

## Gold

### Technical

Gold markets have fallen significantly during the trading session on Tuesday, slicing through the \$1325 level. It now looks as if we are trying to reach the \$1300 level, which of course is psychologically important. If we were to break down below there, then I think gold markets will unwind quite a bit. However, the US dollar strengthening could be a short-term phenomenon, and therefore it could keep the downward pressure temporary in gold at best. If we do break above the \$1325 level again, that should send this market much higher. I don't have any interest in trying to catch a falling knife though, so waiting on a break above that level, or perhaps even a bounce from the \$1300 level is probably the way to go. If we break down below the \$1300 level, then it's likely that we will find support at the \$1275 level next. The market is very technical and tends to go from one large number to the next.

Pivot:	1,312		
Support	1,306	1,302	1,296
Resistance	1,319	1,325	1,332

Source: FX EMPIRE

### Highlights

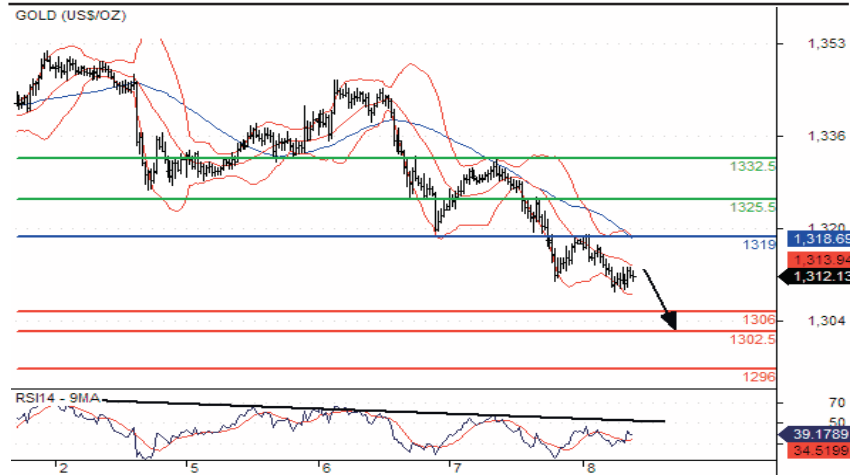
- Gold slipped as the dollar strengthened and global shares clawed their way off two-month lows
- The precious metal was underpinned by the view that the dollar's bear run remains in place despite rate hike expectations
- Gold seen as a safe haven asset has failed to capitalise this week
- World stocks clawed their way back from two-month lows on Wednesday, though momentum was weak
- A stronger dollar makes dollar-priced gold costlier for non-US investors

### 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 dropped for a third straight session today and hit a fresh four-week low, as investors liquidated their long positions on a firmer dollar, while expectations of more U.S rate hikes this year also weighed on the market.
- Spot gold was down 0.4 percent at \$1,312.41 per ounce, after hitting its lowest since Jan. 10 at \$1,309.51 earlier in the session. U.S gold futures for April delivery were nearly flat at \$1,314.50 per ounce.
- The dollar rose yesterday, marking its biggest one-day gain in more than three months against a basket of currencies. It was steady at 90.269 today in European session.
- There was consistent selling on Comex. And offers above the \$1,320 cash level were enough to prevent an advance. Spot gold slowly began to work its way lower with ongoing liquidation seen from managed money and leveraged clients - those who were still buying aggressively above \$1,340.
- Asian shares flirted with six-week lows today, while U.S. stocks finished lower on Wednesday, losing ground late in the session as a jump in Treasury yields kept investor nervousness high.
- The U.S Federal Reserve will stick to its plan for "steady, gradual" interest-rate increases, San Francisco Federal Reserve Bank President John Williams said on Wednesday despite market gyrations and strong data on U.S. wage growth that has bond traders pricing in faster rising inflation.
- Hikes in interest rates lead to higher bond yields and dampen the demand for non-yielding gold. The yellow metal is also used as a hedge against inflation. The shifting Fed narrative that is gathering hawkish following could be the most significant thorn in the gold bulls side. Holdings at SPDR Gold Trust, the world's largest gold-backed exchange-traded fund (ETF), dropped 0.29 percent to 826.90 tonnes.

### 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 market fell hard during the session on Tuesday, as for the 2nd week in a row we have seen a build in US crude oil inventory. This is a very bad sign, and as the market has dropped 3 1/2% almost immediately, we are now pressuring a significant uptrend line. It looks as if we are going to break down below it, and that we are going to go looking towards the \$60 handle. At this point, any time we rally, I suspect there will be people willing to jump into this market and start selling, as there is so much bearish noise in the market. Shale producers have gotten aggressive again, as one would expect with the high pricing that we had seen. Several hedge fund managers that I have spoken to have bailed on this market. The Brent market has fallen apart during the trading session on Tuesday, as we have seen so much in the way of oversupply reenter the market.

Pivot:	61.64		
Support	61.05	60.50	59.95
Resistance	62.85	63.30	63.95

Source: FX EMPIRE

### Highlights

- Oil prices fell for a fourth straight session after government data showed U.S. crude and fuel stockpiles rose last week
- U.S. production hit a fresh record high of 10.25 million barrels per day
- Crude futures ended yesterday down \$1.60, or 2.5 percent, to \$61.79 a barrel
- Crude futures were caught up in a broad market sell-off earlier in the week
- U.S. commercial crude inventories rose by 1.9 million barrels to 420.3 million in the week through Feb. 2

### 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 prices hit their lowest in six weeks today after data showed U.S. crude output had reached record highs and the North Sea's largest crude pipeline reopened following an outage.
- The rise in U.S. 10-year government bond yields to their highest in four years this week has put the dollar on track for its biggest weekly rise since November 2016, making it more profitable for non-U.S. investors to sell dollar-denominated assets such as oil.
- Brent crude futures were down 14 cents at \$65.37 a barrel today in Asian session, having hit a 2018 low of \$65.10. U.S. futures were down 15 cents at \$61.64 a barrel.
- Brent futures have lost around 8 percent in value since reaching a four-year high above \$71 in late January, and investors in crude are still sitting on one of the largest bullish positions in history.
- Oil prices were dented by the restart of the Forties pipeline in the North Sea, following an outage the previous day. The Forties pipeline, which carries around a quarter of all North Sea crude output and roughly a third of Britain's offshore natural gas production, shut on Wednesday for the second time in two months, following a valve closure at its Kinneil facility in Scotland.
- The U.S. Energy Information Administration (EIA) this week upped its 2018 average output forecast to 10.59 million barrels per day, up 320,000 bpd from its last forecast just a week earlier.
- At 10.25 million bpd, U.S. output is now higher than the previous 10.044 million bpd record from 1970 and above that of top exporter Saudi Arabia. U.S. crude inventories rose 1.9 million barrels in the week to Feb. 2, to 420.25 million barrels.

### 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 have broken down rather significantly during the day, but I think that we will continue to see bearish pressure, as the market is probably going to go looking towards the \$16 level. That being said, a lot of this is based upon the US dollar strengthening, and if it continues to do so, we could see 6 teen dollars it rather quickly. The alternate scenario of course is that things turn around and Silver markets climb above the \$16.50 level, which would of course be very positive. I think that the market continues to be very volatile, but that's nothing new for silver traders. Silver is not a market that I like trading for short-term gains, I believe it's more of an investment than a trade, so I look at these pullbacks like this as opportunities to pick up Silver "on the cheap." I would suspect that somewhere closer to the \$16 level, there should be a lot of support underneath.

Pivot:	16.35		
Support	16.15	16.07	15.92
Resistance	16.41	16.55	16.65

Source: FX EMPIRE

### Highlights

- Spot silver fell 1.7 percent at \$16.35 per ounce after dropping to \$16.26, its lowest since Dec. 22.
- A higher U.S Dollar index is working against the precious metals market bulls so far
- Gold continues to experience pressure as investors generate liquidity in the wake of the global equity shakeout
- Volatility is back in the stock and financial markets, after a long period
- The next downside price breakout for the bears is closing prices below solid support at \$16.00

### 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

- Precious metal prices held on to losses from the previous session early today, after the precious metal fell to four-week lows on a firmer dollar amid expectations of more U.S interest rate hikes.
- U.S stocks finished lower yesterday, losing ground late in the session as a jump in Treasury yields kept investor nervousness high. Yesterday's lower close in stocks followed another choppy trading session, suggesting that investors are still jittery after the recent steep selloff in equities.
- Benchmark Treasury yields rose on Wednesday after the weak demand in the U.S. Treasury Department auction of new 10-year notes and the U.S. Senate reached a budget deal, possibly adding to pressure on stocks.
- The Federal Reserve will stick to its plan for "steady, gradual" interest-rate increases, San Francisco Federal Reserve Bank President John Williams said Wednesday despite market gyrations and strong data on U.S. wage growth that has bond traders pricing in faster rising inflation.
- However, sluggish price increases in the United States give the Federal Reserve room to hold off on interest rate increases until at least mid-2018, Chicago Federal Reserve President Charles Evans said.
- The U.S. dollar rose yesterday, marking its biggest one-day gain in more than three months against a basket of currencies. It was steady at 90.289 in today's trading session.
- Much of the dollar's advance stemmed from euro's weakness in the wake of reports that the leader of Germany's Social Democrats (SPD), Martin Schulz, would not be taking over as finance minister for Europe's biggest economy. U.S. congressional leaders reached a two-year budget deal to raise government spending by almost \$300 billion.

### 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

# Commodity News

Thursday, February 08, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Feb 08	01:00	NZD RBNZ Official Cash Rate (8 FEB)	High	1.75%	1.75%	1.75%
Thu Feb 08	01:00	USD Consumer Credit (DEC)	Medium	\$18.447b	\$20.000b	\$31.019b
Thu Feb 08	04:50	JPY Trade Balance - BOP Basis (Yen) (DEC)	Medium	¥538.9b	¥520.4b	¥181.0b
Thu Feb 08	05:01	GBP RICS House Price Balance (JAN)	Medium	8.0%	5.0%	8.0%
Thu Feb 08	08:41	CNY Trade Balance (JAN)	Medium	\$20.34b	\$54.65b	\$54.69b
Thu Feb 08	17:00	GBP Bank of England Bank Rate (8 FEB)	High	0.50%	0.50%	0.50%
Thu Feb 08	17:00	GBP Bank of England Inflation Report	High			
Thu Feb 08	18:15	CAD Housing Starts (JAN)	Medium		210.0k	217.0k
Thu Feb 08	18:30	USD Initial Jobless Claims (3 FEB)	Medium		233k	230k

Source: Forex Factory, DailyFX

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