

# Commodity News

Monday, February 11, 2019



## Gold

### Technical

Gold futures are inching lower with investors keeping a close eye on the movement in U.S Treasury yields and the U.S Dollar. Gold investors are also watching the early action in the stock market since a new round of negotiations between the United States and China is set to begin later this week. Last week, stock market volatility fueled by negative developments over U.S-China trade relations drove gold lower then higher last week. Last week's weakness had no effect on the trend indicator. A trade through \$1331.10 will signal a resumption of the uptrend. The main trend will change to down on a move through \$1281.50. The minor trend is also up. A new higher minor bottom was formed at \$1306.40. A trade through this level will change the minor trend to down.

Pivot:	1,315		
Support	1,308	1,305	1,303
Resistance	1,319	1,317	1,315

Source: FX EMPIRE

### Highlights

- Gold slumped to a more than 1-1/2-year low in mid-August to \$1,159.96 on rising interest rates and a strong dollar
- A little lower equities is getting some flight to safety in gold
- Gold is considered a safe store of value during economic and political uncertainty
- Trump has vowed to increase U.S tariffs on \$200 billion worth of Chinese imports to 25 percent from 10 percent
- Trade tensions between the world's top two economies have rattled financial markets since last year

### 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 held steady today, supported by uncertainties around Sino-U.S trade war and concerns of slowing global economic growth, while a strong dollar weighed on the precious metal.
- Spot gold was marginally lower at \$1,312.76 per ounce, while U.S gold futures fell 0.2 percent to \$1,316.50 per ounce. There are a lot of headwinds for gold in the near-term from the six-week rally in U.S equities and a vigorous dollar.
- The fact that the U.S economy is not seeing weak data like the euro zone is supportive of the dollar. If the dollar was a little weaker today, gold would probably be up \$7 or \$8, instead of \$3.
- Stocks fell worldwide for a third straight day on worries about a global slowdown and the lack of any sign of a resolution to a U.S-China trade row. A stronger greenback makes dollar-denominated gold more expensive for holders of other currencies.
- While bullion has risen about 13 percent from 1-1/2-year lows touched in August, mostly because of volatile stock markets and a dovish U.S Federal Reserve, a strong dollar has driven gold down about 0.3 percent so far this week.
- The dollar index was marginally higher and hovering near more than one-month highs touched in the previous session. Trade tensions between the two largest economies of the world have rattled financial markets since last year.
- Gold is supported by the Fed's dovish policy, prices will likely remain range-bound until there is clarity on the trade front and U.S government shutdown. World stocks ended last week in the red amid uncertainty about global economic growth and trade tensions, posting their first weekly drop this year.

### 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

U.S West Texas Intermediate crude oil futures are edging lower today with investors reacting to a pick-up in U.S drilling activity and a refinery fire in Illinois that resulted in the shutdown of a large crude distillation unit. Additionally, WTI prices were also weighed down by closure of a distillation unit that uses 120,000 barrels per day of crude oil. A trade through \$51.33 will change the main trend to down. A move through \$55.75 will signal a resumption of the uptrend. The main range is \$42.67 to \$55.75. If the main trend changes to down then its retracement zone at \$49.21 to \$47.67 will become the primary downside target. The short-term range is \$51.33 to \$55.75. Its 50% level or pivot at \$53.54 is resistance. Taking out \$51.33 will change the main trend to down. This should trigger a break into the long-term uptrending Gann angle at \$50.67.

Pivot:	52.60		
Support	51.70	51.30	50.90
Resistance	53.40	53.00	52.60

Source: FX EMPIRE

### Highlights

- Oil futures settled slightly higher on Friday, but dropped by nearly 5% for the week
- Preventing crude prices from falling further have been U.S sanctions on Venezuela
- Market players will focus on monthly reports from OPEC and the IEA this week to assess global oil supply and demand levels
- After ending 2018, oil prices have rallied 16% to start the year, boosted by OPEC-led supply cuts and U.S sanctions against Venezuela
- A weakening global economy have renewed concerns about a slowdown in energy demand

### 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 fell by around 1 percent today as drilling activity in the United States, the world's largest oil producer, picked up and financial markets were pulled down by trade concerns.
- U.S West Texas Intermediate crude futures were at \$52.09 per barrel, down 63 cents, or 1.2 percent, from their last settlement. International Brent crude oil futures were down 49 cents, or 0.8 percent, at \$61.61 a barrel.
- A refinery fire in the U.S state of Illinois, which resulted in the shutdown of a large crude distillation unit, that could cause crude demand to fall also weighed on prices.
- Companies added seven oil rigs in the week to Feb. 8, bringing the total count to 854, pointing to a further rise in U.S crude production, which already stands at a record 11.9 million bpd.
- A decision by the OPEC and Russia to rein in oil output has buoyed sour crude prices as well. Market observers expect Middle East producers to cut output of heavier oil to meet the curbs.
- Refiners globally are also processing more medium and heavy crude to reap higher profits from fuel oil and middle distillates. Economic concerns were also weighing on crude oil futures.
- The so-called OPEC+ deal has been in place since 2017, aimed at reining in a global supply overhang. It has been extended several times and, under the latest deal, participants are cutting output by 1.2 million bpd until the end of June.

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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 fell a bit during the week, as the \$16 level has offered a massive resistance. It seems interesting about the \$16 level is that it coincides with previous support, so that of course could be resistive. Beyond that, it also see that it is the 61.8% Fibonacci retracement level from the massive selloff earlier this year. If that's going to be the case, it is likely that it will see a lot of tenacity by the sellers in this area. If it can get a weekly close above the \$16 level, it would be an extraordinarily bullish sign. Moreover, if it break above the top of the shooting star from the previous week, that not only is bullish because of a break above the \$16 level, but it is a fresh, new high. However, at the very least it need to grind back and forth to build up enough momentum to go higher then the precious metals should also continue to go higher.

Pivot:	15.82		
Support	15.68	15.62	15.55
Resistance	15.93	15.87	15.82

Source: FX EMPIRE

### Highlights

- Spot silver dropped 0.2 percent to \$15.79 an ounce
- Silver futures still marked a weekly loss of 0.8%, with a session-high at \$15.86, and a low at \$15.65
- Investors are pouring their money into the safe haven of silver
- Growing sentiment that the Fed is in no hurry to raise interest rates have also helped the white metal
- Silver prices had been under pressure in recent years on the back of rising U.S interest rates

### 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 in Asian trade off July 9 highs for the sixth session out of seven, while the dollar index traded mostly flat for the day, amid renewed concerns about trade talks and global growth. While 60% of demand for silver comes from the industrial sector, which is facing headwinds and keeping the price of the metal down.
- Silver futures due in March fell 0.34% to \$15.68 an ounce off seven-month highs, while the dollar index barely inched down 0.02% to 96.57 against a basket of major rivals. Price of white metal soars amid turbulent markets and rising global tensions.
- The dollar stayed near a six-week high against a basket of currencies as fresh worries over U.S-Sino trade tensions and global growth pushed investors towards the safety of the greenback.
- Central banks in the euro zone, England, and Australia cut their estimates for global growth this year, with Federal Reserve Governor James Bullard expressing his concerns from the lower-than-target inflation and its impact on growth.
- President Donald Trump and Xi Jinping are expected to meet after the end of the 90-day truce in March to discuss an end to their trade dispute. The BoE cut growth estimates for the UK to 1.2% from 1.7% previously.
- Former Federal Reserve Chair Janet Yellen surprised the markets by saying the next move by the Fed will probably a rate hike as the global economy slows down and weighs on the US.

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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
Mon Feb 11	12:30	CHF Consumer Price Index (YoY) (JAN)	Medium	0.6%	0.6%	0.7%
Mon Feb 11	14:30	GBP Gross Domestic Product (YoY) (4Q P)	High		1.4%	1.5%
Mon Feb 11	14:30	GBP Total Business Investment (QoQ) (4Q P)	Low		-1.0%	-1.1%
Mon Feb 11	14:30	GBP Trade Balance (DEC)	Medium		-£3100m	-£2904m
Mon Feb 11	14:30	GBP Industrial Production (YoY) (DEC)	Medium		-0.5%	-1.5%
Mon Feb 11	14:30	GBP Manufacturing Production (YoY) (DEC)	Medium		-1.1%	-1.1%
Mon Feb 11	14:30	GBP Construction Output SA (YoY) (DEC)	Medium		1.5%	3.0%
Mon Feb 11	19:00	MXN Industrial Production NSA (YoY) (DEC)	Medium			-1.3%
Mon Feb 11	21:30	USD U.S. to Sell USD45 Bln 3-Month Bills	Low			

Source: *Forex Factory, DailyFX*

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