

Commodity News

Monday, March 18, 2019



Gold

Technical

Based on last week's price action and the previous week's closing price reversal bottom at \$1280.80, the direction of the April Comex gold market this week is likely to be determined by investor reaction to the major 50% level at \$1293.60. Gold futures closed higher last week, confirming the previous week's closing price reversal bottom. The market was driven higher by a drop in U.S Treasury yields. This move made the U.S Dollar a less-desirable investment, while driving up demand for dollar-denominated gold. Helping to put a cap on gold prices was increased demand for higher risk assets. Gold is currently trading inside a major long-term retracement zone at \$1293.60 to \$1319.70. This zone is controlling the longer-term direction of the market.

Pivot:	1,299		
Support	1,299	1,295	1,292
Resistance	1,315	1,311	1,308

Source: FX EMPIRE

Highlights

- Gold prices slipped today as equity markets gained and the dollar steadied
- Renewed optimism over prospects for a U.S-China trade deal was cited as a headwind for the safe-haven metal
- The dollar was steady at 96.593 after falling 0.2 percent in the previous session
- The U.S central bank indicated that it will be patient as it considers more rate hikes, amid concerns over slowing global growth
- Hedge funds and money managers trimmed their net long position by 6,097 contracts to 41,774

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 slipped today, as gains in the equity markets dented the appeal of the precious metal ahead of a U.S Federal Reserve policy meeting this week.
- Spot gold was down 0.2 percent at \$1,299.13 per ounce. U.S gold futures fell 0.3 percent to \$1,299 an ounce. Gold, which offers no yield of its own, tends to fall out of favor among investors when interest rates rise.
- Gold prices are at a key level right now, \$1,290 and \$1,310 are the key support and resistance levels. One of the most important drivers for gold is the U.S dollar strength and the dollar is in turn beholding to the U.S-China trade negotiations.
- Investors since last year have favored the dollar as a safe haven against the U.S-China trade war. Markets have been on the edge as a resolution to the dispute is taking longer than expected.
- The precious metal though facing headwinds from riskier assets continues to demonstrate strong support amid heightened geopolitical uncertainties in the current term.
- The Fed is due to announce its latest monetary policy decision on Wednesday. The central bank is widely expected to keep monetary policy unchanged at the end of its two-day policy meeting and policymakers will also update their projections for future rate hikes.
- Uncertainty on the outlook for the world economy and global trade as well as a sharp US growth slowdown expected by a range of forecasters mean that markets are on a hair trigger for signals from the Fed.

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

U.S West Texas Intermediate crude oil futures finished sharply higher last week, putting the market in a position to challenge a major 50% to 61.8% retracement zone. Reaction to this zone is likely to determine the longer-term direction of the market. The market was underpinned last week by the OPEC-led production cuts and U.S sanctions against Iran and Venezuela. Triggering a surge to the upside was an unexpected drop in U.S crude oil inventories. The main trend is up. A trade through \$59.25 will signal a resumption of the uptrend. A move through \$54.87 will change the main trend to down. The main range is \$75.80 to \$43.46. Its retracement zone at \$59.63 to \$63.45 is the primary upside target. The short-term range is \$43.46 to \$59.25. If the trend changes to down then look for the selling to possibly extend into its retracement zone at \$51.36 to \$49.49.

Pivot:	58.15		
Support	58.15	57.95	57.75
Resistance	59.20	58.95	58.65

Source: FX EMPIRE

Highlights

- Crude oil futures were lower in reaction to the latest information on OPEC production levels
- The market is still torn between economic concerns and high U.S oil production on one hand and remarkable OPEC+ compliance on the other
- Brent prices hit their highest so far this year at \$68.14, saw a gain of approximately 2.1% on the week
- OPEC is due to meet in April and then again in June to decide its output policies
- The United States has imposed stiff sanctions on OPEC's third largest oil producer, Iran

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 amid concerns that an economic downturn may dent fuel consumption, but crude markets remain broadly supported by supply cuts led by producer group OPEC and U.S sanctions against Iran and Venezuela.
- Brent crude oil futures were at \$67.03 per barrel, down 13 cents, or 0.2 percent, from their last close, but not far off the \$68.14 per barrel 2019-high reached last week.
- U.S West Texas Intermediate futures were at \$58.32 per barrel, down 20 cents, or 0.3 percent, from their last settlement, and also not far off their 2019-high of \$58.95 from the previous week.
- The greatest downside risk to our oil price view is demand weakness on slower economic growth. Our base case is that global oil demand will increase by 1.3 million barrels per day in 2019.
- The United States has been increasing its own oil exports steeply in recent months while imposing sanctions on Venezuela and Iran to reduce their shipments to global markets.
- OPEC and its allies have cut output by 1.2 million barrels per day - or 1.2 percent of global demand, since January to help rebalance the global oil market and prop up prices.
- After the review meeting on March 17 and 18, ministers from the so-called OPEC+ alliance will gather in Vienna next month, and again in June, to decide on output policy for the second half of the 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	
12/27/2018	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 went back and forth during the course of the week, using the lot of real estate in the process. The markets formed a nice-looking hammer last week, it looks as if it is trying to show signs of stability here. Silver markets went back and forth during the course of the week, showing signs of exhaustion at times, but in general it looks as if it is simply validating the hammer from the previous week. The hammer sits right at the \$15.00 level underneath, which is massive support. The market had previously seen a lot of resistance at that area, so it makes sense that the buyers would come in and defend this area. If it break above the candle stick for the week, the market should then go to the \$16.00 level. If it reach down towards the \$15.00 level underneath, it anticipate that there will be a lot of buyers willing to step in and pick up some value.

Pivot:	15.21		
Support	15.21	15.15	15.10
Resistance	15.63	15.53	15.44

Source: FX EMPIRE

Highlights

- Spot silver prices were steadied at \$15.28 an ounce
- Silver is capable of achieving any noticeable additional gains of its own accord
- Silver has followed gold up and back down, was at \$15.35
- The silver price is likely to climb in 2019, but only because it envisage a rising gold price
- The long period of consolidation in the precious metals sector is finally ending

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 rose more than 1% on Friday for the second consecutive weekly gain, supported by the fall of the US dollar against a basket of currencies, and also supported by the rise in copper prices in the global market.
- Silver prices rose 1.3% to trade at \$15.37 an ounce from the opening of \$15.17, the highest at \$15.38 and the lowest at \$15.16. Silver ended yesterday's trading falling 1.7%, with the correction process accelerating from the highest level in two weeks at \$15.52 an ounce and under the pressure of slowing investment demand for safe assets.
- The dollar index fell more than 0.1% on Friday, continuing its losses for the sixth consecutive day, hitting a two-week low of 96.03 points, reflecting the continued decline of the US dollar against a basket of currencies.
- The US dollar continued to fall as economical data in the United States confirmed on Thursday, that there is a growing pressure on the path of growth of the world's largest economy, weakening the chances that the Federal Reserve will raise US interest rates at least once this year.
- The U.S dollar index was 0.24% lower, last at 96.540 and posted its biggest weekly loss since the first week of December. A weaker greenback can be supportive for dollar priced commodities, making them cheaper to holders of other currencies.
- Investors are looking ahead to the US economy to release the NYSE Index, which may extend to 10.1 vs. 8.8 in February before the world's largest industrial producer reading Industrial Production Index Up 0.4% from a decline of 0.6% in January.

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 Mar 18	02:30	NZD Performance Services Index (FEB)	Medium	53.8		56.2
Mon Mar 18	04:50	JPY Trade Balance (FEB)	Medium	¥339.0b	¥305.1b	-¥1415.6b
Mon Mar 18	05:01	GBP Rightmove House Prices (YoY) (MAR)	Medium	-0.80%		0.20%
Mon Mar 18	09:30	JPY Industrial Production (YoY) (JAN F)	Medium	0.30%		0.00%
Mon Mar 18	14:00	CHF Domestic Sight Deposits CHF (MAR 15)	Low	488.6b		487.6b
Mon Mar 18	15:00	EUR Euro-Zone Trade Balance s.a. (JAN)	Low		15.0b	15.6b
Mon Mar 18	17:30	CAD International Securities Transactions (Canadian dollar) (JAN)	Low			-18.96b
Mon Mar 18	19:00	USD NAHB Housing Market Index (MAR)	Medium		63	62
Mon Mar 18	20:30	USD U.S. to Sell USD48 Bln 3-Month Bills	Low			

Source: Forex Factory, DailyFX

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