

## Gold

### Technical

Gold markets continue to dance around the \$1250 level, an area that has been important more than once. There is a certain amount of demand just below, but the markets have been going back and forth based upon greed and fear around trade war aspects. Economists think that the market will continue to be very noisy due to headlines involving trade wars, and tweets from the President. Overall, the Gold markets will eventually end up being a nice longer-term investment, but there is even more support below at the \$1200 level that would make a nice “bottom” to the market. It could go as low as that level and that value hunters will come back out there also. Short-term selling here would probably reach down towards the \$1240 level, which has proven itself to be massively supportive. Rallies at this point could reach towards the \$1260 level.

Pivot:	1,243		
Support	1,241	1,239	1,237
Resistance	1,245	1,249	1,253

Source: FX EMPIRE

### Highlights

- The yellow metal slipped 1 percent and hit an over one-week low at \$1,240.89 yesterday
- Gold is feeling the pressure from commodities across the board and the firmer dollar
- U.S fund investors pulled \$1 billion from commodity funds, including those invested in the precious metal, the largest withdrawals since July 2017
- Gold options keep getting higher and higher, which means people are positioned for prices to rise
- The dollar steadied near a six-month high against the yen and held firm against its major peers

### Gold - Technical Indicators

RSI 14	70.21
SMA 20	1,260.3
SMA 50	1,259.1
SMA 100	1,258.9
SMA 200	1,257.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices were mostly steady today, close to a one-week low hit in the previous session, as the dollar held firm amid an intensifying trade war between the United States and China.
- Spot gold was steady at \$1,243.10 an ounce, the Spot gold may break a support at \$1,237 per ounce and fall more towards the next support at \$1,226. The yellow metal slipped 1 percent and hit an over one-week low at \$1,240.89 yesterday. U.S gold futures for August delivery were 0.1 percent lower at \$1,243.60 an ounce.
- With the softer U.S equity markets and the ongoing trade war between the U.S and China would provide some support for gold but that has not been the case.
- The dollar steadied near a six-month high against the Japanese yen and held firm against its major peers today after the latest U.S economic data reaffirmed expectations that the Federal Reserve will hike interest rates two more times this year.
- The further escalation of trade war is mutually destructive given the higher U.S consumer prices as a result of import tariffs, which in turn could fuel risk of a faster-than-expected Fed rate hike in the foreseeable horizon.
- A stronger dollar and higher interest rates reduce demand for non-interest bearing gold as the metal becomes more expensive for holders of other currencies.
- China accused the United States of bullying and warned it would hit back after the Trump administration raised the stakes in their trade dispute, threatening 10 percent tariffs on \$200 billion of Chinese goods in a move that rattled global markets.

### 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 West Texas Intermediate market fell yesterday, reaching down towards the \$73.25 level. There is a certain amount of support just below extending down to at least the \$72 level, so that is going to see investors come back in and try to pick up value in this market. At the first signs of a bounce or support, it would be more than willing to put a small position on as the market seems hell-bent on trying to break above the \$75 level. However, if it were to drop down below the \$72 level, that could send this market down to the \$70 level rather quickly. Volatility will start to pick up again, but that may be the very reason it break out to the upside. Brent markets fell significantly during the trading session, losing 2% by the time the Americans came on board. As far as \$77, and there is a significant support barrier just below at the \$76.50 level as well. It would expect some type of recovery.

Pivot:	70.82		
Support	70.00	69.40	68.70
Resistance	71.20	72.10	72.70

Source: FX EMPIRE

### Highlights

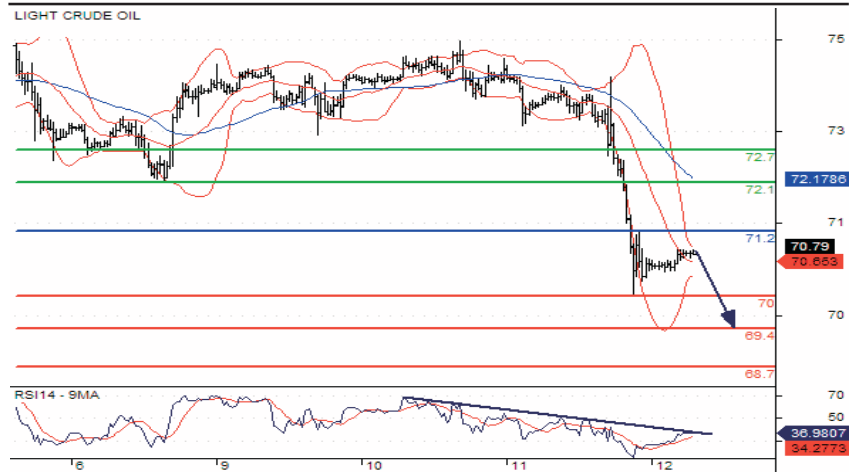
- Supply to the U.S market has also been squeezed by the loss of some Canadian oil production
- The United States has become a major crude exporter, sending 1.76 million barrels per day (bpd) abroad in April
- The positive inflationary pressures caused by trade tariffs are being beaten back by dollar strength
- If China levies a tariff on U.S oil then U.S imports to India will probably rise
- For WTI there is tightness at Cushing, which will be supportive over July and August

### Crude - Technical Indicators

RSI 14	37.55
SMA 20	70.29
SMA 50	70.33
SMA 100	70.49
SMA 200	70.64

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Global Brent crude oil had its biggest one-day drop in two years yesterday as escalating U.S-China trade tensions threatened to hurt oil demand, and news that Libya would reopen its ports raised expectations of growing supply.
- Brent crude fell \$5.46, or 6.9 percent, to settle at \$73.40 a barrel. The decline was the largest one-day move on a percentage basis since Feb. 9, 2016. U.S crude fell \$3.73, or 5 percent, to \$70.38 a barrel.
- Crude oil prices also fell as the U.S dollar rose surprisingly strong U.S inflation report, which increased prospects the Federal Reserve will raise interest rates twice more this year. A stronger dollar can weaken dollar-denominated commodities, like crude.
- Prospects of U.S sanctions on crude exports from Iran, the world's fifth-biggest oil producer, has helped push oil prices up in recent weeks, with both crude contracts trading near 3-1/2-year highs until Wednesday.
- U.S Secretary of State Mike Pompeo said on Tuesday that Washington would consider requests from some countries to be exempt from sanctions due to go into effect in November to prevent Iran from exporting oil.
- The market shrugged off bullish U.S government data showing crude stockpiles slumped by nearly 13 million barrels last week, the biggest slide in nearly two years. Supply to the U.S market has also been squeezed by the loss of some Canadian oil production.
- Oil had some supportive news that U.S crude oil stocks fell by nearly 13 million barrels last week, the most in nearly two years, dropping overall crude stocks to their lowest point since February 2015.

### 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 have drifted a bit lower during the trading session yesterday, as it continue to see a lot of negativity around the world. Silver markets will continue to be very difficult to deal with, as they are typically more volatile than gold, and of course the US dollar will influence where precious metals go overall. Economists believe that the market will continue to be very volatile, but a significant amount of support underneath that could continue to pick this market up. The \$15.50 level underneath is the “beginning of the floor” in the longer-term markets. Because of this, it has fallen during the session, it’s likely that it will find value hunters coming back into the marketplace. It will then bounce towards the \$16.10 level again, and perhaps the highs given enough time. However, the US dollar to roll over a bit, so it’s not until it see that in the Forex markets that silver will rally significantly.

Pivot:	15.81		
Support	15.75	15.67	15.62
Resistance	16.86	16.96	16.02

Source: FX EMPIRE

### Highlights

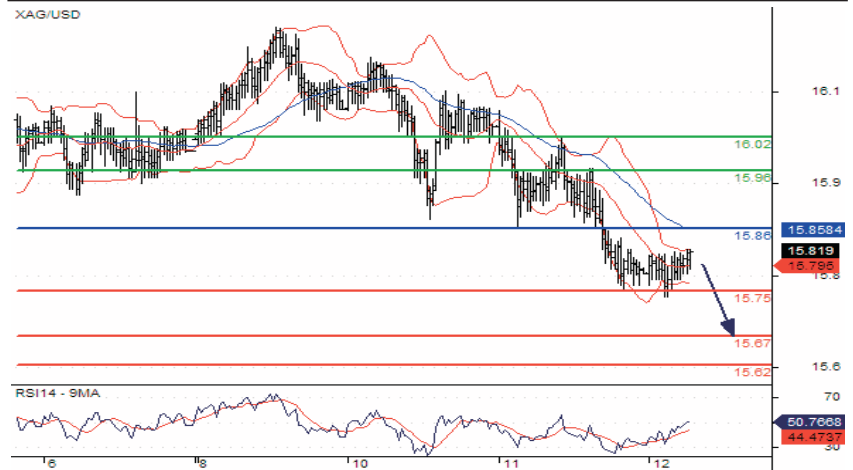
- Silver was 0.2 percent higher at \$15.78 an ounce. It fell to its lowest since mid-December at \$15.72 an ounce, earlier in the session
- A higher U.S dollar index is also a negative for the precious metals markets
- Silver has failed to attract safe-haven buying as U.S Treasuries pay a yield
- July Comex silver was last down \$0.272 at \$15.815 an ounce
- Silver futures shed as the dollar index climbed off June 14 lows for the third session, ahead of important inflation data

### Silver - Technical Indicators

RSI 14	53.61
SMA 20	16.29
SMA 50	16.28
SMA 100	16.28
SMA 200	16.25

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices are solidly lower and near their daily lows yesterday. The precious metals sold off in sympathy with a slumping raw commodity sector today, after the U.S hit China with another volley of trade sanctions.
- Silver futures due on September 15 fell 0.73% to \$15.97 an ounce from the opening of \$16.09, marking one-week lows, while the dollar index inched up 0.08% to 94.24 from the opening of 94.16, moving away from four-week trough.
- Now markets await US producer prices data, expected to show growth slowing down to 0.2% from 0.5% in April, while core prices are expected to have slowed down as well to 0.2% from 0.3%.
- Federal Reserve Bank of Atlanta President Raphael Bostic is scheduled to speak at the Virginia Society of Certified Public Accountants, while Federal Reserve Bank of New York President John Williams is due to speak about the local economy at a town hall event, in Brooklyn later today.
- Important U.S economic data out this week included the producer price index for June, which this morning came in at up 0.3% from May, which was hotter than the 2.0% rise that was forecast. The data did not have a significant impact on the precious metals or other markets. The June CPI report on Thursday is also seen up 0.2% from May.
- World stock markets were rattled again today by the news the U.S has targeted China with 10% tariffs on another \$200 billion in Chinese product imports, and China again responded with another threat to retaliate.
- The U.S-China trade war has at least temporarily cast a pall over world equity markets at mid-week. However, this market uncertainty has not produced any safe-haven demand for silver.

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	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

Thursday, July 12, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs July 12	06:00	AUD Consumer Inflation Expectation (JUL)	Medium	3.9%		4.2%
Thurs July 12	13:30	GBP Bank of England Credit Conditions & Bank Liabilities Surveys	High			
Thurs July 12	17:30	CAD New Housing Price Index (YoY) (MAY)	Medium		1.0%	1.6%
Thurs July 12	17:30	USD Initial Jobless Claims (JUL 07)	Medium		225k	231k
Thurs July 12	17:30	USD Continuing Claims (JUN 30)	Medium			1739k
Thurs July 12	17:30	USD Consumer Price Index (YoY) (JUN)	High		2.9%	2.8%
Thurs July 12	17:30	USD Consumer Price Index Ex Food and Energy (YoY) (JUN)	High		2.3%	2.2%
Thurs July 12	17:30	USD Real Avg Weekly Earnings (YoY) (JUN)	Medium			0.3%
Thurs July 12	23:00	USD Monthly Budget Statement (JUN)	Medium		-\$80.0b	-\$146.8b

Source: Forex Factory, DailyFX

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