

Commodity News

Thursday, February 28, 2019



Gold

Technical

Gold prices dropped, declining as the dollar gained traction. The rise in oil prices put upward pressure on US yields which in turn buoyed the greenback which paved the way for lower gold prices. Bond prices were also under pressure hitting resistance level and then moving lower. The dollar has been somewhat resilient, but while it has been okay, the gold market has been grinding higher. Gold prices turned lower, breaking through short-term support which is now seen as resistance near the 10-day moving average at 1,326. The next level of target support on gold prices is seen near the 50-day moving average at 1,297. A lot of people will be looking to pick up gold for safety. The markets are going to continue to go higher, but it may get a little bit of a slight pullback from here.

Pivot:	1,317		
Support	1,317	1,314	1,310
Resistance	1,333	1,329	1,325

Source: FX EMPIRE

Highlights

- Gold prices remain under pressure near session lows following data that shows U.S consumer are jumping back into the housing market
- Weakness in prices prompted the metal to trade about 0.3% lower for the month so far
- Gold has gained about 15% from a more than one-and-half-year low touched in mid-August last year
- Despite the India-Pakistan flare-up, the U.S stock indexes this week hit three-month highs
- April gold futures were last down \$6.60 an ounce at \$1,322.10

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 yesterday, consolidating in a tight range, with the U.S Federal Reserve's dovish stance on monetary policy offering limited support.
- Spot gold was little changed at \$1,326.80 per ounce, moving in a narrow range of around \$4, while U.S gold futures were flat at \$1,328.70. Gold has gained about 15 percent from a more than one-and-half-year low touched in mid-August last year.
- The dollar was little changed, but remained near a three-week low after shedding 0.4 percent. The dollar aspect is particularly interesting as previous, periods of strength merely slowed or paused the rally and those of weakness spurred it on.
- The autocatalyst metal has climbed 23 percent this year on widening supply tightness in the market, while threats of strikes by mineworkers in South Africa added further support.
- Providing a solid foundation for bullion was U.S Fed chairman Jerome Powell's reiteration that the central bank would remain "patient" while deciding the future of interest rates.
- The strong rally in prices within a short span could trigger a correction, with the metal now slipping into overbought territory. Gold and the dollar tend to move inversely as a more robust buck makes commodities less attractive.
- There is some risk aversion in the marketplace. U.S stocks were lower, tracking their international counterparts into the red, as the tensions between India and Pakistan unnerved investors.

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 yesterday, as it has seen a massive withdrawal of supply over the last week. That was over 8 million barrels, when the estimates were for a 2 million barrel build. However, it find significant resistance just above not only near the \$57.50 level, but it also have the 200 day EMA above there. Prices are being further supported by OPEC's decision to stick with its plan to reduce production and trim global supplies despite pressure from U.S President Donald Trump to curtail the strategy. The Brent market, reaching towards the \$67.50 level. At this point, there is still a small gap near the \$70 level, and that has not been filled. Because of this, that might be the short-term target but obviously it has a lot of noise between here and there, so look for short-term pullbacks to buy value. The \$65 level will continue to be massive support.

Pivot:	56.30		
Support	56.30	56.05	55.70
Resistance	58.60	57.80	57.40

Source: FX EMPIRE

Highlights

- U.S crude oil stocks fell unexpectedly last week as net imports fell to record lows
- Crude production continued to grow to a record high of 12.1 million barrels per day, rising 100,000 bpd from the all-time high in previous week
- Saudi's minister also implied that production cuts could be extended into the second half of 2019
- Refinery runs are now back above year-ago levels, while domestic production has ticked higher again, now at 12.1 million barrels per day
- The decline followed five straight weeks of increases and defied most market forecasts

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 dipped today, dragged down by weakening factory output in China and Japan and record U.S crude output, although markets remained relatively well supported by supply cuts led by producer club OPEC.
- International Brent crude futures were at \$66.20 per barrel, down 19 cents, or 0.3 percent from their last close. U.S West Texas Intermediate crude oil futures were at \$56.90 per barrel, down 4 cents from their last settlement.
- Prices were dragged down by surging American crude oil production, which has risen by more than 2 million barrels per day over the last year, to an unprecedented 12.1 million bpd.
- After five consecutive weekly builds, nationwide crude inventories fell 8.6 million barrels in the week to Feb. 22, compared with the expectations for an increase of 2.8 million barrels.
- Net U.S crude imports fell last week by 1.4 million bpd to 2.6 million bpd, the lowest level on record, according to the data. Exports inched down 248,000 bpd from the previous week's record high.
- The large crude inventory decline was the result of a plunge in crude oil imports, along with crude oil exports hovering near a record level, over 3 million barrels per day.
- Refinery crude runs rose 179,000 bpd as utilization rates rose by 1.2 percentage points to 87.1 percent of total capacity, while Gasoline stocks fell by 1.9 million barrels and Distillate stockpiles, which include diesel and heating oil, fell by 304,000 barrels EIA data showed.

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 pulled back a bit during the trading yesterday, as it continue to see the \$16 level offer a lot of resistance. It appears that the \$16 level is being defended rather heavily, and with so many different people giving testimony in front of Congress during the trading session, the US dollar got a little bit of a boost against some currencies, driving the price of silver lower. The \$16 level is massive resistance and the 50 day EMA underneath is massive support. Obviously, the 200 day EMA is even more important, there's a bit of a "floor" at \$15.50. A break down below the \$15.50 level shows the market rolling over a bit further. Gold markets are approaching major support, and although they are also down during the trading session. In other words, it is looking to go long precious metals against the US dollar, it's probably better to use gold.

Pivot:	15.67		
Support	15.67	15.62	15.57
Resistance	16.00	15.91	15.83

Source: FX EMPIRE

Highlights

- Silver prices marked lower 0.6 percent to \$15.84 per ounce
- The central banks coming in buying gold and it is obviously affecting silver in a good way
- There is a geopolitical development that has the attention of the world marketplace at mid-week
- Very low inflation is the enemy of raw commodity market bulls, including precious metals
- May Comex silver was last down \$0.157 at \$15.67 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 moderately lower in early-afternoon U.S trading yesterday. Some more profit-taking pressure from the shorter-term futures investors was featured today. A firmer U.S dollar index was also a bit negative for the precious metals on this day.
- The safe-haven metals market bulls are closely monitoring a geopolitical development that also has the attention of the world marketplace. India and Pakistan have exchanged military strikes on each other the past two days.
- India bombed what it said was a terrorist camp in Pakistan, with Pakistan then retaliating by shooting down two Indian war planes, reports said. This news has Asian stock and financial markets on edge. Any escalation of this situation would prompt safe-haven demand for silver.
- In another sign of the low inflation expectations in the world marketplace at present, the German government today auctioned its 10-year bonds (bunds) for an average yield of just 0.12%. That's the lowest level in nearly 2.5 years.
- On investors' radar is U.S-China trade relations, with U.S President Donald Trump indicating he may soon sign a deal with Chinese President Xi Jinping to end a dispute blamed for slowing global economic growth.
- The metals are rotating around the mean trying to escape and make a much bigger move. Investors and markets did not show big reactions to Federal Reserve Chairman Jerome Powell's testimony to the U.S Senate on Tuesday. Powell sounded a more dovish tone on U.S monetary policy, which is what most expected.

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
Thurs Feb 28	12:45	EUR French Gross Domestic Product (YoY) (4Q P)	Medium	0.9%	0.90%	0.90%
Thurs Feb 28	18:00	EUR German Consumer Price Index (YoY) (FEB P)	High		1.50%	1.40%
Thurs Feb 28	18:30	USD BEA Releasing Initial 4Q GDP (Combining Initial/Second)	Medium			
Thurs Feb 28	18:30	USD Initial Jobless Claims (FEB 23)	Medium		221k	216k
Thurs Feb 28	18:30	USD Continuing Claims (FEB 16)	Medium			1725k
Thurs Feb 28	18:30	USD Gross Domestic Product Annualized (QoQ) (4Q A)	High		2.20%	3.40%
Thurs Feb 28	18:30	USD Personal Consumption (4Q A)	Medium		3.60%	3.50%
Thurs Feb 28	18:30	USD Core PCE (QoQ) (4Q A)	Medium		1.60%	1.60%
Thurs Feb 28	19:45	USD Chicago Purchasing Manager (FEB)	Medium		57.8	56.7

Source: Forex Factory, DailyFX

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