

## Gold

### Technical

Gold markets continue to be very noisy, moving basically upon the US dollar and its movement. Economists think at this point, it's likely that it continue to see buyers on these dips, and the \$1185 level should continue to be important. If it can break above the \$1195 level, then that should open the door to the \$1200 level next. In general, the market participants will probably infer that level, and it would essentially form a "W pattern", which of course is a very bullish sign and a reversal signal. However, the \$1210 level above will be resistance, so it is simply going back and forth in the longer-term consolidation area. Dollar strength is bad for this market, but it also on the opposite trade can work as well. Eventually it should continue to go back and forth longer-term, but it is at the bottom of the overall range, so that of course represents an area where gold is "cheap."

Pivot:	1,185		
Support	1,185	1,182	1,180
Resistance	1,197	1,195	1,192

Source: FX EMPIRE

### Highlights

- Gold was steady yesterday as pressure from the dollar's strength and a bullish U.S rate outlook was balanced by falling stock markets
- Prices fell 1.2 percent the previous session, marking bullion's biggest one-day percentage decline since mid-August
- Higher interest rates boost the dollar and bond yields, putting pressure on gold
- The greenback hit a seven-week high, supported by high U.S bond yields
- Gold has held in a \$34 range for the last 1-1/2 months

### 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 crawled higher today, as long-dated U.S Treasury yields retreated from multi-year highs, pressuring the dollar. Stocks on major world markets edged lower yesterday, with a decline in the materials sector offsetting rising energy shares.
- Spot gold was up 0.2 percent at \$1,191.03 an ounce. Yesterday, it touched a more than one-week low of \$1,183.04. U.S. gold futures rose 0.3 percent to \$1,194.50 an ounce.
- The dollar index, which measures the greenback against a basket of six major currencies, was down 0.1 percent. The IMF cut global economic growth forecasts for 2018 and 2019, as well as its U.S and China estimates for next year, saying the two countries would feel the brunt of their trade war next year.
- U.S long-dated Treasury yields fell in choppy trading, as investors took a respite from selling bonds that took rates to multi-year highs following recent economic data and on interest rate prospects over the next year and a half.
- Risks to the global financial system have risen over the past six months and could increase sharply if pressures in emerging markets escalate or global trade relations deteriorate further.
- U.S President Donald Trump yesterday again criticized the Federal Reserve, telling reporters the central bank is going too fast in raising rates when inflation is minimal and government data points to a strong economy.
- However, the metal, traditionally considered a prudent store of value during political and economic uncertainty, has lost much of its safe-haven appeal this year with investors increasingly opting for the greenback instead, especially as the U.S-China trade war unfolded and on rising U.S interest rates.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	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

## Crude Oil

### Technical

The WTI Crude Oil market pulled back initially during the trading session yesterday but found enough support at the \$74 level to find plenty of buyers. At this point, it is continuing the overall consolidation between the \$73 level on the bottom and the \$75 level in the top. However, this is a market that has formed a daily hammer, so it should continue to see a lot of volatility. Eventually, it would anticipate that the market moves beyond the \$75 level and continues much higher as it begin to worry about the Iranian sanctions, but it also recognize that there are a lot of moving pieces currently. With that being the case, it continue to look at oil as a market that could offer a bit of value occasionally, and dips of course should offer opportunity. If it do break above the \$75 level, then the market probably goes looking towards the \$76 level.

Pivot:	70.00		
Support	70.00	66.80	64.40
Resistance	83.50	81.75	78.20

Source: FX EMPIRE

### Highlights

- Oil futures settle higher yesterday, finding support from signs that Iran crude exports are falling ahead of reimposed sanctions
- Iran exported only 1.1 million barrels a day of crude in the first week of October
- US crude futures due in November rose 0.42% to \$74.03 a barrel
- Oil futures fell in American trade to early October lows as the dollar index inched up
- US oil services company, reported a drop of two rigs in the oil rig count to a total of 863 rigs, the third weekly increase in a row

### 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 rose about one percent yesterday on growing evidence of falling Iranian crude exports before the imposition of new U.S sanctions, as well as a partial production shutdown in the Gulf of Mexico because of Hurricane Michael.
- Brent crude futures rose \$1.09 to settle at \$85.00 a barrel, a 1.30 percent gain. The global benchmark hit a four-year high of \$86.74 last week but slipped as low as \$82.66 on Monday. U.S. West Texas Intermediate crude futures rose 67 cents to settle at \$74.96 a barrel, a 0.90 percent gain.
- Iran's crude exports fell further in the first week of October, according to tanker data and an industry source, as buyers sought alternatives ahead of U.S sanctions that take effect on Nov. 4.
- Iran, OPEC's third-largest producer, exported 1.1 million barrels per day (bpd) of crude in that seven-day period, Refinitiv Eikon data showed. An industry source who also tracks exports said October shipments so far were below 1 million bpd.
- That is down from at least 2.5 million bpd in April, before U.S President Donald Trump in May withdrew the United States from a 2015 nuclear deal with Iran and re-imposed sanctions. The figure also marks a further fall from 1.6 million bpd in September.
- Saudi Arabia, the biggest producer in the Organization of the Petroleum Exporting Countries, last week said it would increase crude output next month to 10.7 million bpd, a record.
- Meanwhile, producers in the U.S cut oil production by about 40 percent as Hurricane Michael approached the Florida coast, the Bureau of Safety and Environmental Enforcement (BSEE) said, citing reports from 27 companies.

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Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
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 pulled back, reaching towards the \$14.30 level before bouncing as it did on Monday as well. The candle stick is grinding its way higher, and it is trying to put a bit of a short-term bottom in the market, and it could set up a nice buying opportunity. The market will probably continue to see plenty of value hunting on these dips, but if it broke down below the \$14.30 level, at that point were probably looking at a test of the \$14.25 level, and then possibly the \$14 level. Remember, silver is highly sensitive to the US dollar and tends to move in opposite directions. At this point, it looks as if it is forming a bit of a double bottom, so it would anticipate buying on the dips should continue to work. Ultimately, Economists think that it will probably see a move towards the \$14.60 level, and then possibly even the \$14.75 level over the longer-term. This is a market that is highly volatile.

Pivot:	14.85		
Support	13.90	13.55	13.00
Resistance	16.20	15.65	14.85

Source: FX EMPIRE

### Highlights

- Spot silver rose 0.4 percent to \$14.40. Platinum climbed 0.4 percent to \$820.65 per ounce
- Silver futures rose nearly one percent in American trade off September 28 lows as the dollar index dipped from August 20 highs
- December Comex silver was last up \$0.006 at \$14.34 an ounce
- The world's two largest economies are continuing to escalate their trade war that has also now turned into a war of words
- The dollar index inched down 0.08% to 95.69 away from seven-week highs

### 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 up in early-afternoon U.S trading yesterday. Some mild short covering in the futures markets and bottom-fishing in the cash markets were featured in both metals today, following Monday's solid losses. The U.S dollar index by midday had backed well down from its early-morning six-week high, which also worked in favor of the precious metals market bulls.
- Global stock markets were mixed today. There are early chart clues the U.S stock indexes have put in at least near-term market tops, if not major tops. If such is indeed the case it would be bullish for the competing asset class of precious metals.
- World equity markets are still unnerved by rising government bond yields that are pulling investor interest away from stocks. The benchmark U.S 10-year Treasury note yesterday hit a yield of 3.25%, which is a 7.5-year high.
- The world's two largest economies are continuing to escalate their trade war that has also now turned into a war of words. The U.S secretary of state and Chinese foreign minister exchanged harsh words on Monday.
- The International Monetary Fund on Monday lowered its world economic growth forecasts due to the U.S-China trade war and the presently shaky secondary world currency markets. This week, the Chinese yuan is in focus as it continues to depreciate against the U.S dollar even as Chinese monetary officials work to stem the yuan's slide.
- Upbeat US labor data released last week all but paved the way for continued policy tightening by the Federal Reserve, while US 10-year treasury yields surged to seven-year highs at 3.23, weighing on stocks.

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, October 10, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Oct 10	13:30	GBP Trade Balance (AUG)	Medium	-£1274	-£1200	-£1200
Wed Oct 10	13:30	GBP Industrial Production (YoY) (AUG)	Medium	1.3%	1.0%	1.0%
Wed Oct 10	13:30	GBP Manufacturing Production (YoY) (AUG)	Medium	1.3%	1.1%	1.1%
Wed Oct 10	13:30	GBP Gross Domestic Product (MoM) (AUG)	Medium	0.0%	0.1%	0.1%
Wed Oct 10	13:30	GBP Gross Domestic Product (MoM) (AUG)	Medium	0.0%	0.1%	0.1%
Wed Oct 10	17:30	CAD Building Permits (MoM) (AUG)	Medium		-0.5%	-0.5%
Wed Oct 10	17:30	USD Producer Price Index Final Demand (YoY) (SEP)	Low		2.7%	2.7%
Wed Oct 10	19:00	USD Wholesale Inventories (MoM) (AUG F)	Low		0.8%	0.8%
Wed Oct 10	19:00	USD Wholesale Trade Sales (MoM) (AUG)	Low			

Source: Forex Factory, DailyFX

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