

Commodity News

Friday, February 01, 2019



Gold

Technical

Gold markets gapped higher, breaking above the \$1325 level, it seems that gold markets move in \$25 increments. Gold prices continued to climb but there was some profit taking. Prices rose up to resistance levels, but turned back a larger than expected rise in jobless claims which weighed further on US yields. Gold prices ran into resistance near the May 2018 highs near 1,325. A close above this level would lead to a test of the 2018 highs near 1,365. Short term support is seen near the 10-day moving average at 1,296. Additional support is seen near the 50-day moving average at 1,264. Short term momentum is decelerating. The market will look to precious metals to not only mitigate problems with the US dollar, but in general concern of geopolitical problems.

Pivot:	1,315		
Support	1,315	1,312	1,309
Resistance	1,330	1,326	1,322

Source: FX EMPIRE

Highlights

- Gold prices traded higher following a sharp rise in initial weekly jobless claims
- The gold market has been enjoying strong momentum as risks to the global economy rise
- Lower interest rates reduce the opportunity cost of holding non-yielding bullion
- April gold futures last traded at \$1,330.20 an ounce, up more than 1% on the day
- Gold is convertible to any currency holding, preferred by many who fear inflation, currency impairment and negative headlines

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 were steady, having earlier hit their highest in nine months, after the U.S Federal Reserve kept interest rates steady and it would be patient on further hikes, keeping bullion on track for a fourth straight monthly gain.
- Spot gold was unchanged at \$1,320.01 per ounce. The session high was \$1,326.30, the highest since April 26. Spot gold has gained nearly 3 percent so far this month. U.S gold futures settled up 0.7 percent to \$1,319.70.
- The dollar also modestly extended losses after data showed the number of Americans filing for unemployment benefits rose to a 1-1/2-year high, feeding concerns of an economic slowdown.
- The ongoing trend in precious metals markets continues. The much more dovish-than-expected Fed stance continues to support commodity prices across the board, weaken the dollar and support the precious metals complex as well.
- The yellow metal had already been in an uptrend prompted by earlier communications of the Fed's softening stance on rate increases and uncertainty about a resolution of a protracted tariff spat between the U.S and China.
- Global demand for gold rose 4 percent last year, as central bank purchases surged to their highest levels since 1967, the World Gold Council said. Gold has pushed solidly higher, hitting session highs on initial reaction to the latest employment data.
- The metal's rally should continue and test the next level of \$1,350, a small sell-off from here would be no surprise. Wednesday's rally was on heavy volume and looks to have trapped the shorts, giving the metals an extra boost.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2019	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2019	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2019	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2019	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market has broken above the \$55 level. It seems to go higher based upon this breakout. The jobs number coming out and that of course could have a major influence on the greenback as well as the idea of demand when it comes to crude oil. Brent markets have not broken, as the \$64 level offer significant resistance. The Brent market could very likely follow WTI given enough time. There is support at the 20 day EMA but given enough time it's likely that the bullish pressure should overwhelm and it should break out. The jobs number being strong should send this market higher as well. While breaking down below the \$60 level seems very unlikely at this point. Based on the early price action, the direction of the March WTI crude oil futures contract is likely to be determined by investor reaction to the main top at \$54.98.

Pivot:	54.35		
Support	53.30	52.85	52.30
Resistance	55.35	54.90	54.35

Source: FX EMPIRE

Highlights

- US crude fell to \$54.15 a barrel from the opening of \$54.24, while Brent retreated to \$61.60 a barrel
- US production steadied last week at 11.9 million bpd, a record high
- Gasoline stocks fell 2.2 million barrels, making 5% above averages while distillate stocks, including heating fuel, fell 1.1 million barrels
- Oil prices are up 18% in January, on track for the first monthly profit since September
- Venezuela's oil exports tumbled to one million bpd in 2018 from 1.6 million bpd in 2017

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

- U.S crude prices settled lower as uncertainty about trade overtook bullish news about production cuts and U.S monetary policy that drove prices higher early in the session.
- Oil prices powered up after data showed a decline in OPEC's output, and amid expectations of potentially higher global demand on crude. The dollar index rose 0.2% to 95.2, with an intraday high at 95.2, and a low at 94.8.
- OPEC and its allies announced supply cuts effective Jan. 1 after worries over a global glut caused heavy price losses in late 2018. OPEC oil supply has fallen in January by the largest amount in two years.
- OPEC's crude oil production in January dropped by a massive 890,000 bpd compared to December, the largest monthly decline in the cartel's production since January 2017 when the initial production cut deal began.
- OPEC and its non-OPEC partners led by Russia agreed in December to remove a total of 1.2 million bpd from the market in the first six months of 2019, with OPEC cutting 812,000 bpd and non-OPEC producers reducing output by 383,000 bpd, including a 230,000 bpd cut from Russia.
- WTI crude fell 44 cents a barrel to settle at \$53.79. Brent crude futures for March delivery rose 24 cents to \$61.89 a barrel. Investors have been concerned about the outcome of the U.S-China trade talks, which could shape the outlook for oil demand in the world's largest economies.
- The Federal Reserve held interest rates steady, signaling its three-year drive to tighten monetary policy may be at an end amid the cloudy outlook for the U.S economy.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2019	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2019	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2019	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2019	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets of course have gapped higher during the trading session on Thursday, pulled back towards the \$16 level, and that bounced again. I think that silver markets will continue to show signs of support going forward, as the US dollar is softening a bit. Beyond that, I believe that there is a lot of geopolitical concerns out there and that of course could drive precious metals higher overall. The market will more than likely go reaching towards the \$17 level longer-term, but obviously it will get there in one shot. Pay attention to gold as well, because it tends to lead the way as silver will follow and precious metals tend to move in the same direction longer-term. Buying in dips and perhaps building a larger position, because now it has crossed above the 200 day EMA with the 20 day EMA and it now looks likely that the 50 day EMA will as well.

Pivot:	16.04		
Support	15.84	15.77	15.69
Resistance	16.19	16.10	16.04

Source: FX EMPIRE

Highlights

- Silver lost 0.4% to \$16.00, having hit its highest since July 2018, at \$16.19
- Silver prices gathered new power to push higher levels
- The recent silver rally will continue with a wave of fresh buying, pushing prices higher in the first half of the year
- Spot silver traded at \$15.96, down 0.44% on the day, after advancing 3.1% during the last 30 days
- March Comex silver was last up \$0.143 at \$16.07 an ounce

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 futures slid off July 9 highs for another session while still on track for the second weekly profit in a row, after marking two successive monthly gains, while the dollar index eked out gains ahead of a slew of crucial US labor and industrial data later and after the second round of US-China trade talks wrapped up.
- Silver prices are holding most solid gains and pushed to a six-month high, but have backed down a bit as the U.S dollar index has pushed higher and to its daily high.
- Silver futures due in March shed 0.65% to \$15.96 an ounce off seven-month highs, while the dollar index added 0.10% to 95.65 away from January 11 lows.
- Now markets await a basket of US data, with the unemployment rate expected the same at 3.9%, while average wages are expected with a 0.3% increase, down from 0.4%.
- Markets will react to any significant announcements coming out of the meeting. US construction spending is estimated with a 0.2% increase, while the UoM consumer sentiment survey is expected with a dip to 90.7 from 98.3.
- Investors were digesting the Federal Reserve's Open Market Committee meeting. The FOMC statement contained no monetary policy changes but the FOMC members said they will now be patient on future Fed rate hikes due to muted inflationary pressures and some concerns about global economic growth.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2018	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2018	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2018	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2018	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2019	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
Fri Feb 01	15:00	EUR Euro-Zone Consumer Price Index Estimate (YoY) (JAN)	High	1.4%	1.4%	1.6%
Fri Feb 01	18:30	USD Change in Non-farm Payrolls (JAN)	High		165k	312k
Fri Feb 01	18:30	USD Change in Private Payrolls (JAN)	Medium		175k	301k
Fri Feb 01	18:30	USD Unemployment Rate (JAN)	High		3.9%	3.9%
Fri Feb 01	18:30	USD Average Weekly Hours All Employees (JAN)	Medium		34.5	34.5
Fri Feb 01	19:30	CAD RBC Canadian Manufacturing PMI (JAN)	High			53.6
Fri Feb 01	20:00	USD ISM Manufacturing (JAN)	High		54.2	54.1
Fri Feb 01	20:00	USD ISM Employment (JAN)	High			56.2
Fri Feb 01	20:00	USD Construction Spending (MoM) (DEC)	Medium		0.2%	

Source: Forex Factory, DailyFX

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