Commodity News

Wednesday, March 15, 2017

Gold

Technical

Gold markets initially tried to rally today but found enough resistance to turn around and form something akin to a shooting star. It looks as if the $1200 level is offering support, as well as the 50% Fibonacci retracement level underneath. I believe that the 61.8% Fibonacci retracement level underneath there is massively supportive also, so I think that short-term selling might be possible, but longer-term I believe that the buyers could return. If we break down below the 61.8% Fibonacci retracement level, and then the market will probably drop precipitously. Volatility will remain. Resistance on the yellow metal is seen near the 10-day moving average near 1,217. Support is seen near the January 26, lows at 1,180. Momentum remains negative as the MACD index prints in the red with a downward sloping trajectory which points to lower prices.

Pivot:	1,203		
Support	1,200	1,197	1,194
Resistance	1,207	1,211	1,214

Highlights

- Gold settled with a minor loss yesterday, a day after posting their first climb in 10 sessions.
- Expectations for the increase in U.S interest rate have already rallied the dollar and depressed metals prices
- Gold for April delivery fell less than 0.1%, to settle at $1,202.60 an ounce
- The Fed indicated last year that it would raise rates three more times this year
- The Fed is widely expected to raise the range of its benchmark federal-funds rate by a quarter-point today

Gold - Technical Indicators

RSI 14	46.37
SMA 20	1,245.2
SMA 50	1,239.3
SMA 100	1,198.5
SMA 200	1,255.8

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold prices edged up today on safe-haven buying due to uncertainty over the outcome of Dutch elections, while markets waited for clues on the pace of U.S. interest rate hikes this year.
- With an immediate rate increase by the Federal Reserve seen as a done deal, investors are focusing on what message the central bank will deliver when it concludes a two-day meeting today. In December, the Fed forecast three rate rises this year.
- Spot gold had edged up 0.4 percent to $1,203.31 per ounce. U.S. gold futures rose 0.1 percent to $1,203.30 per ounce. We do not think much will change throughout much of today's session ahead of the Fed rate decision and policy statement.
- Our bias is still somewhat constructive on gold given that we think the Fed will shrink from coming across as too aggressive. The statement from the Fed, due today, will be followed by a briefing at 11:30 P.M.
- Investors were also focusing today's Dutch elections, which have been boosting gold's safe-haven appeal. The Party for Freedom is seen as having little chance of coming to power, but a strong election performance for the group that says it wants to "de-Islamicise" the Netherlands would fuel worries over a surprise result in French presidential elections in April and May.
- We expect the bullish bias to continue throughout the session as the Dutch election gives the yellow metal a slight safe-haven bid. Critical support for gold held around $1,180.
- Prices have fallen over 5 percent since gold failed to sustain a break above its 200-day moving average at around $1,261 in late February. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.36 percent to 834.99 tonnes on Tuesday from Monday.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

Commodity News

Wednesday, March 15, 2017

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Crude Oil

Technical

The WTI Crude Oil market initially tried to rally on Tuesday, but found enough resistance above to turn things back around, as we broke below the bottom of the hammer from the Monday session. This is a very bearish sign, as we could even be bothered to bounce off the hammer. We have the Crude Oil Inventories announcement coming out today, and that more than likely will only confirm the oversupplied situation that the oil markets find themselves in. Because of this, a time we rally I am looking to sell this market on short-term exhaustive charts. I believe that we are reaching towards the $46 level, and then eventually the $45 level after that. I have no interest whatsoever in buying this market and believe that the “ceiling” is at the $50 handle above. It is not until we break above there that I think the buyers will feel confident enough to put serious money to work.

Pivot:	48.51		
Support	47.88	47.10	46.55
Resistance	49.30	49.78	50.16

Highlights

- Demand growth for oil is expected to drop from 1.6 million barrels a day last year to 1.4 million barrels a day in 2017
- IEA noted that member countries of the OPEC oil-producing cartel cut their production for the second month in a row
- In 2017 non-OPEC output is set to rise 0.4 million barrels a day to 58.1 million barrels a day
- Oil prices are trading higher, after hitting a three-month low earlier in the week
- Saudi Arabia, had raised its output in February by 263,000 barrels per day to 10 million barrels

Crude - Technical Indicators

RSI 14	43.33
SMA 20	53.59
SMA 50	53.12
SMA 100	51.31
SMA 200	48.72

Crude Oil Daily Graph

Source: Meta Trader

Fundamentals

- Oil prices climbed from three-month lows today in Asian session, lifted by a surprise drawdown in U.S. inventories and helped by figures from the International Energy Agency (IEA) suggesting OPEC cuts should push the crude market into deficit in time.
- For those looking for a rebalancing of the oil market the message is that they should be patient, and hold their nerve. Brent futures were up 77 cents at $51.68 on the day, after tumbling to $50.25 in Tuesday's session, a low since Nov. 30.
- U.S. West Texas Intermediate crude traded up 85 cents at $48.57 a barrel, having risen over a dollar earlier. On Tuesday, it slid as low as $47.09, another low since November.
- The IEA reported global inventories rising in January for the first time in six months despite OPEC cuts since Jan. 1, but said if OPEC stuck to limits the market should see a deficit of 500,000 barrels per day (bpd) in the first half of 2017.
- As long as OPEC stays on track and non-OPEC delivers on their agreed cuts, the market will continue to balance. The OPEC said at the end of November it would cut 1.2 million bpd during the first half of 2017, and then in December reached a deal with non-OPEC producers to cut about 600,000 bpd from their output.
- Despite OPEC compliance with its share of cuts, stockpiles have continued to rise, in part because OPEC members pumped heavily before cuts kicked in and also because U.S shale producers have hiked output as Brent spiked above $58 in January. On Tuesday, prices had been hit hard by an OPEC report showing a rise in global crude stocks and a surprise output jump from OPEC's biggest member, Saudi Arabia.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Silver

Technical

Silver markets initially tried to rally in yesterday's trading session but found quite a bit of resistance at the $17 level. The shooting star from Monday's trading session seems to be very resistive, and the Tuesday candle is making another case for selling. However, I also recognize that the 61.8% Fibonacci retracement level underneath it should continue to find support of action. Because of this, I think that a short-term selling opportunity may present itself, but somewhere near the $16.70 level the buyers may very well return. If we can break above the top of the shooting star on Monday, that would be an extraordinarily bullish sign. The US dollar looks at risk today with the FOMC rate hike all but a certainty, and barring any ultra-hawkish language from the Fed sellers may show up as they did on NFPs. Looking to the techs, the set-up for a drop in the dollar is there.

Pivot:	16.92		
Support	16.82	16.75	16.65
Resistance	17.05	17.15	17.28

Highlights

- Silver steadied following expectations for an interest rate rise by the US Federal Reserve
- Silver prices were flat at $16.94 per ounce in yesterday's session
- The U.S Dollar rose against a basket of other major currencies
- Fed Fund futures prices imply a 93% probability of a rate hike later today in U.S session, according to CME data
- China's retail sales growth slowed at the start of the year, climbing 9.5%. That was down from 10.9% the previous month

Silver - Technical Indicators

RSI 14	46.12
SMA 20	18.04
SMA 50	17.48
SMA 100	17.12
SMA 200	18.11

Silver Daily Graph

Source: Meta Trader

Fundamentals

- Silver prices traded within a narrow range yesterday, as investors approached the Federal Reserve's two-day policy meeting with near certainty that a rate hike would materialize.
- May silver futures rose 7 cents, or 0.4%, to $17.04 a troy ounce. The contract fluctuated within a narrow daily range of $16.90 and $17.04. Price action has steadied over the past three sessions after a multi-week reversal knocked the grey metal off three-and-a-half month highs.
- The Federal Open Market Committee (FOMC) kicks off its two-day policy meeting yesterday, with the official interest rate statement due the following later today. Fed Fund futures prices imply a 93% probability of a rate hike on Wednesday, according to CME data.
- A stronger than expected February jobs report on Friday all but assured investors that the Fed would resume policy tightening this week. U.S. employers added 235,000 workers to payrolls last month, as unemployment declined and workforce participation increased.
- The U.S. dollar rose against a basket of other major currencies in yesterday's trading session ahead of the FOMC meetings. The dollar index was last up 0.3% at 101.58.
- In economic data, Eurozone industrial production rose less than expected in January, data showed yesterday pointing to weaker momentum in the 19-member currency region.
- Production rose 0.9% from a month earlier and only 0.6% compared to year ago levels, the European Commission's statistics agency reported yesterday. Earlier in the day, the Chinese government reported that industrial production rose at an annualized 6.3% in January, while annual fixed-asset investment rose 8.9%.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/27/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Mar 15	14:30	GBP Jobless Claims Change (FEB)	Medium		-5.0k	-42.4k
Wed Mar 15	14:30	GBP ILO Unemployment Rate (3M) (JAN)	Medium		4.8%	4.8%
Wed Mar 15	17:30	USD Consumer Price Index (YoY) (FEB)	High		2.7%	2.5%
Wed Mar 15	17:30	USD Advance Retail Sales (FEB)	High		0.1%	0.4%
Wed Mar 15	19:00	USD NAHB Housing Market Index (MAR)	Medium		65	65
Wed Mar 15	19:30	USD DOE U.S. Crude Oil Inventories (MAR 10)	Medium			8209k
Wed Mar 15	23:00	USD FOMC Rate Decision (Upper Bound) (MAR 15)	High		1.00%	0.75%
Wed Mar 15	23:00	FOMC Releases New Summary of Economic Projections (MAR 15)	High			
Wed Mar 15	23:30	USD Fed Chair Yellen Holds Press Conference	High			

Source: Forex Factory, DailyFX

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