

## Gold

### Technical

Gold markets continue to be choppy, but I think we will continue to go to the upside, perhaps looking towards the \$1325 level above, and then eventually the \$1350 level. I think that pullbacks offer value, as the US dollar continues to fall in general. That translates to higher pricing in the precious metals markets, which of course gold is the benchmark. I think that the \$1300 level below should be the “floor” going forward, and that being the case it’s likely that we will not build a breakdown below there. If we did, that could change everything, but in the meantime, I think that you should look at it as the support. Longer-term, I anticipate that the market is going to go looking towards the \$1400 level, as it is a major inflection point on the longer-term charts. With the jobs number coming out on Friday, it’s likely that we will get a bit of action in the US dollar towards the end of the week.

Pivot:	1,310		
Support	1,305	1,301	1,296
Resistance	1,316	1,322	1,326

Source: FX EMPIRE

### Highlights

- Gold prices eased early today, extending losses from the previous session
- The precious metal retreated due to a firmer U.S. Dollar on expectations of further U.S. interest rate hikes
- The yellow metal hit its highest since Sept. 15 at \$1,321.33 yesterday
- Gold fell further after the Fed released minutes of its December policy meeting
- Although the Federal Reserve meeting minutes showed some disagreement between policy hawks and doves

### Gold - Technical Indicators

RSI 14	57.31
SMA 20	1,240.3
SMA 50	1,254.1
SMA 100	1,254.6
SMA 200	1,271.4

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold steadied today in Asian session after hitting a 3-1/2 month high in the previous session as profit-taking set in amid worries over looming U.S. rate hikes, while palladium touched its highest ever levels on tight supplies and bets on growing demand.
- The U.S. Dollar hit a 3-1/2 month low versus the euro amid optimism about the euro zone economy but gold, which tends to move counter to the greenback, was unable to capitalise on the dollar weakness given its recent gains.
- Gold is beginning to look over-valued. Our fair value for gold assuming a U.S. rate hike in March and June is around \$1,230 so at current prices it looks expensive, said James Butterfill, head of research at ETF Securities.
- He added, however: Gold is being used very much as an insurance policy against geopolitics and uncertain monetary policy, that’s why we think its likely to continue to range trade between \$1,200-1,300 over the next six months.
- Spot gold edged up 0.1 percent at \$1,313.68 an ounce, while U.S. gold futures dropped 0.3 percent to \$1,314.80 an ounce. Spot gold marked its highest since Sept. 15 at \$1,321.33 on Wednesday, but then dropped as the dollar recovered after minutes from the Federal Reserve’s December policy meeting bolstered expectations for more U.S. interest rate hikes.
- The U.S. currency was also given a boost on Wednesday by strong manufacturing and construction data. Gold is highly sensitive to rising U.S. interest rates as they increase the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- People are looking to lock in some gains after a pretty strong rally over the past weeks. Geopolitical issues have certainly been a huge power point of gold’s rally into the year-end, it is going to be a U.S. dollar type story going forward with markets taking a neutral view.

### 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 initially went sideways during the trading session on Wednesday, but then shot towards the \$61.50 level above. The market looks likely to roll over from here though, because we have seen so much in the way of an overextension. A pullback should be a buying opportunity though, with the \$60 level below possibly offering a bit of a "floor." I think that the market is probably going to go looking towards the \$62.50 level above which is a larger timeframe area that the market has paid attention to before. In general, I believe that the following US dollar will continue to help, and of course the writing and Iran will continue to have a lot of traders nervous about the Middle East. Brent markets went slightly sideways initially during the trading session on Wednesday, but then shot towards the \$67.50 level. A pullback from there is an opportunity to go long.

Pivot:	62.19		
Support	61.30	60.65	60.10
Resistance	62.40	62.75	63.20

Source: FX EMPIRE

### Highlights

- Oil climbed as optimism on the global economy, cold weather and political unrest bolstered a market
- Crude is having its best start to a year since 2012, after hitting \$62 a barrel
- Swollen inventories in the U.S are declining and could shrink further as winter storms boost demand for heating fuel
- The rise in oil prices has mainly been caused by the freezing polar vortex hitting the U.S
- Oil has risen for two years running as the OPEC led a coalition of oil producers in cutting output

### Crude - Technical Indicators

RSI 14	54.05
SMA 20	48.33
SMA 50	47.10
SMA 100	47.26
SMA 200	50.65

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices today in Asian session hit their highest in more than two and a half years, touching levels not seen since before a slump in commodity markets in 2014/15, boosted by tensions in key producer Iran and by ongoing OPEC-led output cuts.
- Prices were also buoyed by Asia's stock markets, which flirted with 10-year highs today amid strong data from leading economies including the United States, Japan and Germany.
- U.S West Texas Intermediate (WTI) crude futures were at \$62.16 a barrel, up 53 cents, or 0.9 percent, from their last close. They touched \$62.21 shortly before, their highest level since May 2015. Brent crude futures, the international benchmark for oil prices - were at \$68.23 a barrel, up 39 cents, or 0.9 percent, after revisiting a May 2015 high of \$68.27 shortly before.
- Beyond a brief intraday spike in May, 2015, these were the highest crude price levels since December, 2014, at the start of the oil price downturn. Freezing weather in the United States has also spurred short-term demand, especially for heating oil.
- The market is clearly getting more bullish on oil as inventory levels get closer to the five-year average. Geopolitical uncertainty in Iran, OPEC's third largest producer, is also helping to support the price as citizens are again protesting the government.
- Iran's elite Revolutionary Guards have deployed forces to three provinces to put down anti-government unrest that has been ongoing for a week, their commander said yesterday.
- In the United States, crude oil inventories fell by 5 million barrels in the week to Dec. 29 to 427.8 million barrels, industry group the American Petroleum Institute said yesterday.

### 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



# Commodity News

Thursday, January 04, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jan 04	06:45	CNY Caixin China PMI Services (DEC)	Medium	53.9	51.8	51.9
Thu Jan 04	12:00	GBP Nationwide House Px n.s.a. (YoY) (DEC)	Medium	2.6%	2.0%	2.5%
Thu Jan 04	14:30	GBP Net Consumer Credit (NOV)	Medium	1.4b	1.5b	1.4b
Thu Jan 04	14:30	GBP Net Lending Sec. on Dwellings (NOV)	Medium	3.5b	3.4b	3.3b
Thu Jan 04	14:30	GBP Mortgage Approvals (NOV)	Medium	65.1k	64.1k	64.9k
Thu Jan 04	14:30	GBP Markit/CIPS UK Services PMI (DEC)	Medium	54.2	54	53.8
Thu Jan 04	18:15	USD ADP Employment Change (DEC)	Medium		190k	190k
Thu Jan 04	18:30	USD Initial Jobless Claims (DEC 30)	Medium		248k	245k
Thu Jan 04	21:00	USD DOE U.S. Crude Oil Inventories (DEC 29)	Medium			-4609k

Source: Forex Factory, DailyFX

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