Commodity News

Wednesday, May 02, 2018

Gold

Technical

Gold markets broke down rather hard yesterday, losing over $10 by the time the Americans took over, but we are currently sitting just above the $1300 level, an area that is important as it is a large, round, psychologically significant figure, and of course has seen a lot of resistance and support both over the last several months. If it do break down below the $1300 level, then it may go looking towards the $1275 level again, which of course has been important as well. A lot of this is going to come down to the US dollar, and the fact that it has been strengthening. Higher interest rates in America of course are horrible for gold longer-term, but there are enough geopolitical concerns out there that might could not give up on the yellow metal altogether. Short-term pops and rallies from this region would make sense, so future investors might be looking for short-term scalps as it get closer to the $1300 level.

Pivot:	1,310		
Support	1,301	1,296	1,290
Resistance	1,316	1,320	1,326

Source: FX EMPIRE

Highlights

- Gold prices fall a second straight session to end at a 2-month low
- Gold futures ended low as the dollar turned positive for 2018 and Treasury yields climbed a day ahead of the Federal Reserve's monetary-policy decision
- Higher Treasury yields can spell weakness for gold, which like other commodities offers no yield
- Total inflows to gold-linked ETFs for April-to-date are $1.8 billion or 90% of all commodity flows
- A strenthening dollar helped to weaken demand for bullion, with the Dollar up 0.6% at 92.43, tipping the benchmark index higher for the year

Gold - Technical Indicators

RSI 14	33.74
SMA 20	1,263.6
SMA 50	1,291.6
SMA 100	1,287.1
SMA 200	1,300.1

Source: FX EMPIRE

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold prices rose today, ticking up from a four-month low hit in the previous session, as Chinese buyers returned to the market following the Labour Day holiday, while investors waited for cues on U.S monetary policy from a two-day Federal Reserve meeting.
- Spot gold was up 0.5 percent at $1,309.71 per ounce. Gold fell to $1,301.51 in the previous session, its lowest since Dec. 29, 2017. U.S gold futures for June delivery rose 0.31 percent to $1,310.80 per ounce. But gains should be limited as the dollar is firm.
- The dollar index was down about 0.1 percent at 92.357, but the greenback hovered close to a near four-month high of 92.566, supported by the outlook for a strong U.S economy and rising yields amid signs of slowdown elsewhere, especially in Europe.
- The Fed is widely expected to keep interest rates on hold at its policy meeting ending today, the central bank will likely encourage expectations that it will lift borrowing costs in June on the back of rising inflation and low unemployment.
- Investors are also focused on the April U.S non-farm payrolls report due on Friday, which could provide further signs of economic strength. Strength in the dollar and weakness in gold suggest that hawkishness in the FOMC statement, if not an actual rise in the fed-funds rate, is discounted.
- Inflation is sometimes regarded as gold-positive, because bullion is seen as a safe-haven when price pressures rise, but higher interest rates imposed to fight inflation make the non-yielding metal less attractive.
- Spot gold may end its current bounce below resistance at $1,317 per ounce and then retest support at $1,302. Gold investing among Western households has also fallen to the weakest levels since the metal hit its bear-market lows at the end of 2015.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

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Crude Oil

Technical

Crude oil markets broke down below the $60.50 level, reaching down towards the $67 level underneath. This may have partially been driven by Iranian exports hitting a record high, but it also has concerns about the sanctions coming, so that of course puts a bit of support in the market simultaneously. The $67 level has been supported more than once, and by the end of the day it's starting to look as if it is going to hold yet again. Brent markets broke down as well, reaching down towards the $73 level underneath, an area that has been supportive more than once, and has even been resistance a couple of weeks ago. The market looks as if it is going back and forth between the $73 level on the bottom, and the $75 level on the top. However, the US dollar has been rather strong as of late, and that of course puts a bit of bearish pressure in this market as well.

Pivot:	67.75		
Support	67.25	66.85	66.40
Resistance	68.05	68.50	68.90

Source: FX EMPIRE

Highlights

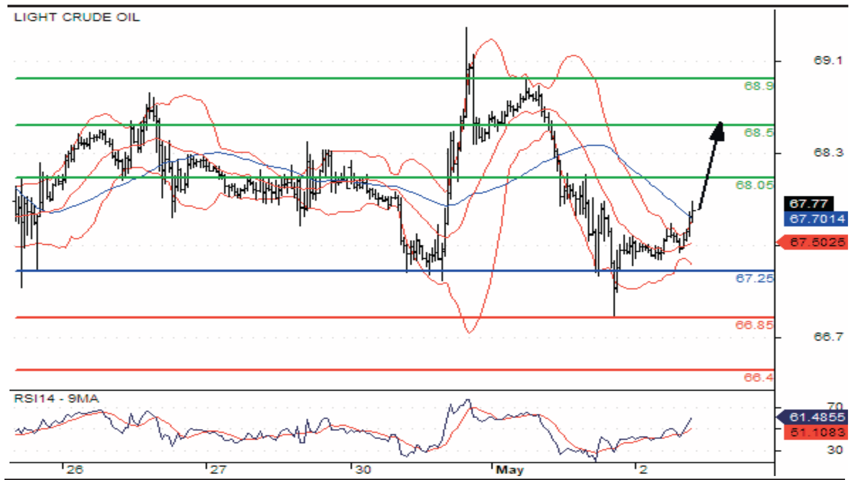
- Crude oil recovered some ground today after the previous day's slide
- If Trump abandons the deal, he risks a spike in global oil prices
- U.S sanctions could remove 300,000-500,000 bpd of Iranian oil from global supplies
- The expectation that the U.S will leave the sanctions waivers is leading Iran to sell as much as it can
- Trump will decide by May 12 whether to restore U.S sanctions on Iran, which would likely reduce its oil exports

Crude - Technical Indicators

RSI 14	31.91
SMA 20	48.72
SMA 50	48.27
SMA 100	51.11
SMA 200	56.32

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil recovered some ground yesterday after the previous day's slide, helped by concerns about possible renewed U.S sanctions on major exporter Iran although price gains were capped by rising U.S supply.
- Brent crude oil futures were up 31 cents at $73.44 a barrel, after falling nearly 3 percent yesterday to its lowest in two weeks. While U.S West Texas Intermediate crude futures rose 50 cents to $67.75 per barrel.
- Geopolitical noise remains loud and in part pushed oil prices towards $75 per barrel. The elevated uncertainty suggests volatile but range-bound oil prices going forward.
- Iran, a member of the Organization of the Petroleum Exporting Countries, re-emerged as a major oil exporter in January 2016 when some international sanctions against Tehran were lifted in return for curbs on Iran's nuclear programme.
- Iran's oil exports hit 2.6 million barrels per day in April, according to the Oil Ministry, a record since the lifting of sanctions. China and India bought more than half of the oil.
- U.S crude inventories rose by 3.4 million barrels to 432.575 million in the week to March 27, according to a report by the American Petroleum Institute yesterday. Rising inventories are partly due to soaring U.S production, which jumped by a quarter in the last two years to 10.6 million bpd.
- Crude and gasoline prices are still well below the levels of $115 per barrel and $3.80 per gallon where they stood just before oil prices started slumping at the end of June 2014. But crude and fuels are no longer particularly cheap. In real terms, oil prices are close to the average level for the whole of the last cycle from late 1998 through early 2016.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

Commodity News

Wednesday, May 02, 2018

Silver

Technical

Silver markets went sideways yesterday, reaching down towards the $16 level. That's an area that is significant in its longer-term structure, extending down to the $15.50 level. There is a lot of support underneath, but if it continue to see interest rates rise in America, it could break down below that level which would be a major turn of events. Eventually Silver becomes a nice investment, but it's easier to buy the market in physical metal more than anything else, that is easiest way to play this market. Longer-term, if it broke down below the $15.50 level, that would be a major breakdown, and this of course could send the market looking for the $15 level, and then perhaps even lower. That would be catastrophic for silver, and it would more than likely go looking for the longer-term base of $12. This is why the buying silver for anything more than a scalp has to be done with physical silver.

Pivot:	16.32		
Support	16.11	16.02	15.92
Resistance	16.43	16.54	16.61

Source: FX EMPIRE

Highlights

- July comex silver was last down $0.256 an ounce at $16.145, which is dropped for the second day in a row an ounce
- The U.S dollar has been the primary downward driver for the precious metal
- A combination of selling and dollar strength continues to weigh heavily on silver pricing
- Selling pressure has a significant component of this recent decline, its dollar strength that is the only factor taking silver to its current pricing
- A weaker U.S currency makes dollar denominated silver less expensive for overseas buyers

Silver - Technical Indicators

RSI 14	37.92
SMA 20	16.60
SMA 50	17.09
SMA 100	17.05
SMA 200	16.83

Source: FX EMPIRE

Silver Daily Graph

Source: Meta Trader

Fundamentals

- Silver prices are solidly down and have dropped to 4.5-month lows in early-afternoon U.S trading yesterday. The recent solid rally in the U.S Dollar index which hit a four-month high today, continues to squelch buyer interest in the precious metals markets.
- Spot silver rose 1.3 percent to $16.32 per ounce. Prices touched a more than four-month low of $16.04 in the previous session. Silver sales in April fell to 458,655 ounces, and registered. a 2.2 percent decline compared with the same time last year.
- The recent solid rally in the U.S Dollar index which hit a four-month high today, continues to squelch buyer interest in the precious metals markets. Chart-based selling has also kicked in for silver recently, as their near-term technical postures have deteriorated.
- The U.S economy is expanding at a 4.1 percent annualized rate in the second quarter as the government said construction spending fell in March and revised up its figure on building activity in February.
- The volume of silver ounces transferred daily in March fell by 14.8% month-on-month to 198.8 million ounces but was down just 0.2% year-on-year. The dollar index was supported by the outlook for a strong U.S economy and rising yields amid signs of slowdown elsewhere.
- The value of the silver transferred daily was 15.9% lower in March than the prior month at $3.27 billion. The number of transfers in March was 834, which was 12.5% lower than the previous month, with the clearers settling on average 238,275 ounces per transfer.
- The U.S Federal Reserve is set to hold interest rates steady this week but will likely further encourage expectations that it will lift borrowing costs in June on the back of rising inflation and low unemployment.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	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 May 02	03:45	NZD Employment Change (YoY) (1Q)	High	3.1%	3.3%	3.7%
Wed May 02	14:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (1Q A)	High	2.5%	2.5%	2.7%
Wed May 02	16:00	USD MBA Mortgage Applications (APR 27)	Medium	-2.5%		-0.2%
Wed May 02	17:15	USD ADP Employment Change (APR)	Medium	204K	198k	228k
Wed May 02	17:30	CAD MLI Leading Indicator (MoM) (MAR)	Low	0.1%		0.2%
Wed May 02	19:30	USD DOE U.S. Crude Oil Inventories (APR 27)	Medium			2170k
Wed May 02	19:30	USD DOE U.S. Gasoline Inventories (APR 27)	Low			840k
Wed May 02	19:30	USD DOE U.S. Distillate Inventory (APR 27)	Low			-2611k
Wed May 02	23:00	USD FOMC Rate Decision (Upper Bound) (MAY 2)	High		1.75%	1.75%

Source: Forex Factory, DailyFX

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