Commodity News

Tuesday, January 31, 2017

Gold

Technical

Gold markets rallied on Monday, breaking above the top of a hammer on Friday. This is a very bullish sign, and I recognize that the $1200 level offers a bit of psychological resistance. I believe we break above there though, and once we do the market will more than likely try to reach towards the highs again. Alternately, if we managed to breakdown below the bottom of a hammer from the Monday session, that would be a very negative sign and send this market much lower. Regardless, I think you're going to see quite a bit of volatility.Momentum has turned negative as the MACD (moving average convergence divergence) index recently generated a crossover sell signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crosses below the 9-day moving average of the spread. The index has moved from positive to negative territory.

Pivot:	1,197		
Support	1,193	1,188	1,181
Resistance	1,203	1,206	1,210

Highlights

- Gold futures settled with a gain for the first time in five trading sessions
- Signs of growing inflation and a steep decline in U.S equities helped to raise investment demand in the precious metal
- Investors are bracing for a week full of economic data and a two-day meeting of the Federal Reserve
- A closely watched reading on the labor market is due on Friday
- A reading of U.S consumer inflation rose in December

Gold - Technical Indicators

RSI 14	63.70
SMA 20	1,177.00
SMA 50	1,170.90
SMA 100	1,222.70
SMA 200	1,268.80

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold prices hit their highest in about a week today, buoyed by safe-haven demand after U.S President Donald Trump rattled global markets with his tough stance on immigration.
- A weaker dollar also supported bullion, while traders were turning their attention to a two-day meeting of the U.S. Federal Reserve starting later in the day for clues on the outlook for U.S. interest rates.
- Spot gold had risen 0.51 percent, to $1,201.07 per ounce. It earlier touched its highest since Jan. 25 at $1,203. U.S. gold futures climbed 0.53 percent, to $1,200.1.
- The dollar index, which measures the greenback against a basket of currencies, was down 0.1 percent at 100.380. Asian shares were on the defensive on Tuesday as stringent curbs on travel to the United States ordered by Trump brought home to investors that he is serious about putting his radical campaign pledges into action.
- There could be some growth challenges if the ban is prolonged. So the current risk aversion (driving gold markets) comes as no surprise. Trump also fired top federal government lawyer Sally Yates after she refused to defend the new travel restrictions.
- Continued uncertainty surrounding the Trump administration is likely to support the yellow metal over the short term as global equities remain under pressure. To go higher, gold needs constant injections from political uncertainty or increases in geopolitical tensions.
- Investors are also eyeing a meeting of the U.S. Fed on Tuesday and Wednesday. The Fed has signaled as many as three rate rises in 2017. Market sentiment is for the Fed to stay pat in the upcoming meeting. Higher rates could mean a stronger U.S currency.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

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Crude Oil

Technical

The WTI Crude Oil market initially tried to rally on Monday but then rolled over and reached towards the $52.50 level underneath. This is a market that still has quite a bit of volatility in it, but I think that given enough time the sellers are going to prevail. There is a serious oversupply concern, even though OPEC had a recent production cut. I still believe that the bearish inventory numbers will eventually overwhelm the market, and even if we manage to breakout above the $55 level, the $60 level looks even more resistive. Currently, I have been selling short-term rallies for small gains. There is a gap underneath that need to get filled, which should send this market looking for the $51 handle. Longer-term, I believe that a breakdown below $50 would signal a move down to the $45 level underneath. Momentum is neutral as the MACD index is printing near the zero index level.

Pivot:	52.38		
Support	52.06	51.80	51.60
Resistance	52.80	53.05	53.25

Highlights

- Oil futures logged a second straight session decline yesterday to settle at their lowest level in more than a week
- Investors fretted over signs that U.S production is set to grow offsetting efforts by other crude producers to ease global supplies
- March crude fell 54 cents, or 1%, to settle at $52.63 a barrel
- Official rig counts for last week indicated that a further 15 oil rigs had been added
- Oil prices also fell as uncertainty over U.S policy weighed on markets

Crude - Technical Indicators

RSI 14	48.72
SMA 20	53.05
SMA 50	51.47
SMA 100	49.56
SMA 200	47.88

Crude Oil Daily Graph

Source: Meta Trader

Fundamentals

- Oil prices slipped today as rising U.S drilling activity undermined efforts by OPEC and other producers to cut output in a move to prop up the market. Brent crude oil was down 20 cents a barrel at $55.03. U.S. light crude was down 30 cents a barrel at $52.33.
- Both benchmarks have traded within fairly narrow ranges over the last two months, since the Organization of the Petroleum Exporting Countries agreed to cut output by almost 1.8 barrel per day (bpd) in an attempt to clear a global glut.
- After an initial price rise on hopes that markets would rebalance quickly, Brent and U.S. crude futures have both been held back by evidence of higher U.S. oil drilling and forecasts of a rebound in shale production.
- Support from OPEC cuts and pressure from shale are still dominating the global oil market, keeping Brent close to $55 a barrel and U.S. crude not far from $52.50.
- OPEC adherence to production targets has been strong but U.S drilling activity levels are already picking up. Following months of increased drilling, U.S. oil production has risen by 6.3 percent since July last year to almost 9 million bpd, according to data from the U.S EIA.
- Goldman Sachs estimates that year-on-year U.S. oil "production will rise by 290,000 bpd in 2017" if a backlog on rigs that are still to become operational is accounted for.
- The differing outlook between global oil markets and the U.S. market has focused attention on the spread between Brent and U.S. crude oil futures, also known as West Texas Intermediate or WTI. Brent's premium over U.S. crude for March is now around $2.70 a barrel, reflecting a tighter market as OPEC's cuts bite and a more over-supplied U.S as drilling increases.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Commodity News

Tuesday, January 31, 2017

Silver

Technical

Silver markets showed some volatility during the Monday trading session, showing the $17 level as massively supportive. I see the $17.25 level as being resistive, so I think that if we can break above there it's time to start buying silver. The market should then go to the $18 level, and then eventually the $18.50 level above there. I don't really have much in the way of interest when it comes to selling, because we have seen such a massive surge higher. I believe pullbacks at this point would show value the traders would be willing to take advantage of.Gold and silver have been weak, with silver pulling off the clearest level of resistance over the 17 mark. How the dollar responds at support next week will be key. We will look at a few interesting charts and set-ups as we head towards a busy week; BoJ, FOMC, BoE, and US NFPs are all on the calendar in successive days.

Pivot:	17.17		
Support	17.03	16.96	16.90
Resistance	17.25	17.33	17.43

Silver Daily Graph

Source: Meta Trader

Fundamentals

- Silver prices held within a narrow range today in European trading session, as investors awaited new trading catalysts in the form of economic data and monetary policy statements.
- March silver futures were last seen trading at $17.13 a troy ounce, little changed from the previous close. The contract hovered within a range of $17.08 and $17.24.
- Silver has gained more than 7% since the start of 2017, but came under selling pressure last week as risk appetite returned to the financial markets. The grey metal added 0.6% over the previous five days.
- Precious metals were limited yesterday by a rebounding U.S. dollar, which appears to be showing signs of stability after a month-long downtrend. The dollar index, a broad performance measure of the buck against a basket of other currencies, strengthened 0.4% to 100.93. That's the dollar highest level in over a week.
- The dollar gained more than half a percent against the euro despite stronger than expected Eurozone confidence indicators that seemed to show an improving economy.
- The European Commission's statistics branch reported Monday that Eurozone consumer confidence strengthened to a 21-month high in January. However, at -4.7., confidence was still negative overall.
- A deluge of economic data ranging from Eurozone GDP to U.S. nonfarm payrolls will make headlines this week. The Bank of Japan, European Central Bank and U.S. Federal Reserve are also scheduled to deliver policy statements throughout the week. In yesterday's trading session, European stocks were on track for their biggest drop in two weeks. Asian markets also finished broadly lower.

Highlights

- The Dollar wobbled today after tumbling against the yen, which benefited from its safe-haven status
- Trump's tough stance on immigration rattled investors and curbed risk appetite
- U.S consumer spending accelerated in December and cold weather boosted demand for utilities amid a rise in wages
- The markets are turning their attention to a meeting of the U.S Fed
- The U.S central bank has forecast three interest rate hikes this year

Silver - Technical Indicators

RSI 14	59.02
SMA 20	16.51
SMA 50	16.52
SMA 100	17.26
SMA 200	18.05

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Jan 31	05:01	GBP GfK Consumer Confidence Survey (JAN)	Medium	-5	-8	-7
Tue Jan 31	07:56	JPY BOJ Monetary Policy Statement	High			
Tue Jan 31	07:56	JPY BOJ Short-Term Policy Rate (JAN 31)	High	-0.10%		-0.10%
Tue Jan 31	11:30	EUR French Gross Domestic Product (YoY) (4Q)	Medium	1.1%	1.1%	1.0%
Tue Jan 31	12:00	EUR German Retail Sales (YoY) (DEC)	Medium	-1.10%	0.5%	3.5%
Tue Jan 31	13:55	EUR German Unemployment Change (JAN)	High	-26k	-5k	-20k
Tue Jan 31	15:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (4Q)	High	1.8%	1.7%	1.8%
Tue Jan 31	18:30	CAD Gross Domestic Product (YoY) (NOV)	High		1.4%	1.5%
Tue Jan 31	20:00	USD Consumer Confidence (JAN)	High		112.9	113.7

Source: Forex Factory, DailyFX

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