

Gold

Technical

Gold markets have broken down a bit yesterday, reaching down to the \$1335 level underneath, which is previous resistance. The fact that we bounce from there is not a huge surprise, and I also recognize that the gold markets will continue to be very volatile, but I recognize that the US dollar falling has a very strong influence on the price of gold and should send it much higher. I believe that the volatility should continue to be a major issue, so be careful about jumping into the market with both feet, as I think the volatility could cause losses to pile up rather quickly. I think that the longer-term target is probably closer to \$1400, and if we can break above that level is a very bullish sign and becomes more of a "buy-and-hold" type of situation. Gold markets react to what goes on in the US dollar, and right now it looks very likely that the Forex world is going to continue to punish the greenback.

Pivot:	1,343		
Support	1,334	1,328	1,325
Resistance	1,349	1,352	1,357

Source: FX EMPIRE

Highlights

- Gold prices edged up today after hitting a one-week low in the previous session
- The Dollar fell against a basket of major rivals and traders awaiting the outcome of the US Fed's two-day meeting
- Spot gold had risen 0.2 per cent to \$1,341.15 per ounce
- Yellen may deliver a hawkish surprise setting the stage for a possible policy pivot while trumpeting in the Powell era
- Gold prices have risen 2.8 per cent so far in January

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 rose today from one-week lows hit in the previous session, as the dollar fell against a basket of major currencies and traders awaited the outcome of the U.S. Federal Reserve's two-day meeting.
- Spot gold had climbed 0.4 percent today in Asian session to \$1,343.51 per ounce. In the previous session, it touched its lowest since Jan. 23 at \$1,334.10 an ounce. U.S. gold futures for February delivery rose 0.4 percent to \$1,339.80 per ounce.
- Gold prices were on track for a third consecutive monthly gain and are up 3.1 percent so far in January, their best month since August, largely due to weakness in the dollar.
- "Yellen may deliver a hawkish surprise setting the stage for a possible policy pivot while trumpeting in the Powell era. Gold bears may take advantage of this move," said APAC trading head for OANDA.
- A rate hike in March would not come as a surprise, but any change in the pace of hikes would pose a risk to gold's rally, Innes noted. The Fed is expected to leave interest rates unchanged on Wednesday while signalling a gradual tightening of monetary policy later this year as the U.S. economy continues to expand and job gains remain solid.
- The U.S. Dollar inched lower against a basket of major rivals on Wednesday, showing scant reaction to U.S. President Donald Trump's State of the Union address.
- Trump's speech focused on national security and immigration that's why gold prices are going up. As for infrastructure (spending), there was nothing special. Traders were also waiting for the U.S. jobs report on Friday that will include data on nonfarm payrolls and average hourly earnings. Spot gold is expected to break support at \$1,335 per ounce.

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 Crude Oil market broke down below the uptrend line on the hourly chart to show signs of negativity on Tuesday, reaching down towards the \$63 level. The \$63 level should be massively supportive, and I think that the markets will continue to find buyers given enough time. This is a market that I think eventually could break above the \$65 level and extend to the upside, but it's likely that we will continue to be moved by the US dollar, and of course demand. Alternately, if we break down below the \$63 level, the market should then go down to the \$60 level. This is a market that has been bullish for quite some while, and I think that this pullback is healthy. Brent markets have broken down during the trading session on Tuesday, reaching down towards the \$60.50 level as I record this. The market has plenty of support down to the \$67.50 level.

Pivot:	64.08		
Support	63.70	63.30	62.95
Resistance	64.70	65.20	65.70

Source: FX EMPIRE

Highlights

- Crude slid lower after an industry report was said to show the first crude build in the U.S since November
- Futures in New York declined further after taking its biggest tumble since early December during yesterday's session
- The American Petroleum Institute reported crude stockpiles increased 3.23 million barrels last week
- Crude for March delivery traded at \$64.07 after settling at \$64.50 a barrel
- Crude exports from the U.S may become less attractive, leading to storage buildups

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 fell for a third day today in Asian trading session after data from an industry body showed U.S. crude stocks rose more than expected last week, while a selloff in other commodities, stocks and bonds added to investors' bearish mood.
- Brent crude, the global benchmark, was down 22 cents, or about 0.3 percent, at \$68.80 a barrel, after falling earlier to a nearly two-week low. U.S West Texas Intermediate (WTI) futures were down 31 cents, or 0.5 percent, at \$64.19, after falling to their weakest level in more than a week.
- Yesterday, U.S crude fell 1.6 percent to close at \$64.50 a barrel, the contract's decline far outpacing a 0.6-percent drop in the price of Brent. Prices of both WTI and Brent are still on track for a fifth month of gains.
- "The rig count will only continue to rise and the U.S. system will only become more efficient," said Matt Stanley, a fuel broker at Freight Services International in Dubai. "I see a correction on the horizon down towards \$60 before the inevitable OPEC minister comes out and talks about new cuts," he added.
- The Organization of the Petroleum Exporting Countries (OPEC), along with other producers including Russia, have been waging a battle against U.S. shale producers, agreeing to take 1.8 million barrels a day off the market through the end of 2018.
- But as prices have risen, U.S. producers have only added rigs after cutting costs, with energy companies adding 12 oil rigs last week, the biggest weekly increase since March.
- A report from the American Petroleum Institute late on Tuesday showing crude stocks rose by 3.2 million barrels last week cast a further bearish pall over the market. U.S Energy Department data today is likely to show an increase in inventories for the first time 11 weeks.

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 continue to be volatile, but also continue to pay attention to the \$17 level as support. Silver finds large, round, psychologically significant numbers as important, and when you look at the hourly chart, you can plainly see that the \$17 level has attracted a lot of attention. I believe that the market will eventually find reason enough to go higher, and perhaps reach towards the \$17.50 level again. I also recognize that there is a certain amount of support below the \$17 level, extending to the \$16.80 handle. If we can stay above that level, I believe that this retains a bit of a "buy on the dips" mentality. Volume is a much to write home about, but the volume is within normal ranges. Because of this, I think we are simply in a bit of an accumulation phase, as we should continue the longer-term uptrend. I recognize that the market will continue to be bullish longer-term.

Pivot:	17.22		
Support	17.05	16.94	16.87
Resistance	17.30	17.38	17.48

Source: FX EMPIRE

Highlights

- Silver dropped 0.3 percent at \$17.11 an ounce after touching a six-day low
- Markets are bracing for potentially hawkish language from the U.S Fed
- U.S Treasury Secretary Steven Mnuchin gave dollar bears a boost last week
- Investors will be closely watching Trump's annual State of the Union speech for comments on the dollar
- Rising bond yields and a sell-off in healthcare shares yesterday sent the U.S. stock market sliding

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 markets could not hold modest early gains and ended the yesterday's U.S trading session weaker, on some follow-through selling from Monday's session losses. A weaker U.S Dollar index limited selling pressure in the metals to some extent.
- However, the US Dollar was well up from its overnight low during the U.S day session. Lower crude oil prices yesterday also weighed on the precious metals markets.
- March Comex silver was last down \$0.037 at \$17.09 an ounce. A sell-off in the U.S. stock markets did not benefit the safe-haven gold and silver markets much today. World equities markets worldwide are worried about rising bond yields. The U.S. 10-year note rose to a more-than-three-year high yield yesterday.
- However, if the global stock markets finally come off their highs in significant fashion, such would be bullish for the competing asset class of gold and silver. This is a busy events week for the marketplace.
- The Federal Open Market Committee (FOMC) started its monetary policy meeting Tuesday morning and it ends Wednesday afternoon. This will be Fed Chair Janet Yellen's last meeting.
- On Friday the monthly U.S. employment situation report from the Labor Department is due out. That is arguably the most important U.S. economic data point of the month.
- Markets are also bracing for potentially hawkish language from the U.S. Federal Reserve, which ends its two-day policy meeting on Wednesday amid signs that U.S. economic growth is picking up steam.
- On Friday U.S jobs data should confirm the strong picture for the U.S. economy, which speaks in favor of rate rises and a strong dollar, so in the short term gold is under pressure.

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

Wednesday, January 31, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 31	13:55	EUR German Unemployment Change (000's) (JAN)	High		-17k	-30k
Wed Jan 31	15:00	EUR Euro-Zone Unemployment Rate (DEC)	Medium		8.7%	8.7%
Wed Jan 31	15:00	EUR Euro-Zone Consumer Price Index Core (YoY) (JAN)	High		1.0%	0.9%
Wed Jan 31	17:00	USD MBA Mortgage Applications (JAN 26)	Medium			4.5%
Wed Jan 31	18:15	USD ADP Employment Change (JAN)	Medium		183k	250k
Wed Jan 31	18:30	CAD Gross Domestic Product (YoY) (NOV)	High		3.4%	3.4%
Wed Jan 31	19:45	USD Chicago Purchasing Manager (JAN)	Medium		64	67.6
Wed Jan 31	20:30	USD DOE U.S. Crude Oil Inventories (JAN 26)	Medium			-1071k
Wed Jan 31	00:00	USD FOMC Rate Decision (Upper Bound) (JAN 31)	High		1.50%	1.50%

Source: Forex Factory, DailyFX

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