuters technical analyst Wang Tao.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil markets have fallen significantly yesterday, dropping almost 2% as I record this. It looks as if the market is going to try to reach the \$63 level, an area that has been massively supportive. I believe that the market will eventually find reasons to go higher, but longer-term it's likely that the support will come back into the market and give you an opportunity to pick up a bit of value. However, if we were to break down below the \$62 level, then I think the market could fall apart. If you want to sell crude oil, you have already missed the move. Brent markets have fallen rather hard during the trading session on Monday, slicing towards the \$67.50 level. There's more support below at the \$67 level, and the \$66 level. At this point, I would hesitate to sell this market, because I think you could find buyers below, and a lot of this is more or less going to be a correction.

Pivot:	63.53		
Support	62.95	62.50	61.80
Resistance	64.45	65.15	65.50

Source: FX EMPIRE

Highlights

- Oil prices slumped today, extending falls from the previous session
- Global financial markets tumbled lower in the wake of one of the biggest intra-day falls ever registered on Wall Street
- Crude futures were at \$63.64 a barrel, down 51 cents, or 0.8 percent, from their last settlement
- The fall in crude futures is mainly attributable to a global sell-off in equities
- Financial markets went into a tailspin on Monday after a sharp rise in U.S. bond yields that raised alarms over rising inflation

Crude - Technical Indicators

RSI 14	70.56
SMA 20	48.54
SMA 50	46.40
SMA 100	47.24
SMA 200	52.06

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil fell for a third day today, as a rout in global equities triggered losses across bonds, cryptocurrencies and commodities, although the crude price is in positive territory so far this year.
- Even with Wall Street stocks posted their largest one-day fall since late 2011 in yesterday's trading session and measures of volatility spiking to multi-year highs, reflecting heightened investor nervousness, oil has not suffered to the same extent.
- Brent crude futures were down 35 cents on the day at \$67.27 a barrel, still up 1 percent so far in 2018. U.S. West Texas Intermediate crude futures eased by 25 cents to \$63.90.
- Since the S&P 500 hit a record high on Jan. 26, the index has lost 8 percent. Oil, in contrast, has lost 4.5 percent, while cryptocurrency bitcoin has lost half its value.
- A factor that could insulate oil to some extent against a bigger rout is the structure of the forward curve, where the prompt futures contract is trading well above those for delivery further in the future.
- Longs have not yet started to flock to the exit door. If that happens, it will make the buying opportunity even better for the oil consumers who buy oil on the forward curve.
- Financial markets went into a tailspin on Monday after a sharp rise in U.S. bond yields raised concern over a possible increase in inflation and potentially higher interest rates.
- Oil has been caught between the opposing forces of a 1.8 million barrels per day (bpd) cut in supply by the OPEC and Russia, and a surge in U.S. crude output above 10 million bpd, its highest since the 1970s.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets continue to be very difficult to deal with, as we had initially rally during the trading session on Monday, reaching as high as the \$16.90 handle. We rolled over from there, showing signs of weakness again as the Americans sold off the stock markets, crypto currencies got absolutely crushed, and of course the bond markets were out of kilter. This is a market that is selling off in fear more than anything else, and I think we are going to go down to the \$16.50 level next. That's an area that should be supportive, and if we were to break down below there, the market probably goes looking towards the \$16 level after that. Currently, I look at the \$17 level as a bit of a "ceiling", and I think if we can break above there then we will make a move to the \$17.25 level. After that, the \$17.50 level, and the \$18.50 level which I see as a massive resistance barrier on the longer-term charts.

Pivot:	16.89		
Support	16.64	16.53	16.40
Resistance	17.08	17.25	17.39

Source: FX EMPIRE

Highlights

- Recent data showed stronger U.S hiring and wages boosted the prospects for a more aggressive approach to raise rates
- U.S stocks traded sharply lower yesterday, part of a broader global equity selloff
- Silver-focused iShares Silver Trust added 0.8% in yesterday's dealings
- The 10-year yield has been trading around levels last seen four years ago, after Friday's monthly jobs report revealed a jump in wage growth
- ISM nonmanufacturing index surged in January to a 13-year high

Silver - Technical Indicators

RSI 14	19.80
SMA 20	17.27
SMA 50	16.72
SMA 100	16.85
SMA 200	16.87

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver markets ended the yesterday's U.S trading session near unchanged levels in two-sided trading. A bit of safe-haven demand was featured as world equity markets are selling off, led by strong down-moves in the U.S. stock indexes.
- However, a rally in the U.S. dollar index to start the trading week worked to mitigate buying interest in the precious metals markets. March Comex silver was last down \$0.019 at \$16.69 an ounce.
- World stock markets were mostly lower Monday. U.S. stock indexes were posting sharp losses in early-afternoon trading. The U.S. stock indexes saw bearish weekly low closes last Friday, which are technical clues near-term market tops are in place.
- Worries about rising interest rates and inflation worldwide, as evidenced by rising world bond yields, have spooked the global equities markets. Look for gains in the safe-haven gold and silver markets if the world stock markets remain under solid pressure this week.
- Money flows out of paper assets (stocks and bonds) will benefit the hard assets, including precious metals. Steady money flows out of the overly inflated world stock markets would continue to support the metals, and quite possibly for quite some time to come. Data showed that the Institute of Supply Management nonmanufacturing index surged in January to a 13-year high also put some pressure on gold prices Monday.
- The 10-year yield has been trading around levels last seen four years ago, after Friday's monthly jobs report revealed a jump in wage growth. That stoked inflation fears and, in turn, concerns that the Fed will increase interest rates faster than expected. Jerome Powell formally took over as chairman of the Federal Reserve yesterday, replacing Janet Yellen.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	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
Fri Feb 06	05:30	AUD Trade Balance (DEC)	Medium	-A\$1358m	A\$200m	A\$36m
Fri Feb 06	05:30	AUD Retail Sales Ex Inflation (QoQ) (4Q)	Medium	0.9%	1.0%	0.1%
Fri Feb 06	08:30	AUD RBA Cash Rate Target (6 FEB)	High	1.50%	1.50%	1.50%
Fri Feb 06	12:00	EUR German Factory Orders n.s.a. (YoY) (DEC)	Medium	7.2%	3.1%	9.1%
Fri Feb 06	14:10	EUR Markit Germany Retail PMI (JAN)	Medium	53.0		55.1
Fri Feb 06	14:10	EUR Markit Eurozone Retail PMI (JAN)	Low	50.8		53.0
Fri Feb 06	18:30	CAD International Merchandise Trade (Canadian dollar) (DEC)	Low		-2.20b	-2.54b
Fri Feb 06	18:30	USD Trade Balance (DEC)	Medium		-\$52.0b	-\$50.5b
Fri Feb 06	20:00	USD JOLTS Job Openings (DEC)	Low			5879

Source: Forex Factory, DailyFX

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