

Commodity News

Tuesday, January 08, 2019



Gold

Technical

Gold markets continue to try to press the \$1300 level but failed as it has turned over to form a bit of a shooting star for the day. The 20 day EMA and the top of the previous uptrend in channel are both below, so there is an opportunity for buyers to come back in, but obviously it has some work to do. The \$1300 level being broken to the upside opens the door to the top of the longer-term consolidation area, which is the \$1400 region. To the downside, the \$1250 level is massive support, and it's very difficult to imagine a scenario where it break down below there. It would need to see significant dollar strength, which is starting to see the US dollar rollover in general, so it does make sense that Gold would rally. Unless there is some type of major turnaround with the greenback, it does not see any opportunity for gold to break down.

Pivot:	1,290		
Support	1,276	1,272	1,266
Resistance	1,298	1,294	1,290

Source: FX EMPIRE

Highlights

- Softness in the U.S dollar also offered a runway for gold to rise
- The precious metal complex is fairly well supported given the loose monetary turn coming out of the Fed
- A weakening dollar and falling U.S Treasury yields should keep gold pushing higher
- The 10-year U.S Treasuries yield are down more than 50 basis points from its October peak of 3.261 percent
- Lower Treasury yields can translate into less demand for the dollar since the currency is used to buy bonds, a traditional safe haven

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 held steady today as bets on a pause in U.S interest rate hikes and hopes of a Sino-U.S trade deal put pressure on the dollar, but an improved risk appetite capped gains for the safe-haven metal.
- Spot gold was little changed at \$1,287.70. It hit a more-than 6-month peak at \$1,298.42 on Friday. U.S gold futures eased slightly at \$1,288 per ounce. It is seeing investors returning to the gold market on dips as the dollar weakness supported prices.
- Gold still has some room to move higher as the dollar is weakening and that would be an offset to stabilizing stocks. If prices move above \$1,300, it would reassure investors to add more long positions.
- The dollar index stood near 2-1/2-month lows as investors grew increasingly convinced that the Federal Reserve will not raise interest rates this year amid uncertainties over the U.S economy.
- Gold gains when expectations of interest rate hikes ease because lower rates reduce the opportunity cost of holding non-yielding bullion and weigh on the dollar, in which it is priced.
- Gold fell about 0.7 percent in the previous session, its biggest one-day decline in about two months on the back of robust U.S jobs data, but has recovered since.
- The main trend remains bullish for gold. From a technical point of view, investors are now watching the two key levels of \$1,277 and \$1,300, which are new support and resistance levels respectively.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Crude Oil

Technical

The WTI Crude Oil market rallied a bit during the trading session yesterday to reach towards the \$50 level and of course the downtrend line that it has been paying attention to for some time. If it can break above the \$50 level, crude oil could take off and reach towards the 50 day EMA, perhaps even the \$55 level after that. Ultimately, if it break down below the \$48 level, it could then go down from there to reach towards the \$45 level. At this point, there is a long term negativity this market. One major factor could be a depreciating US dollar, which makes crude more expensive. Brent markets have rallied a bit during the trading session as well, and now it looks as if the \$60 level above is resistance. If it can break above the \$60 level, it will then test the 50 day EMA. If it can break above that, then it could go higher than that, reaching towards the \$65 level, perhaps the \$70 level.

Pivot:	49.00		
Support	47.95	47.45	46.50
Resistance	49.80	49.45	49.00

Source: FX EMPIRE

Highlights

- U.S crude oil inventories were forecast to have declined last week
- Crude stocks fell 3.3 million barrels in the week to Jan. 4
- Momentum is coming back into the market from very depressed price levels
- When the stock markets are strong, oil usually follows suit
- Crude prices had plummeted in the fourth quarter by roughly 40% from four-year highs reached at the start of October

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

- Oil prices edged higher yesterday, rebounding further from 1-1/2-year lows reached in December, on support from OPEC production cuts and steadying equities markets.
- Brent crude futures rose 27 cents to settle at \$57.33 a barrel, a 0.47 percent gain. U.S West Texas Intermediate crude futures rose 56 cents to settle at \$48.52 a barrel, a 1.17 percent gain. Oil futures have gained more than 7 percent since last Monday.
- Prices drew support from a Wall Street Journal report saying that Saudi Arabia is planning to cut crude exports to around 7.1 million barrels per day by the end of January.
- OPEC and its allies are trying to rein in a surge in global supply, driven mostly by the United States, where production surpassed 11 million bpd in 2018. Record high crude oil production has pushed up U.S inventories.
- OPEC oil supply fell in December by 460,000 barrels per day to 32.68 million bpd, led by cuts from top exporter Saudi Arabia. The oil prices are drawing support from an agreed supply cut by OPEC.
- It continue to view the OPEC production cuts that became official last week as a legitimate bullish consideration and it still look for the reduction to translate to a reduced U.S crude surplus that could potentially be erased in some 8-9 weeks.
- U.S crude inventories at Cushing, Oklahoma, the delivery point for U.S crude futures, fell by 565,000 barrels from last Tuesday to Friday. OPEC oil supply fell in December by 460,000 barrels per day, to 32.68 million 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	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets roll over a bit as it approached the crucial \$16 level. The \$16 level is of course a psychologically important level, as a structural level that should be paid attention to. However, the market has certainly broken out to the upside with real strength, so the buyers will be waiting for opportunities underneath based upon "cheap silver." The \$15 level underneath is massive support, just as the 20 day EMA is. Alternately, if it can break above the \$16 level, that would be a very bullish sign and could send this market looking towards the \$17 level above which is the top of major consolidation. However, the greenback will have its say and if the greenback can strengthen a bit in the short term, that could probably push silver lower. If it break down below the \$15 level, that would be a very negative sign and could send this market down to the \$14.50 level.

Pivot:	15.63		
Support	15.42	15.31	15.24
Resistance	15.74	15.68	15.63

Source: FX EMPIRE

Highlights

- Silver prices edged 0.1 percent lower to \$15.63 per ounce
- Silver have been under pressure due to investor's appetite for risk returning
- Silver prices saw a strong fall in the MCX on reduced orders from industrial units and coin makers at the spot market
- Silver sales in December were down 21 percent from the previous month, and hit their lowest since August 2018
- March Comex silver was down \$0.031 at \$15.76 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 fell off July 13 highs for another session as the dollar index retreated from June 2017 highs for the 11th session out of 17, following earlier data from the US while markets await the results of the ongoing US-China trade talks in Beijing.
- Silver futures due in March fell 0.16% to \$15.76 an ounce off six-month highs, while the dollar index tumbled 0.55% to 95.65, marking October 22 lows.
- The U.S government shutdown is into its third week now, but the matter is garnering less attention from the marketplace and is not a front-burner issue. A lower U.S dollar index today also worked in favor of the precious metals market bulls.
- Investor attitudes are generally upbeat to start the trading week, due in part to a strong U.S jobs report released last Friday. Federal Reserve Chairman Jerome Powell also made comments Friday that U.S inflation levels are not problematic and that the Fed will be flexible in its monetary policy, which also assuaged the marketplace.
- Earlier US data showed the ISM services PMI receded to 57.6 in December from 60.7 in November, missing estimates of 59.6. The U.S and China are holding face-to-face trade talks in China starting today, amid optimism the world's two largest economies will make progress on their major trade dispute.
- Otherwise, US trade secretary Wilbur Ross noted how the US and China could reach a good settlement when it comes to direct trade, but the structure of trade issues and their execution may prove a more difficult process, noting how China is awakening to its economic dependence on US trade.

US Commodity Futures Trading Commission (CFTC) Data

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

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Tuesday, January 08, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues Jan 08	05:30	AUD Trade Balance (NOV)	Medium	A\$1925m	A\$2175m	A\$2316m
Tues Jan 08	10:00	JPY Consumer Confidence Index (DEC)	Medium	42.7	42.8	42.9
Tues Jan 08	12:00	EUR German Industrial Production n.s.a. and w.d.a. (YoY) (NOV)	Medium	-4.7%	-0.8%	0.5%
Tues Jan 08	12:30	CHF Retail Sales Real (YoY) (NOV)	Medium	-0.5%	-0.6%	0.8%
Tues Jan 08	15:00	EUR Euro-Zone Economic Confidence (DEC)	Low	107.3	108.2	109.5
Tues Jan 08	15:00	EUR Euro-Zone Business Climate Indicator (DEC)	Low	0.82	1.0	1.04
Tues Jan 08	15:00	EUR Euro-Zone Industrial Confidence (DEC)	Low	1.1	3.0	3.4
Tues Jan 08	18:30	CAD International Merchandise Trade (Canadian Dollar) (NOV)	Low		-2.10b	-1.17b
Tues Jan 08	18:30	USD Trade Balance (NOV)	Medium		-\$54.0b	-\$55.5b

Source: Forex Factory, DailyFX

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