

Commodity News

Friday, February 15, 2019



Gold

Technical

Gold markets fell slightly during the trading session yesterday, but it ended up turning back around to show signs of life again. The gold market has been rallying every time it dip, and that is going to continue to be the case. The soft US data also weighed on riskier assets. So economic data across the globe makes all currencies unattractive, allowing gold to gain wider attention. Prices are holding just above short-term support near the 5-day moving average at 1,309. Additional support is seen near the 20-day moving average at 1,303. A close below the 20-day moving average could be the impetus to drive prices back toward the 2018 lows near 1,180. Despite the slight downward trend as prices consolidate momentum appears to be negative.

Pivot:	1,310		
Support	1,310	1,307	1,305
Resistance	1,323	1,320	1,318

Source: FX EMPIRE

Highlights

- Gold prices rallied against a falling US dollar yesterday, rising back to \$1310
- The Fed will keep borrowing costs unchanged from the current cap of 2.5% over the next year
- Uncertainties around Brexit and trade talks and strengthening of the dollar are capping gold prices
- Until there is resolution to these global concerns it might see gold prices range bound between \$1,305 and \$1,326
- The dollar index, a gauge of its strength versus six major peers was marginally lower at 97.01

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 firmed today as the dollar weakened slightly after disappointing U.S data indicated slowing economic momentum, supporting the U.S Federal Reserve's patient monetary policy approach.
- Spot gold was little changed at \$1,312.82 per ounce. It rose 0.5 percent in the previous session in its biggest intraday gain since Jan. 30. U.S gold futures were up 0.1 percent at \$1,315 an ounce.
- U.S retail sales recorded their biggest drop in more than nine years in December as receipts fell across the board, suggesting a sharp slowdown in economic activity at the end of 2018.
- The largest monthly drop in retail sales in nine years backed expectations that the U.S Federal Reserve will pause interest-rates hikes, helping to limit the loss for gold.
- With the gold market down six dollars in the face of another upside breakout in the dollar, it is clear the market is facing increased currency market pressures. The dollar measured against six of its peers was up 0.1 percent at 97.04, after weakening by 0.12 percent in the previous session.
- Gold had gained 0.5 percent in the previous session, its biggest intraday gain since Jan. 30, as weak U.S economic data increased expectations that the U.S Federal Reserve would stick to its dovish stance on monetary policy.
- Weak U.S retail sales data will be a good reason for the U.S. Federal Reserve not to raise interest rates, which is good for gold prices. U.S tariffs on \$200 billion worth of imports from China are scheduled to rise to 25 percent from 10 percent.

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

Crude oil futures traded higher shortly before the regular session opening yesterday. The market is being underpinned by OPEC-led production cuts that are designed to trim the global supply surplus and U.S sanctions against Venezuelan exports. Another jump in crude imports from China is also supportive. Brent markets also have been trying to break out above the neckline but haven't quite taken off yet. The \$65 level above is the top of the resistance, and if it can get above there it should continue to go higher. If it pull back from here it would anticipate that there should be plenty of support down at the \$60 level. A trade through \$56.05 will negate the closing price reversal top and signal a resumption of the uptrend. A move through \$51.62 will change the main trend to down. The market is currently trading on the strong side of its retracement zone at \$54.36 to \$53.84.

Pivot:	54.00		
Support	54.00	53.50	53.10
Resistance	55.75	55.45	55.00

Source: FX EMPIRE

Highlights

- U.S crude oil production remained at a record of 11.9 million barrels per day
- Oil prices were boosted after Saudi Arabia announced to cutting daily production and exports by a further 500,000 bpd
- The dollar dropped to session lows following the U.S retail sales report
- Oil prices also drew support from a surprise increase in China's exports in January and a sharp rise in imports of crude oil
- U.S crude stocks last week rose to their highest since November 2017

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

- Brent crude oil prices hit 2019 highs above \$65 per barrel today, spurred by OPEC-led supply cuts and a partial shutdown of Saudi Arabia's biggest offshore oil field.
- Brent rose as high as \$65.10, pushing past the \$65 mark for the first time this year, before edging back to \$64.89 a barrel. That was still 0.5 percent above the last close.
- The international benchmark for oil prices is at a near 3-month high and set for a 4.5 percent gain for the week. U.S West Texas Intermediate crude futures were at \$54.61 per barrel, up 20 cents, or 0.4 percent, from their last settlement.
- Non-OPEC producers including Russia late last year agreed to cut crude output by a joint 1.2 million bpd. Top exporter Saudi Arabia said it would cut even more in March than the deal called for.
- Brent should average \$70 per barrel in 2019. Russia has cut its oil production by 80,000-90,000 barrels per day from its level in October. It also expects a 2.5 million barrels per day drop in OPEC supply from 4Q18 into 4Q19.
- Brent futures ended the session up 96 cents, or 1.5 percent, at \$64.57 a barrel, after hitting a 2019 high of \$64.81, while U.S crude rose 51 cents, or 0.95 percent, to \$54.41 a barrel, down from a session high of \$54.68.
- The price of crude has gained nearly 20 percent this year, driven primarily by the prospect of a decline in oil supply from the Organization of the Petroleum Exporting Countries and other top exporters such as Russia.

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 have been all over the place yesterday, as the markets have gotten quite a bit of mixed messages around the world. The United States released horrific numbers when it comes to retail sales and PMI figures. The currency markets have kicked around many other markets, showing signs of indecision. The \$15.50 level will of course attract a lot of attention. If it can break above the top of the candle stick for the trading session yesterday, then it probably go higher, perhaps reaching towards the \$16 level. It will continue to see a "by on the dips" mentality, but that doesn't necessarily mean that it's going to be easy. The 20 day EMA are also supported by the 50 day EMA that has been sloping to the upside. There is a significant amount of support just below not only because of the moving average, but also the cluster that was from a couple of weeks ago.

Pivot:	15.52		
Support	15.52	15.47	15.43
Resistance	15.83	15.77	15.69

Source: FX EMPIRE

Highlights

- Silver slipped fell 0.3 percent to \$15.57, and almost 2 percent this week
- The U.S dollar index firmer and near its 2018 high scored in December
- The data was supportive for the precious metals markets and did knock the U.S dollar off its daily highs
- The Fed hold off on raising interest rates, and maybe even lower them a bit in 2019
- March Comex silver was last down \$0.102 at \$15.55 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 lower in early U.S traded yesterday, but have significantly trimmed overnight losses following some downbeat U.S economic data that was just released. Still, U.S dollar this week is keeping the precious metals market bulls squelched.
- Silver prices fell for another session despite lower pressures from the dollar that steadied against major rivals. The dollar index slipped 0.1% to 97.1, with a session-high at 97.2.
- Silver futures gained ground in Asia as the dollar index backed off December 17 highs for another session, following earlier Chinese data and ahead of US inflation data today.
- Investor risk appetite in the marketplace this week remains generally upbeat. U.S stock indexes were holding slight gains at midday and were near this week's 2.5-month highs. That's bearish for the safe-haven metals.
- Core prices are estimated up 0.2%, compared to a 0.1% dip in December, while unemployment claims are expected down 9 thousand to 225 thousand. Producer prices are expected up 0.1% m/m, and 2.1% y/y.
- The rally in world stock markets just recently is due in part to optimism the U.S and China will reach at least a limited deal by the March 1 deadline imposed by the U.S China's exports jumped 9.1% in January, which was above expectations. However, Chinese imports were reported down 1.5%. Both figures were year-on-year. Imports from the U.S were down 41.2% from the same time last 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	
12/05/2018	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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Friday, February 15, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Feb 15	01:30	CNY Consumer Price Index (YoY) (JAN)	High	1.7%	1.9%	1.9%
Fri Feb 15	04:30	JPY Industrial Production (YoY) (DEC F)	Medium	-1.9%		-1.9%
Fri Feb 15	07:00	CNY New Yuan Loans CNY (JAN)	High	3230.0b	3000.0b	1080.0b
Fri Feb 15	09:30	GBP Retail Sales Ex Auto Fuel (YoY) (JAN)	Medium	4.1%	3.2%	2.9%
Fri Feb 15	13:30	USD Import Price Index ex Petroleum (MoM) (JAN)	Medium		-0.1%	0.3%
Fri Feb 15	13:30	USD Export Price Index (YoY) (JAN)	Medium			1.1%
Fri Feb 15	14:00	CAD Existing Home Sales (MoM) (JAN)	Medium			-2.5%
Fri Feb 15	14:15	USD Industrial Production (MoM) (JAN)	Medium		0.1%	0.3%
Fri Feb 15	15:00	USD U. of Mich. Sentiment (FEB P)	High		93.9	91.2

Source: Forex Factory, DailyFX

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