

Gold

Technical

Gold markets tried to rally during the trading session on Tuesday but rolled over to find the \$1340 level to offer resistance yet again. As a record this, we have tested the \$1330 level, the scene of a minor uptrend line. I believe that the buyers will probably return relatively soon, and therefore we will see a bounce. I think that the market is trying to build up enough momentum to go long, and break above the \$1340 level, to reach the \$1350 level after that. I believe there is more than enough reason to think that the uptrend is still intact, as there are supportive levels underneath. In fact, I believe that the market has a bit of a short-term “floor” in it at the \$1325 level, so it’s not until we break down below there that I would consider the uptrend in some type of trouble. Pay attention to the US Dollar, because if it falls, that should send this market higher as well.

Pivot:	1,344		
Support	1,336	1,331	1,328
Resistance	1,348	1,353	1,358

Source: FX EMPIRE

Highlights

- Gold prices rose yesterday as the U.S dollar fell to fresh three-year lows
- Gold was up 0.3 percent at \$1,337.36 an ounce after touching a one-week high
- The continuation of weakness in the Dollar is prompting support in commodities across the board
- The dollar index fell to a fresh three-year low against a basket of six currencies
- A weaker greenback makes dollar-denominated assets such as gold cheaper for holders of other currencies

Gold - Technical Indicators

RSI 14	45.44
SMA 20	1,267.2
SMA 50	1,252.1
SMA 100	1,256.3
SMA 200	1,277.8

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices edged up today, drifting near a four-month high hit last week, as the U.S. dollar sank to a fresh three-year low, while worries about potential trade wars led to some risk-aversion trade as well.
- Spot gold was up 0.1 percent at \$1,342.30 per ounce, while U.S. gold futures for February delivery rose 0.4 percent to \$1,342.30 per ounce. Gold could move higher as we are still in the early stages of a broader USD sell-off, with all eyes focused on 110 USD-JPY.
- The dollar touched a four-month low against the yen on simmering concerns that the U.S. currency's yield advantage will start to erode as major central banks head toward unwinding their massive stimulus.
- Against the yen, the dollar fell below the 110 threshold for the first time in four months. The dollar index fell to its lowest since Dec. 31, 2014, on a fresh burst of speculative selling.
- A weaker dollar makes bullion more attractive for holders of other currencies. Global investors are also concerned about potential trade wars, which is stirring up some risk-aversion trade, so that, in turn, is supporting gold.
- Yesterday, U.S President Donald Trump imposed import tariffs on washing machines and solar panels, putting a cloud over global trade at a time when its revival has fuelled hopes for a stronger world economy. Economists think gold prices will continue to trend higher along with other commodities, so \$1,400 an ounce is our near-term target.
- Markets also expect an U.S. interest rate hike in March. 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. Meanwhile, recent strong gains in equities weighed on the precious metal. Most Asian stock indexes are up anywhere from 5 to 10 percent since the start of the year.

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 dipped during the trading session on Tuesday but found enough support near the \$63.75 level to rally again. The market is choppy, but I think it is attracted to the \$65 level above, which has been resistance in the past. It's a large, round, psychologically significant number, and it's likely that the typical attraction to the round number will influence the market as oil markets are extraordinarily technical. If we can break above the \$65 level, the market is free to go much higher. In the meantime, I suspect that short-term pullbacks are buying opportunities for those who are nimble enough to take advantage of them. A breakdown below the \$63 level would be negative though. Brent markets initially pulled back during the trading session on Tuesday, testing the \$69 level for support. We found enough there to send the market higher, reaching towards the \$70.

Pivot:	64.43		
Support	64.05	63.70	63.35
Resistance	64.90	65.40	65.80

Source: FX EMPIRE

Highlights

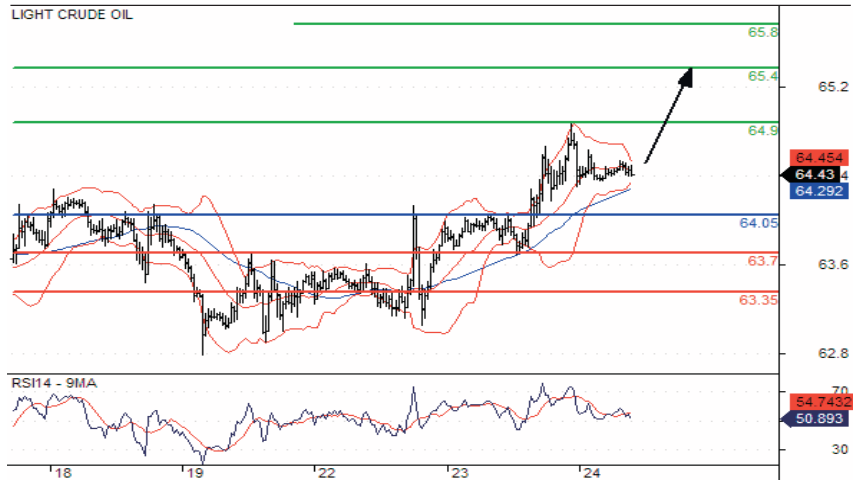
- Oil prices slipped from a rise in U.S. crude and gasoline inventories although crude remained near three-year highs
- The API said crude inventories rose by 4.8 million barrels in the latest week
- Official U.S government inventory data is due later in the day
- Refiners are in the midst of maintenance with many plants planning to take down key process units in February
- OPEC is more focused on the price of oil and short-term revenues

Crude - Technical Indicators

RSI 14	55.83
SMA 20	48.93
SMA 50	46.53
SMA 100	47.26
SMA 200	51.85

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices slipped today in Asian trading session, under pressure from a rise in U.S crude and gasoline inventories although crude remained near three-year highs.
- Brent futures eased 24 cents to \$69.72 a barrel, after climbing above \$70 this month for first time since 2014. U.S West Texas Intermediate (WTI) futures were unchanged at \$64.47 a barrel.
- The American Petroleum Institute said on Tuesday crude inventories rose by 4.8 million barrels in the latest week, compared with expectations for a decline of 1.6 million barrels. Gasoline inventories also rose.
- Official U.S government inventory data is due out later today and will be watched to see if the numbers confirm a rise. The market has rallied by 50 percent and a lot of investors have been involved for a long time.
- Money managers hold more bullish positions in crude futures and options than at any time on record, which has been encouraged by falling global inventories on the back of supply cuts by Organisation of Petroleum Exporting Countries, Russia and its allies.
- But some traders are showing signs of seeking protection against a fall in crude prices. Trading data shows open interest for Brent put options for a selling at \$70, \$69 and \$68 per barrel has climbed since the middle of last week. The rising options to sell were a result of huge amounts of long positions that have been built up in past months.
- Economists said oil prices were unlikely to fall far as markets were supported by strong global economic growth pushing up oil demand and output restraint by the Organization of the Petroleum Exporting Countries, Russia and others. The deal to withhold output started in January last year and is currently set to last through 2018.

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 were reasonably quiet during the trading session on Tuesday, but then broke down as the Americans jumped on board. We are now below the \$17 level handily, but I think there is support at the \$16.75 level, and then at the \$16.50 level as well. I think that the market should eventually find plenty of buyers underneath but waiting for stabilization is probably the best way to go. Otherwise, if you are a bit more willing to take risk, you could jump in now and add as the market turns in your favor. However, that is relying on the market to stabilize ahead of its reason to, beyond the idea that we will simply continue to go sideways overall. If we break above the \$17 level, the market should then go looking towards the next resistance barrier, the \$17.50 level. Short-term traders will probably do quite well in range bound systems once we slowdown.

Pivot:	17.13		
Support	16.96	16.88	16.73
Resistance	17.20	17.29	17.42

Source: FX EMPIRE

Highlights

- Silver was gained yesterday after touching a \$3-1/2-week low of \$16.73
- The silver ended the U.S day session moderately higher, as some mid-morning selling pressure was quickly pounced on by bulls
- There has been no fresh, major fundamental news to drive the safe-haven metal higher early this week
- A slumping U.S dollar index also worked in favor of the precious metals
- The U.S government reopened yesterday after a three-day shutdown

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 prices rose yesterday as the U.S. dollar fell to fresh three-year lows, but an end to uncertainty created by a three-day U.S. government shutdown capped gains.
- The continuation of weakness in the dollar is prompting support in commodities across the board. The dollar index fell to a fresh three-year low against a basket of six currencies, after data showed euro zone consumer confidence jumped much more than expected in January, underlining the strong momentum in its economy.
- A weaker greenback makes dollar-denominated assets such as gold and silver cheaper for holders of other currencies. Precious metals were virtually unaffected by the shutdown in the previous session. Bullion traded in a tight range after the U.S Senate voted to pass a temporary spending plan through Feb. 8 to end the government shutdown.
- Equity markets have since gained, however some market participants are pacing for a correction, said Josh Graves, senior commodities strategist at RJO Futures in Chicago. "Equities are getting overdone, so you're seeing more guys positioning for at least a short-term correction."
- Markets are also anticipating an expected U.S interest rate increase in March, which could affect precious metals. The anticipation of a March hike could act as additional weight for gold and silver, although given this is now largely anticipated, the downside risks should be limited and gold's reaction function is likely to be asymmetric.
- U.S. benchmark 10-year Treasury note yields fell to a five-day low, while 30-year bond yields sank to a one-week low. Declining yields typically make gold more attractive to non-U.S. investors. The U.S. economy is likely to grow in 2018 at its fastest pace in three years.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	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 24, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 24	13:30	EUR Markit/BME Germany Composite PMI (JAN)	Medium	58.8	58.5	58.9
Wed Jan 24	14:30	GBP Claimant Count Rate (DEC)	Medium	2.4%		2.3%
Wed Jan 24	14:30	GBP Jobless Claims Change (DEC)	Medium	8.6k		12.2k
Wed Jan 24	14:30	GBP ILO Unemployment Rate 3Mths (NOV)	Medium	4.3%	4.3%	4.3%
Wed Jan 24	14:30	GBP Employment Change 3M/3M (NOV)	Medium	102k	-10k	-56k
Wed Jan 24	17:00	USD MBA Mortgage Applications (JAN 19)	Medium			4.1%
Wed Jan 24	19:45	USD Markit US Composite PMI (JAN)	Medium			54.1
Wed Jan 24	20:00	USD Existing Home Sales (MoM) (DEC)	Medium		-1.9%	5.6%
Wed Jan 24	20:30	USD DOE U.S. Crude Oil Inventories (JAN 19)	Medium		-1016k	-6861k

Source: Forex Factory, DailyFX

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