

Commodity News

Tuesday, March 12, 2019



Gold

Technical

Gold prices moved lower yesterday as the dollar moved sideways gaining against the yen but losing ground against the euro. US yields moved higher in the wake of the stronger than expected US retail sales, which was delayed by a month due to the government shutdown. Gold failed to remain buoyed ahead of the Brexit vote which is scheduled for this week. It break down below the \$1275 level that it would be a seller of gold and would need to see the EUR/USD pair break down significantly below the 1.12 level on a daily close, and with conviction. The US dollar is trying to soften a bit, and that of course should be good for gold. Support is seen near the February lows at 1,276. The trend appears to be moving lower. Positive momentum is accelerating.

Pivot:	1,290		
Support	1,290	1,287	1,284
Resistance	1,308	1,304	1,300

Source: FX EMPIRE

Highlights

- Gold futures finished lower, pulling back after bullion failed to settle above the psychologically significant \$1,300
- The slide in the gold price that began in mid-February and continued into March as well
- Some profit-taking after prices failed to sustain a break above the \$1,300 level also weighed on gold
- Higher interest rates reduce investor interest in non-yielding bullion
- Gold still has some impetus left, with concerns over the state of the global economy holding intact

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 fell yesterday, moving further away from \$1,300 in the last session, as equities steadied following last week's slide, with stronger-than-expected U.S retail sales allaying some fears of an economic slowdown.
- Spot gold was down 0.4 percent at \$1,293.26 per ounce, while U.S gold futures slipped 0.5 percent to \$1,293.30. Spot prices hit \$1,300.61 on Friday, but quickly slipped back below \$1,300 an ounce.
- U.S retail sales rose 0.2 in January, surprising economists who expected it to remain unchanged. The strong data could prompt a less dovish stance from the U.S Federal Reserve.
- Equity markets rose on potential economic stimulus from China following their worst week of the year due to a darkening global economic scenario, exacerbated by a weak U.S jobs report on Friday.
- The overall momentum for bullion, often considered a refuge during times of political and economic uncertainty, was positive, with the metal having gained about 12 percent since touching over one-and-a-half year lows in August.
- Gold still has some impetus left, with concerns over the state of the global economy holding intact. However, the net longs are up from record low levels touched in October.
- In 2019, it should start seeing some weaker fundamentals in the U.S as the higher interest rates over the last year start having a negative impact and as it see the fiscal stimulus from the Trump tax-cuts wear off.

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 rallied a bit during the trading session yesterday, but it is still within the same trading range that it had been in for some time. Because of this, it will continue to go back and forth until there is some type of clarity. It's obvious that there is significant support underneath at the 50 day EMA, but just above at the \$50 level there seems to be just as much resistance, so at this point it's simple short term back and forth trading for this market. Brent markets also rallied a bit during the trading session, but only slightly so. It had formed a hammer in both oil markets that it follow on Friday though, so that is in theory a good sign. The trend turned down on Friday when sellers took out the previous main bottom at \$55.47. A trade through \$58.26 will change the main trend to up. A move through \$54.87 will signal a resumption of the downtrend.

Pivot:	56.35		
Support	56.35	55.95	55.40
Resistance	58.30	57.90	57.60

Source: FX EMPIRE

Highlights

- Oil prices rose 1 percent by comments from Saudi Energy Minister Khalid al-Falih that an end to OPEC-led supply cuts was unlikely before June
- Saudi Arabia is demonstrating extraordinary commitment to accelerating market rebalancing
- Brent prices averaging \$70 per barrel this year and expect WTI to lag, averaging \$59 per barrel in 2019
- The political and economic crisis in OPEC-member Venezuela are also driver for oil prices
- It is expected that the March's oil exports will also be below 7 million bpd

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 rose today, lifted by healthy demand and output cuts led by producer group OPEC. A rally in broader financial markets also supported crude futures. U.S oil production could become less responsive to crude prices as major oil companies expand operations in the nation's shale fields.
- U.S West Texas Intermediate crude oil futures were at \$56.97 per barrel, up 18 cents, or 0.3 percent, from their last settlement. Brent crude futures were at \$66.75 per barrel, up 17 cents, or 0.3 percent.
- Oil prices have been receiving broad support this year from supply cuts by the Organization of the Petroleum Exporting Countries and non-affiliated allies like Russia aimed at tightening markets.
- Oil markets have been supported this year by the ongoing supply cuts by the group called OPEC+, which has pledged to cut 1.2 million barrels per day in crude supply since the start of the year to prop up prices.
- Saudi Arabia plans to cut its crude oil exports in April to below 7 million barrels per day, while keeping its output "well below" 10 million bpd. Saudi Arabia's oil production in February fell to 10.136 million bpd, down from 10.24 million bpd in January.
- Saudi Energy Minister Khalid al-Falih said on Sunday that March oil production was 9.8 million bpd and that the country, OPEC's biggest producer, plans to keep its April output at the same level.
- Brent prices have struggled to push firmly above \$65/bbl in part because a strong U.S dollar remains a major headwind for commodity prices. In addition, global GDP growth has been soft and oil demand has yet to pick up seasonally.

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 found the \$15 level to be rather supportive, although it did pull back just a bit during the trading session yesterday. This doesn't mean that it can pull back, just that it has found a significant support barrier. At this point, as a buyer of silver on short-term pullbacks and do believe it will go looking towards the \$15.50 level initially, and then eventually towards the \$16.00 level. If it break down below the \$15.00 level, that would be a very negative sign, and could send this market down to the \$14.50 level next, followed very quickly by the \$14.00 level. At this point, it certainly looks as if the buyers are in control though, especially after this nasty selloff only to see a significant turnaround at such a crucial an obvious place. Silver of course is highly sensitive to gold markets, so by looking at gold as a bit of a potential "canary in the coal mine" as to where it go in silver.

Pivot:	15.28		
Support	15.28	15.19	15.07
Resistance	15.71	15.60	15.52

Source: FX EMPIRE

Highlights

- Silver prices marked down 0.2 percent at \$15.28 an ounce
- Investors turned to stocks markets, despite the dollar's slide against most major currencies
- The dollar index against a number of major currencies fell by 0.2% to 97.2 points, with a high of 97.4 points and a low of 97.2 points
- Silver also witnessed a fall due to a slump in demand by industrial units and coin makers
- May Comex silver was last down \$0.084 at \$15.265 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 prices are modestly down in early U.S trading yesterday, on downside corrections following good gains posted last Friday that produced technically bullish weekly high closes.
- Silver prices fell slightly in the European market with relative activity in correction and profit taking, after a largest gain in 6 weeks and the highest level in a week, losses currently strained as the US dollar declines against a basket of currencies.
- Investors are mostly upbeat to start the trading week, following dour economic data out of the U.S and China late last week. The U.S jobs report showed a sharp drop in the growth of non-farm payrolls, while China's latest import and export numbers were down.
- Silver prices fell more than 0.1%, to trade at \$15.28 an ounce, from the opening level of \$15.30, and a high as \$ 15.34, with the lowest at \$15.26. Over the past week, silver prices gained 0.8%, the second weekly gain in the past three weeks.
- Silver "May delivery" fell by 0.5% and ended at \$15.274 an ounce after gaining 0.6% last week. The metal hit a day high of \$15.365 and a low of \$15.225.
- The dollar index fell 0.1% to continue its losses for the second day in a row, with correction and profit taking from a 21-month high of 97.65 points. The drop in the dollar comes after disappointing data on new jobs in the US in February, and Federal Reserve Governor Jerome Powell said the current level of interest rates was appropriate.

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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Tuesday, March 12, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues Mar 12	14:30	GBP Trade Balance Non EU GBP/Mn (JAN)	Medium	-£4977m	-£3800m	-£4369m
Tues Mar 12	14:30	GBP Industrial Production (YoY) (JAN)	Medium	-0.90%	-1.30%	-0.90%
Tues Mar 12	14:30	GBP Manufacturing Production (YoY) (JAN)	Medium	-1.10%	-1.90%	-2.10%
Tues Mar 12	14:30	GBP Construction Output SA (YoY) (JAN)	Medium	1.80%	-0.20%	-2.40%
Tues Mar 12	14:30	GBP Gross Domestic Product (MoM) (JAN)	Medium	0.50%	0.20%	-0.40%
Tues Mar 12	17:30	USD Consumer Price Index (YoY) (FEB)	High		1.60%	1.60%
Tues Mar 12	17:30	USD Consumer Price Index Ex Food and Energy (YoY) (FEB)	High		2.20%	2.20%
Tues Mar 12	17:30	USD Real Avg Weekly Earnings (YoY) (FEB)	Medium			1.90%
Tues Mar 12	17:30	USD Real Avg Hourly Earning (YoY) (FEB)	Medium			1.70%

Source: Forex Factory, DailyFX

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