

Commodity News

Monday, February 18, 2019



Gold

Technical

Gold prices surged higher rising nearly 1% on Friday. Prices are fast approaching the 2019 highs and are poised to break out the January highs at 1,325. A close above this level would lead to a test of the 2018 highs near 1,365. Short term support is seen near the 5-day moving average near 1,311. Additional support is seen near the 20-day moving averaged at 1,305. The major support at the \$1300 level that extends down to the \$1275 level. However, if it break down below the support levels, then it would go looking towards the \$1260 level, an area where it has seen a lot of bullish pressure as well. The lower IP in the US combined with Thursday's softer than expected US retail sales, weighed on the dollar and paved the way for higher gold prices.

Pivot:	1,319		
Support	1,319	1,316	1,314
Resistance	1,336	1,333	1,325

Source: FX EMPIRE

Highlights

- Gold prices stood firm at two-week highs as the dollar inched lower
- The dollar index, a gauge of its value versus six major peers was steady at 96.91
- Looser monetary policies are generally favourable to gold, which has benefited since the Fed paused its tightening path
- Gold prices rose 0.5% to \$1,320 an ounce, with a session-high at \$1,323.1 an ounce, and a low at \$1,314.3 an ounce
- Minutes of the Fed's January policy meeting are due on Wednesday

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 rose to their strongest level in more than two-week highs today as the dollar inched lower, while equities rose on increased expectations of a U.S-China trade deal, capping bullion's gains.
- Spot gold inched 0.1 percent higher to \$1,321.69 per ounce. The metal hit a near 9-month high of \$1,326.3 an ounce on Jan. 31. U.S gold futures rose 0.2 percent to \$1,324.9 an ounce.
- Gold prices rose as the dollar steadied following weak US data that prompted demand on safe havens. The dollar index steadied at 97.06, with an intraday high at 97.3, and a low at 97.02.
- The dollar was marginally weaker, as increasing expectations of a U.S-China trade deal led investors to shift away from the safety of the greenback, which had been the preferred safe-haven during the trade dispute.
- Spot gold prices have risen about 3.3 percent so far this year on hopes that the world's two largest economies will hammer out a truce and on expectations the U.S Federal Reserve will pause its cycle of interest rate hikes.
- The market will be looking closely at U.S and China data and gold will target a retest of the \$1,326 level again. Earlier US data showed imports fell 0.5% last month, with industrial output falling as well.
- The United States and China will resume trade talks this week in Washington with time running short to ease their bruising trade war, but U.S President Donald Trump repeated on Friday that he may extend a March 1 deadline for a deal and keep tariffs on Chinese goods from rising.

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 significantly, but especially on Friday to break above the \$55 level. As it is above the \$56 level, and that means it's very likely it will continue to see buyers jump into this market. The markets are going to be very noisy but it looks like the Saudi decision to cut back should continue to push this market higher. Brent markets also broke out as well, looking towards the \$65 level in breaking above there. The market looks likely to continue to go higher though, so short-term pullbacks looks as buying opportunities in a market that should continue to show strength. Overall, it could probably go towards the \$70 handle, and at this point the \$60 level underneath should be supported. The move could be rather explosive but obviously there are geopolitical concerns out there that could drive oil back down such as growth.

Pivot:	55.40		
Support	55.40	55.05	54.65
Resistance	57.65	56.90	56.55

Source: FX EMPIRE

Highlights

- Oil prices rose to their highest levels since November last year
- Positive signs in the U.S-China trade talks helped boost sentiment across markets
- A surge in U.S crude oil production by more than 2 million bpd in 2018, to a record 11.9 million bpd
- 500 thousand bpd cut from the levels promised by Saudi Arabia in the deal to cut global output with OPEC
- Brent prices slipped after China reported the weak car sales data

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 today after climbing to their highest this year earlier in the session as China reported automobile sales in January fell for a seven month, raising concerns about fuel demand in the world's second-largest oil user.
- International Brent crude futures were at \$66.20 per barrel, down 5 cents from their last close. Brent earlier climbed to \$66.78 a barrel, the highest since November 2018.
- U.S West Texas Intermediate crude oil futures were at \$55.82 per barrel, up 23 cents from their last close. WTI prices also rose their highest since November, at \$56.13 per barrel.
- Global oil markets remain relatively tight because of supply cuts organised by the OPEC and some non-affiliated producers like Russia. The group of producer countries agreed late last year to cut output by 1.2 million bpd to prevent a large supply overhang from swelling.
- U.S energy firms last week increased the number of oil rigs looking for new supply by three, to a total of 857. That means the U.S rig count is higher than a year ago when fewer than 800 rigs were active.
- China's vehicle sales last month fell by 15.8 percent versus the same month in 2018. This continued the 2018 trend, in which China recorded the first annual drop in vehicle sales on record.
- The EIA reported an increase of 3.6 million barrels in US crude stocks last week to a total of 450.8 million barrels. Moreover Saudi Arabia plans to produce 9.8 million bpd in March, and for exports to fall to 6.9 million bpd.

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 fell during most of the week, and touched downside. It also have the 50 week EMA offering support at the vital \$15.50 level. The market breaking down below the uptrend line would be a very negative sign though, and it could drift down towards the \$15 level underneath. Silver was in a much worse situation but is currently showing signs of a potential bullish reversal too. The \$16 level above is resistance, and significant resistance at that. If it can break above the \$16 level, the market could then go to the \$17 level but it's going to take a lot of work for that to happen. Ultimately, if it break down below the uptrend line, that could send this market down the \$15 rather quickly. The next couple of weeks will be crucial but at this point it's likely that the volatility will continue, eventually the US dollar starts to lose its luster during the year.

Pivot:	15.72		
Support	15.72	15.65	15.54
Resistance	16.06	15.93	15.86

Source: FX EMPIRE

Highlights

- Silver prices marked up 0.2 percent at \$15.80 per ounce
- Silver prices rose to their strongest level in more than two weeks as the dollar weakened on hopes over US-China trade deal
- Silver is a speculative metal that has the potential to explode higher or implode lower
- Silver prices also witnessed a sharp rise in futures trade on raised orders from industrial units and coin makers at the bullion market
- A weak dollar means silver will appreciate as the commodity becomes cheaper in other currencies

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

- The price of silver peaked at nearly \$50 per ounce in early 2011, this precious metal with a strong industrial component has continued to lag the gold price. And for the most part, this seemingly endless bear market has kept speculators in most things silver on the sidelines for eight years.
- Despite a strong finish in 2018, silver continued to disappoint long suffering bulls of this forgotten sector last year, leading to a plunge in sentiment and speculators building up record short positions. The silver price moves on the market's sentiment that drives waves of buying or selling into the market at times.
- Silver had a brief flicker of excitement in early 2016 with a 50% move in six months to \$20 per ounce, 96% of this huge gain was lost by the time silver struck its low at \$13.86 per ounce on November 13th. The fundamentals of the silver market are always a challenge because the metal is a byproduct of other metal production.
- The Silver Institute has recently published some bullish insights on 2019 silver market trends. The sentiment to be more supportive for the silver market.
- Silver was trading at \$15.54 on February 14, and the price has been attempting to break to the upside. After falling to a low at \$13.86 in mid-November 2018, the price has been making higher lows and higher highs.
- From 1984 through 2006, the price of silver did not trade above \$10 per ounce on the nearby COMEX futures contract. Since 2009, the price has not traded below that level.

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
Mon Feb 18	02:30	NZD Performance Services Index (JAN)	Medium	56.3		53.2
Mon Feb 18	04:50	JPY Machine Orders (YoY) (DEC)	Medium	0.9%	3.40%	0.80%
Mon Feb 18	05:01	GBP Rightmove House Prices (YoY) (FEB)	Medium	0.2%		0.40%
Mon Feb 18	06:10	JPY BOJ Outright Bond Purchase 1~3 Years	Low			
Mon Feb 18	14:00	CHF Total Sight Deposits CHF (FEB 15)	Low			576.2b
Mon Feb 18	14:00	CHF Domestic Sight Deposits CHF (FEB 15)	Low			486.8b

Source: Forex Factory, DailyFX

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