

Commodity News

Wednesday, February 27, 2019



Gold

Technical

Gold markets fell slightly as it reached towards the \$1325. Prices are traded just above support near the 10-day moving average at 1,324. Additional support is seen near the 50-day moving average at 1,296. Resistance is seen near the February highs at 1,346. In general, there are plenty of reasons to think that buyers underneath, not only considering that it has a US dollar that looks like it is softening, but it also have plenty of technical levels underneath. Gold will be highly sensitive to the value of the greenback, which of course could influence greatly. The \$1350 level above has a lot of resistance built in, and of course selling pressure. However, if it can break above that level then the market probably goes another \$25 higher.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,330 | | |
| Support | 1,323 | 1,320 | 1,317 |
| Resistance | 1,336 | 1,333 | 1,330 |

Source: FX EMPIRE

Highlights

- Gold futures finished lower yesterday to mark their first two-session skid in nearly three weeks
- The yellow metal hasn't fallen in consecutive sessions since a multiday skid ended Feb. 7
- The market is increasingly getting fed up, listening to the trade developments
- Increasing investor interest in gold as a haven investment
- Demand from financial institutions on the other hand tumbled 67% from 2017 levels

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 today as the dollar stood near a three-week low after the Federal Reserve's chairman reiterated the U.S central bank would stay patient on further interest rate hikes.
- Spot gold was flat at \$1,328.90 per ounce, while U.S gold futures were up 0.2 percent at \$1,331.20. The dollar was traded near its lowest against major currencies since early February.
- Rising risks and recent soft data shouldn't prevent solid growth for the U.S economy this year, but the Fed will remain "patient" in deciding on further interest rate hikes.
- Although the precious metal is at risk of depreciating further in the short term amid the risk-on sentiment, the medium to longer term outlook swings in favor of gold bulls.
- For as long as geopolitical risks, concerns over plateauing global growth and speculation over the Fed taking a pause on rate hikes remain key themes, gold is insulated from extreme downside shocks.
- Gold retreated even as dollar reversed lower and stocks sustained losses. All of these explain the Fed's path of patience this year and avoiding rate hikes for a few meetings.
- The dollar index fell 0.2% to 96.1, with an intraday low at 96.1, and a high at 96.4. However, Fed pointed to mixed signals in the last few months on the US-China trade dispute and the weakness in inflation.

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 initially pulled back a bit during the trading session yesterday but turned around to show signs of life again at the \$55 level. At this point, it is essentially traded in an area that extends all the way to the \$57.50 region, so a lot of back and forth momentum will probably continue. The market is probably going to consolidate for a longer-term move. Currently, it looks like short-term momentum will send this market higher. Brent markets look very much the same. Regardless, this is a market that looks very choppy short term, but it can be thought of as positive in general. The main trend is up and a trade through \$57.81 will signal a resumption of the uptrend. A trade through \$51.62 will change the main trend to down. The minor trend is also up. A move through \$53.51 will change the minor trend to down. This will also shift momentum to the downside.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 55.40 | | |
| Support | 55.40 | 55.00 | 54.75 |
| Resistance | 57.50 | 56.95 | 56.35 |

Source: FX EMPIRE

Highlights

- Oil prices rose today after sustaining losses yesterday following the tweets by President Donald Trump
- Oil prices were getting too high for the global economy, asking OPEC to relax its supply cuts
- The EIA data are expected to show crude supplies up 3.5 million barrels for the week ended Feb. 22
- There are expectations for inventory declines of 1.5 million barrels for gasoline and 2.5 million barrels for distillates
- US crude tumbled 2.9% on Monday on profit-taking away from three-month highs at \$57.79

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 after a report of declining U.S crude inventories and as producer club OPEC seemed to stick to its supply cuts despite pressure from U.S President Donald Trump.
- U.S West Texas Intermediate crude oil futures were at \$55.99 per barrel, up 49 cents, or 0.9 percent, from their last settlement. International Brent crude futures were at \$65.65 per barrel, up 44 cents, or 0.7 percent from their last close.
- U.S crude oil inventories fell by 4.2 million barrels in the week to Feb. 22, to 444.3 million barrels, the American Petroleum Institute estimated in a weekly report yesterday.
- Oil markets received support this year from supply curbs by the OPEC, which together with some non-affiliated producers like Russia, known as OPEC+, agreed late last year to cut output by 1.2 million bpd to prop up prices.
- Despite the OPEC-led curbs, oil remains in ample supply as U.S crude production has risen by more than 2 million bpd over the past year, to a record 12 million bpd, and because demand growth is low due to a global economic slowdown and improving energy efficiency across industries.
- Crude oil futures bounced as OPEC members remained firm on planned production cuts despite heightened political pressure from U.S President Trump early this week.
- OPEC production has also been declining as a result of U.S sanctions on the oil industries of cartel members Iran and Venezuela, both of which were exempted from the latest production-cut deal.

US Commodity Futures Trading Commission (CFTC) Data

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|------------|-------------------|---------|---------|------------|---------|---------|-------------------|--------|---------|---------------|
| | 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

The silver market pulled back a bit during the trading session yesterday, as the \$16.00 level continues to offer massive resistance. At this point, it will more than likely pull back towards the uptrend line, possibly even the 50 day EMA underneath. At this point, it's very likely that the market will continue to find buyers underneath, and that it should continue to find plenty of value hunters jump back in. Beyond that, the next couple of days are going to be crucial. If it can make a fresh, new high, the market will very likely go towards the \$17.00 level given enough time which is my longer-term target. Because of this, a little bit of short-term weakness will be had in this market, as it could continue to see the market struggle overall. The US dollar could lose a certain amount of strength, and that should send Silver to the upside.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 15.94 | | |
| Support | 15.76 | 15.70 | 15.63 |
| Resistance | 16.05 | 16.00 | 15.94 |

Source: FX EMPIRE

Highlights

- Globally, spot silver shed 0.22 per cent to USD 15.95 an ounce
- The central banks coming in buying gold and it is obviously affecting silver in a good way
- The silver market this year amid increased interest in the precious metals in general
- Historically momentum tends to slip around the conference as the second and third quarter are seasonally slow periods for precious metals
- May Comex silver was last down \$0.005 at \$15.825 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 rose in Asian trade as the dollar index fell off December 17 highs, ahead of US data. The rise in silver prices at futures trade was mostly attributed to raising of positions by participants but a weak trend in global markets, limited the gains.
- Silver futures due in May rose 0.19% to \$15.97 an ounce, while the dollar index slipped 0.02% off two-month highs. Now markets await US housing data with building permits expected down 2.8%, while housing starts are expected down 0.5% to 1.250 million.
- A dovish monetary policy presentation to the Senate by Federal Reserve Chairman Jerome Powell could not give silver prices any boost. The safe-haven metals bulls need a new fundamental news spark, amid the recent upbeat trader and investor attitudes.
- US President Donald Trump announced an extension to the trade truce with China, with Chinese media indicating the talks are in their final and most difficult stretches.
- Trump asserted the extension would allow for the talks a chance to progress further and hopefully end the trade war. However doubts persist due to the lack of concrete details so far and actual progress.
- The U.S indexes hit three-month highs on Monday and were trading near steady at midday today, amid generally upbeat investor attitudes and with no major geopolitical fires presently burning. The metals are rotating around the mean trying to escape and make a much bigger move.

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| | 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 |
|------------|-------|--|------------|--------|----------|----------|
| Wed Feb 27 | 17:00 | USD MBA Mortgage Applications (FEB 22) | Medium | | | 3.60% |
| Wed Feb 27 | 18:30 | CAD Consumer Price Index (YoY) (JAN) | High | | 1.40% | 2.00% |
| Wed Feb 27 | 18:30 | USD Advance Goods Trade Balance (DEC) | High | | -\$74.5b | |
| Wed Feb 27 | 19:45 | USD Powell to deliver Semi-Annual Testimony to House Panel | High | | | |
| Wed Feb 27 | 20:00 | USD Pending Home Sales (YoY) (JAN) | Medium | | | -9.50% |
| Wed Feb 27 | 20:00 | USD Factory Orders (DEC) | Medium | | 0.80% | -0.60% |
| Wed Feb 27 | 20:00 | USD Durable Goods Orders (DEC F) | Medium | | | 1.20% |
| Wed Feb 27 | 20:30 | USD DOE U.S. Crude Oil Inventories (FEB 22) | Medium | | | 3672k |
| Wed Feb 27 | 20:30 | USD DOE Cushing OK Crude Inventory (FEB 22) | Low | | | 3413k |

Source: Forex Factory, DailyFX

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