

Gold

Technical

Gold markets fell again yesterday, breaking through significant support at the \$1275 level. This is an area that has offered support more than once, so breaking down through there is of course a negative sign. However, one has to believe that sooner or later value hunters will return. The strengthening US dollar in the Forex market certainly has played a certain amount of part two the selloff in gold, as it takes less of those US dollars to buy gold. By breaking through the \$1275 level, it has seen significant support broken through, but as I record this it looks as if it is trying to bounce a bit, and therefore recover much of the losses. The market will continue to churn back and forth as it worry about the trade tariffs between the United States and China. This market will continue to struggle to keep gains, but it might find the market trying to form some type of bottoming pattern eventually.

Pivot:	1,273		
Support	1,260	1,236	1,210
Resistance	1,310	1,340	1,366

Source: FX EMPIRE

Highlights

- Gold traded in a narrow range today, near a six-month low hit in the previous session
- A firm dollar was keeping gold prices under pressure
- The rising prospect of further U.S Federal Reserve interest rate increases placed further pressure on gold
- Gold prices broke below the May low at \$1,281.76 per ounce, the lows from the last couple of days
- Rate hikes would limit gold because they make non interest-bearing commodities less attractive to investors

Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold fell to a near six-month low and platinum hit its lowest since February 2016 today as a stronger greenback was overwhelmed by safe-haven buying, spurred by fears of a trade war between the world's two top economies.
- The U.S dollar index touched its highest since July 2017 against a basket of currencies, as U.S President Donald Trump threatened to impose a 10 percent tariff on \$200 billion of Chinese goods and Beijing said it would retaliate.
- The trade spat reinforced concerns about global growth and triggered a selloff in equities, while boosting safe-haven currencies such as the yen and the dollar. Typically, gold is used by investors as a place to park assets during times of global uncertainty.
- Dollar's inverse relationship with bullion, a stronger greenback makes dollar-denominated assets more expensive for holders of other currencies, which can often override other factors.
- Spot gold fell 0.1 percent at \$1,276.19 per ounce, having touched its lowest since Dec. 22 at \$1,270. Spot gold may test a support at \$1,268 per ounce, with a good chance of breaking below this level and falling more towards the next support at \$1,258. U.S gold futures for August delivery settled down \$1.50, or 0.1 percent, at \$1,278.60 per ounce.
- Gold is not doing its part as a safe-haven asset compared to others like the yen and U.S Treasury yields. Gold prices generally gain momentum during times of uncertainty as it is considered a safe place to park assets.
- The dollar steadied against a basket of currencies, as risk aversion sparked by concerns over a worsening trade feud between Washington and Beijing ebbed, although lingering worries about the tariff rift kept currencies on edge.

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 has been noisy yesterday, losing 1.5% right off the bat. The market still has plenty of support underneath though based upon the uptrend line, and it will break down below there before it get some type of resolution from the OPEC meeting. However, if it did break down below that uptrend line ahead of time, that would be a very negative sign. In the meantime, it anticipate that the next couple of days will be very back and forth as it has seen already this week. Brent markets have been very noisy during the trading session as well, gapping lower at the open. The \$75 level seems to be a bit of a fulcrum for price, and it will continue to dance around this level in the market. It is simply a function of the markets waiting for clarity from OPEC, but it would point out that there is a lot of noise above that could continue to offer resistance.

Pivot:	65.48		
Support	61.90	58.15	54.50
Resistance	69.75	72.80	77.50

Source: FX EMPIRE

Highlights

- Oil prices rose today, supported by a drop in U.S commercial crude inventories
- OPEC-members, including Iran are against such a move, fearing a sharp slump in prices
- OPEC would agree to pump more oil, probably a fairly modest 300,000-600,000 barrels per day, or only around 0.5 percent of total world production
- Oil investors continued to weigh potential outcomes for a meeting of major oil producers later this week
- A drop in commercial crude inventories reported by the API were cited as supporting oil prices

Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices rose today, supported by a drop in U.S commercial crude inventories and the loss of storage capacity in Libya, with investors cautious ahead of a biannual meeting of OPEC exporters to decide production policy. A 25 percent tariff on U.S crude oil imports, as threatened by China in retaliation for duties Washington has announced but not yet implemented against Chinese products.
- Benchmark Brent crude was up 70 cents at \$75.78 a barrel. U.S light crude was 60 cents higher at \$65.67. U.S crude inventories fell by 3 million barrels to 430.6 million barrels in the week to June 15, according to an American Petroleum Institute report yesterday.
- WTI is more vulnerable to spillover from today's hard selloff in global equities than is Brent as the differential between the two benchmarks has stretched back to above \$10 per barrel.
- Brent is being relatively supported this week by increasing concerns over lost Libyan supply in which as much as 400,000 barrels per day of output has been impacted by an attack on two key terminals.
- On Friday, the Organization of the Petroleum Exporting Countries (OPEC) and its allies are set to meet in Vienna, where they are expected to update their 2017 supply withholding agreement.
- Expectations are growing that OPEC and partner Russia will increase production in order to make up for output declines in Venezuela and potential shortfalls from Iran, which is facing renewed U.S sanctions.
- Russia and Saudi Arabia are pushing for a steep production increase, with Russian Energy Minister Alexander Novak saying he wanted to raise output by 1.5 million barrels per day (bpd).

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 been hammered yesterday as it continue to worry about trade tariffs between the United States and China, and an escalation of the potential trade war. Silver of course is greatly influenced by the US dollar as the commodity is bought in that currency, and the US dollar has of course been gaining value in a bit of a fear trade. The market will continue to be very noisy overall, but it anticipate that if it can break above the \$16.60 level, then silver will start to rally and recuperate some of the recent losses. Until then, the market is likely to be more of a “sell the rallies” type of situation for short-term traders. Market participants are probably best served buying physical silver, or at least a small CFD position. Futures markets could work, but they tend to be a lot more dangerous in these types of environments. Above \$16.60, it would have more faith in larger move.

Pivot:	16.30		
Support	16.00	15.60	15.20
Resistance	17.30	17.70	18.17

Source: FX EMPIRE

Highlights

- Silver prices are modestly lower and hit a four-week low today
- Considering the U.S dollar strength, silver's rise is looking limited
- A stronger U.S currency is likely to act as a headwind for silver prices
- The U.S dollar index, which tracks the greenback against a basket of currencies, was up 0.11% to 94.75
- Silver rose yesterday, 0.4 percent to \$16.34 an ounce. In the previous session, it hit \$16.21, its lowest since May 16

Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are moderately lower in early U.S trading yesterday, with gold slumping to a six-month low, as major raw commodity markets are selling off amid fears of a major world trade war.
- Silver futures due on July 15 fell 0.58% to \$16.340 an ounce from the opening of \$16.44, marking May 16 lows, while the dollar index rose 0.29% to 95.03 from the opening of 94.76.
- World stock markets were solidly lower overnight and U.S stock indexes are pointed toward sharply lower openings when the New York day session begins. Risk aversion is high today after the Trump administration has threatened China with still more trade tariffs, and China has again responded with its own latest threats. The world's two largest economies appear headed for a full-blown trade war.
- Silver futures fell in American trade away from April 19 highs for the fourth session as the dollar index hit July 17 highs, following earlier data from the US, the world's biggest economy.
- Adding to downside pressure on the precious metals is a surging U.S dollar index that hit an 11-month high today. July Comex silver was last down \$0.20 at \$16.24 an ounce.
- Silver have once again opted to trade in line with the raw commodity sector, instead of as safe-haven assets. Earlier US data showed building permits fell to an annualized 1.30 million units in May from April's 1.36 million, revised from 1.35 million, and missing forecasts of 1.35 million
- US housing starts rose to an annualized 1.35 million units in May from 1.29 million, beating forecasts of 1.31 million, as markets now await Federal Chair Jerome Powell's speech at the ECB Forum on Central Banking, in Portugal.

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, June 20, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed June 20	05:30	AUD Westpac Leading Index (MoM) (MAY)	Medium	-0.22%		0.23%
Wed June 20	16:00	USD MBA Mortgage Applications (JUN 15)	Medium			-1.5%
Wed June 20	17:30	USD Current Account Balance (1Q)	Low		-\$129.0b	-\$128.2b
Wed June 20	18:30	EUR Draghi, Powell, Kuroda and Lowe speak in Sintra, Portugal	High			
Wed June 20	19:00	USD Existing Home Sales (MoM) (MAY)	Medium		1.3%	-2.5%
Wed June 20	19:30	USD DOE U.S. Crude Oil Inventories (JUN 15)	Medium			-4143k
Wed June 20	19:30	USD DOE Cushing OK Crude Inventory (JUN 15)	Low			-687k
Wed June 20	19:30	USD DOE U.S. Gasoline Inventories (JUN 15)	Low			-2271k
Wed June 20	19:30	USD DOE U.S. Distillate Inventory (JUN 15)	Low			-2101k

Source: Forex Factory, DailyFX

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