Gold

Technical

Gold markets continued to drift a little bit lower during the trading session on Tuesday, as we have run out of steam. I think there is massive amounts of support near the $1300 level though, so it's only a matter of time before the buyers get involved. If we were to break down below the $1300 level, it's likely that the market could drift even lower. I like the idea of buying gold on short-term pullbacks, and I think that eventually we will see bullish pressure reaching to the upside. If we can break above the $1325 level, I think that the market is free to go to the $1350 above. I think that gold markets will continue to move in response to the US dollar and what it's doing, and over the last couple of days it has strengthen, which of course is negative to gold traders. I don't have any interest in shorting, at least not until we break down significantly below the $1300 level.

Pivot:	1,314		
Support	1,306	1,300	1,295
Resistance	1,316	1,321	1,326

Source: FX EMPIRE

Highlights

- Gold edged lower yesterday, weighed down by a stronger U.S dollar
- The dollar was up 0.2 percent against a basket of major currencies yesterday
- Investors bet on further US rate hikes in 2018 after Friday's jobs data
- The euro is being weighted down on concerns about upcoming Italian elections, problems forming a German government
- Global gold-backed, exchange-traded funds added 197.5 tonnes in 2017, an 8.4 percent increase, the World Gold Council said

Gold - Technical Indicators

RSI 14	40.50
SMA 20	1,241.7
SMA 50	1,253.8
SMA 100	1,256.1
SMA 200	1,272.2

Source: FX EMPIRE

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold jumped to its highest in nearly four months as the dollar tumbled to a six-week low versus the Japanese yen and slid against the euro, lifting assets priced in the U.S. currency and offsetting a rise in global yields.
- The dollar fell as much as 1.2 percent against the yen after the Bank of Japan's move to trim its long-dated government bond purchases earlier this week, putting the U.S. currency on track for its biggest two-day drop in nearly eight months.
- The BoJ move also lifted bond yields across the world, generally a negative factor for gold as it increases the opportunity cost of holding non-interest bearing bullion. However, the impact of the dollar's fall outweighed that factor.
- Spot gold was up 0.9 percent at $1,324.40 an ounce, having earlier touched its highest since Sept. 15 at $1,326.56. U.S. gold futures for February delivery were up $11.50 an ounce at $1,325.20.
- The story in the markets right now is most certainly the yen story, and that is going to provide enough support to gold for the yield story to be ignored. We are seeing underlying demand for gold here as the year kicks off.
- The dollar's slide against the yen also saw it move lower against the euro, with the single currency up 0.6 percent versus the U.S. unit. Major government bond yields hit multi-month highs on Wednesday as investors reevaluated the likelihood of continued easy-money policies by the world's major central banks following the BoJ move. The 10-year U.S. Treasury yield hit 2.57 percent for the first time since March.
- Among other metals, palladium was down 0.1 percent at $1,098.50 an ounce, after hitting a record high on Tuesday at $1,111.40. Tightening emissions standards and a switch away from diesel cars to more palladium-heavy gasoline models has shored up demand expectations.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

Commodity News

Wednesday, January 10, 2018

Crude Oil

Technical

Crude Oil market initially went sideways yesterday, but then pulled back slightly to find support underneath. By doing so, the market continues the uptrend, breaking above the $62.50 level. I think at this point, we will probably continue to go to the upside, perhaps reaching towards the $63 level next, and then eventually the $65 level which I think is much more significant resistance. The uptrend line on the chart has held rather significantly, and I think that continues to be the story here: buying on the dips. I believe that the "floor" in the short-term trend to the upside is probably the $60 handle. I expect volatility, because there are a lot of conflicting areas of interest when it comes to crude oil, as the OPEC and Russian governments have suggested that they are going to cut back on production, and of course there are concerns about any type of tension in the Middle East.

Pivot:	63.50		
Support	62.85	62.30	61.80
Resistance	64.00	64.80	65.80

Source: FX EMPIRE

Highlights

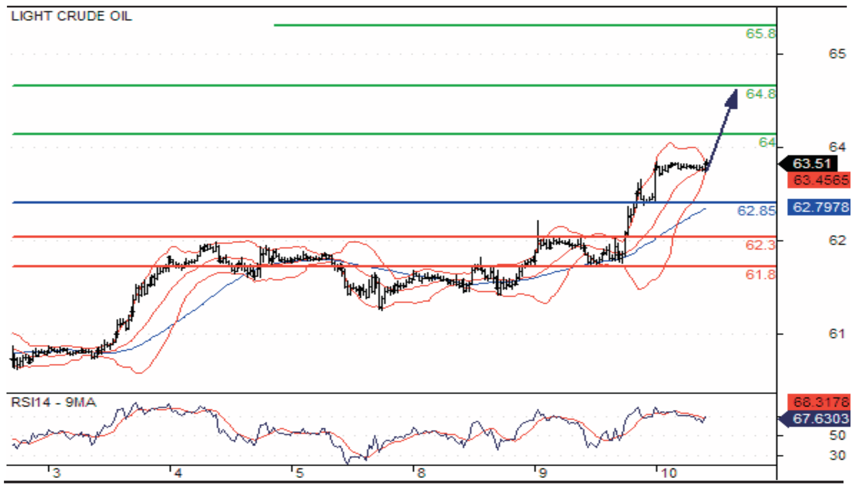
- Oil is continuing its advance after a second annual gain the OPEC and its allies trim supply to drain a global glut
- The group is facing the challenge of rising U.S crude output, which the EIA expects to rise above 10 million barrels a day
- WTI for February delivery rose as much as 61 cents to $63.57 a barrel
- Prices advanced $1.23 to $62.96 yesterday, the highest close since Dec 2014
- U.S crude inventories probably dropped by 3.75 million barrels last week

Crude - Technical Indicators

RSI 14	35.97
SMA 20	48.63
SMA 50	46.94
SMA 100	47.24
SMA 200	50.86

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- U.S. oil prices hit their highest since 2014 today as OPEC-led production cuts and healthy demand helped to balance the market, but analysts warned of possible overheating.
- A broad, global market rally, including stocks, has also been fuelling investment into crude oil futures. U.S. West Texas Intermediate (WTI) crude futures were at $63.42 a barrel, up 46 cents. Earlier prices rose to $63.57, the highest since Dec. 9, 2014.
- The extension of the OPEC agreement and declining inventories are all helping to drive the price higher. The Organization of the Petroleum Exporting Countries, together with Russia and a group of other producers, last November extended an output-cutting deal to cover all of 2018.
- The cuts were aimed at reducing a global supply overhang that had dogged oil markets since 2014. The American Petroleum Institute said late on Tuesday that U.S. crude inventories fell by 11.2 million barrels in the week to Jan. 5, to 416.6 million barrels.
- This came as the U.S. Energy Information Administration (EIA) raised its 2018 world oil demand growth forecast by 100,000 barrels per day (bpd) from its previous estimate. Official Energy Information Agency stocks data is due later in today's trading session.
- Amid the bull run, which has pushed up crude prices by more than 13 percent since early December, there are indicators of an overheated market. In the United States, crude oil production C-OUT-T-EIA is expected to hit 10 million pd next month, leaving only Russia and Saudi Arabia at higher levels.
- In Asia, the world's biggest oil-consuming region, refiners are suffering from high prices and ample fuel supplies. Asian oil prices are higher than in the rest of the world.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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 drifted a little bit lower yesterday as the US dollar has strengthened during the day. The market looks likely to continue to be volatile, and as we are testing a gap, we could find buyers. At this point, I still prefer the upside overall, but if we were to break down below the $16.80 level, that could change the outlook for the short term. I think that there are plenty of reasons to think that the buyers will try to drive back towards the $17.25 level, but Silver tends to be choppy under the best of circumstances, so this move is not surprising at all. I believe that the market is essentially reacting to whatever the US dollar does, as it is a way to preserve value if the dollar is dropping. Pay attention to the Forex markets in general, and if the USD is struggling, that should be reason enough for Silver to go higher. If we can break above the $17.25 level, the market should then go to the $17.50 level.

Pivot:	17.00		
Support	16.87	16.80	16.70
Resistance	17.05	17.14	17.27

Source: FX EMPIRE

Highlights

- The U.S. Dollar firmed yesterday as investors shifted their focus to economic data, job openings and U.S Treasury yields
- Yesterday the U.S. Labor Department released its Job Openings and Labor Turnover Survey (JOLTS)
- Job openings increased in retail trade but decreased in other services
- The Treasury Department auctioned $24 billion in 3-year notes at a high yield of 2.08 percent
- Rising optimism over the outlook for U.S economic growth continued to drive the stock indexes higher

Silver - Technical Indicators

RSI 14	87.17
SMA 20	16.70
SMA 50	16.89
SMA 100	16.71
SMA 200	16.82

Source: FX EMPIRE

Silver Daily Graph

Source: Meta Trader

Fundamentals

- Silver prices ended lower in yesterday's trading session. A rebound in the U.S dollar index early this week is providing downside price pressure on the silver markets.
- Some normal profit-taking and chart consolidation are also featured after gold prices hit a 3.5-month high last week. February Comex gold was last down $5.50 an ounce at $1,314.90. March Comex silver was last down $0.094 at $17.05 an ounce.
- World stock markets were mostly firmer in overnight dealings. U.S. stock indexes are pointed toward firmer openings when the New York day session begins. The U.S indexes poked to new record highs again overnight.
- There continues to be little risk aversion in the world marketplace, at present, and that is a negative element for the safe-haven precious gold and silver markets.
- The key outside markets yesterday see the U.S. dollar index higher on another corrective bounce from recent selling pressure. While the greenback bears still have the overall near-term technical advantage, the bulls are out of the shoot in good fashion so far this week.
- Yesterday's U.S economic datas includes the weekly Johnson Redbook and Goldman Sachs retail sales reports, the NFIB small business index, the IDB/TIPP economic optimism index, and the World Bank's global economic prospects report.
- March silver bulls have the overall near-term technical advantage. Prices are still in a four-week-old uptrend. The next upside price breakout objective is closing futures prices above solid technical resistance at the October high of $17.59 an ounce.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Commodity News

Wednesday, January 10, 2018

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 10	06:30	CNY Producer Price Index (YoY) (DEC)	Medium	4.9%	4.8%	5.8%
Wed Jan 10	06:30	CNY Consumer Price Index (YoY) (DEC)	High	1.8%	1.9%	1.7%
Wed Jan 10	14:30	GBP Industrial Production (YoY) (NOV)	Medium	2.5%	1.8%	4.3%
Wed Jan 10	14:30	GBP Manufacturing Production (YoY) (NOV)	Medium	3.5%	2.8%	4.7%
Wed Jan 10	14:30	GBP Trade Balance (NOV)	Medium	-£2,800	-£1,500	-£2,270
Wed Jan 10	17:00	USD MBA Mortgage Applications (JAN 05)	Medium	8.3%		0.7%
Wed Jan 10	18:00	GBP NIESR Gross Domestic Product Estimate (DEC)	Medium	0.6%	0.5%	0.4%
Wed Jan 10	18:30	USD Import Price Index ex Petroleum (MoM) (DEC)	Medium		0.1%	0.1%
Wed Jan 10	20:30	USD DOE U.S. Crude Oil Inventories (JAN 05)	Medium		-3414k	-7419k

Source: Forex Factory, DailyFX

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