

# Commodity News

Friday, March 08, 2019



## Gold

### Technical

Gold prices traded sideways, in a tight range despite a more dovish than expected ECB decision. With that, the US dollar rallied rather swiftly. However, the EUR/USD pair does have a significant amount of support near the 1.12 level that has held, and that of course provided the relief that markets like gold needed. All things being equal, it looks as if the \$1275 level continues to be massive support. Prices are also oversold in the short-term. The fast stochastic is printing a reading of 8, below the oversold trigger level of 20, which could foreshadow a correction. It would be on the sidelines until Monday morning because of this and all of the risks that could be associated with an explosive move. The trajectory of the fast stochastic is flat and the index generated a crossover sell signal.

Pivot:	1,288		
Support	1,288	1,284	1,281
Resistance	1,308	1,304	1,300

Source: FX EMPIRE

### Highlights

- The precious metals are being pressured by a rally in the U.S dollar index to a new 2.5-month high
- Short-term support for gold comes in at \$1,280, while resistance is seen around \$1,300
- A weaker dollar makes dollar-denominated assets such as gold cheaper for foreign buyers
- The precious metals bulls are watching the selling pressure in the U.S stock market today
- Gold is highly sensitive to U.S interest rates as it increase the opportunity cost of holding non-yielding bullion and boost the dollar

### 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 steadied yesterday ahead of a European Central Bank policy meeting expected to present a cut in economic growth forecasts, with investors also awaiting U.S jobs data.
- Spot gold was flat at \$1,285.94 an ounce, traded close to a more than five-week low hit this week. U.S gold futures were down 0.1 percent at \$1,286.50. But at these levels, gold is still very supported at \$1,275 and \$1,285.
- Global shares were stuck in their worst run of the year and the euro took a breather as investors awaited news from the ECB, which could also signal fresh stimulus for euro zone banks in an effort to stop an unexpected slowdown from becoming a downturn.
- The dollar is expected to stay firm for a while. It gained against the Euro overnight and rose to a near three-month peak after the European Central Bank postponed an interest rate hike. U.S non-farm payrolls for February that is due later in the day may also support the dollar.
- Whether the dollar can remain on an uptrend in the long-term is debatable, but for now a strong U.S jobs report would provide further boost for the currency.
- Investors have now turned their attention to the U.S non-farm payrolls report on Friday, which could provide further signals on the strength of the economy and how it would affect the Federal Reserve's monetary policy.
- Also supporting gold was strong buying from central banks with China, increasing its gold reserves to 60.260 million fine troy ounces in February from 59.940 million troy ounces at end-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	
12/27/2018	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 initially tried to rally but gave back quite a bit of the gains as it continue to grind back and forth. The \$55 level underneath should be thought of as a hard floor, while the ceiling is closer to the \$58 level. If it do, then the \$60 level will be targeted to the upside, just as the \$53 level will be targeted to the downside. Brent markets also tried to rally but pulled back from the 200 day EMA. The \$64 level is the bottom of support right now, while the \$67.50 level continues offer massive resistance. Looking at this market it's very likely that it continue to show choppiness more than anything else. If it can break above the \$67.50 level, then it probably continue to go much higher. That would clear the 200 day EMA, at the market chasing the \$70 level, and then possibly the \$72.50 level. If it break down below the \$64 level, it's likely that it is down to the \$62.50 level.

Pivot:	56.70		
Support	55.80	55.40	55.00
Resistance	57.20	57.00	56.70

Source: FX EMPIRE

### Highlights

- U.S oil production will grow by close to another 1 million bpd in 2019
- U.S crude exports have also been chasing new records, reaching 3.6 million bpd in February
- U.S crude supplies have posted gains in six of the past seven weeks and production continues to sit at a record
- Oil remains in plentiful supply thanks to surging U.S production, which was at a record 12.1 million bpd last week
- The United States will soon export more oil and liquids than Saudi Arabia

### 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 dropped today as clouds gathered over the global economy after the European Central Bank warned overnight of continued weakness and fresh data showed Chinese exports and imports slumped last month.
- With surging U.S supply also unsettling markets, international benchmark Brent crude futures were at \$65.78 per barrel, down 52 cents, or 0.8 percent from their last close.
- U.S West Texas Intermediate crude futures were at \$56.25 per barrel, down 41 cents, or 0.7 percent. So far oil demand has held up, especially in China where imports of crude remain above 10 million barrels per day.
- On the supply side, prices have been receiving support this year from output cuts led by the OPEC. Together with some non-affiliated producers like Russia, the producer group has pledged to withhold around 1.2 million barrels per day of supply to tighten markets and prop up prices.
- These efforts are being undermined by soaring U.S crude oil production, which has increased by more than 2 million bpd since early 2018, to an unprecedented 12.1 million bpd.
- U.S crude exports have also been chasing new records, reaching 3.6 million bpd in February more than OPEC members like the United Arab Emirates, Kuwait or Iran produce.
- The Saudi kingdom currently exports some 7 million bpd of crude oil plus about 2 million bpd of NGLs and petroleum products, compared with the U.S now exporting approximately 3 million bpd of crude oil and 5 million barrels of NGLs and petroleum products.

### 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 yesterday, reaching down towards the \$15.00 level during the day as the US dollar picked up strength, and the Euro of course fell. There is a major stabilizing factor at the 1.12 level in the EUR/USD pair, so the pair bounced a bit, and that relieved some of the pressure on silver as the dollar gave back strength. At the same time, the silver market was sitting just above the \$15.00 level, which of course is a major figure, and an area where it had seen massive resistance previously. Overall, it's very likely that silver will rally though, and as long as it can stay above the \$14.90 level, it's very likely that silver will continue to go higher. However, if it drop down below that level, it probably will reach down towards the \$14.50 level eventually. Silver will hold its value, but obviously it has some volatility ahead of us with the jobs number coming out on Friday.

Pivot:	15.00		
Support	15.00	14.96	14.92
Resistance	15.39	15.27	15.16

Source: FX EMPIRE

### Highlights

- Silver fell 0.32 percent to \$15, it touched a low of \$14.96, its weakest since the end of December
- Precious metals prices, including silver, fell during today's trades amid concerns about slowing global economic growth
- Silver prices lost 0.4%, the fifth loss in the last six days, also under the pressure of the rise of the US dollar
- Silver have a lot of work here to prove that they have found support and a new bottom
- May Comex silver was last down \$0.05 at \$15.035 an ounce

### 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 dipped to nine-week lows overnight. A rally in the U.S dollar index, which hit a 2.5-month high today, pressured the precious metals markets. However, the safe-haven metals saw limited selling as the U.S stock market sold off today.
- Silver under heavy pressure for the last couple of weeks, they appear to be fighting to hold onto major support. The patterns are a little weak, but they are certainly giving support the old college try.
- The price of silver fell on the European market yesterday to continue its losses for the second day in a row, reaching a new low in three months, due to the strong performance of the US dollar against a basket of currencies, pending the results of the European Central Bank monetary policy meeting.
- Silver prices fell more than 0.1% to trade at \$15.04 an ounce from the opening of \$15.06, the highest of \$15.10 and the lowest since December 27th of \$15.01. The strong performance of the US dollar comes amid rising demand for the US currency as the best investment currently in the foreign exchange market.
- The dollar index rose 0.1% , continuing its seventh consecutive day of gains, approaching a three-week high of 96.93 points, reflecting the continued strong performance of the US currency against a basket of global currencies.
- Investors headed towards the US currency as a safe haven as the dollar index against a number of major currencies rose by 0.8% to 97.5 points at, reaching a high of 97.5 points and a low of 96.8 points.

### 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
Fri Mar 08	18:30	CAD Net Change in Employment (FEB)	High		-2.5k	66.8k
Fri Mar 08	18:30	CAD Unemployment Rate (FEB)	High		5.80%	5.80%
Fri Mar 08	18:30	CAD Hourly Wage Rate Permanent Employees (YoY) (FEB)	Medium		1.90%	1.80%
Fri Mar 08	18:30	USD Housing Starts (MoM) (JAN)	Medium		9.90%	-11.20%
Fri Mar 08	18:30	USD Building Permits (MoM) (JAN)	Medium		-2.90%	0.30%
Fri Mar 08	18:30	USD Change in Non-farm Payrolls (FEB)	High		180k	304k
Fri Mar 08	18:30	USD Change in Private Payrolls (FEB)	Medium		187k	296k
Fri Mar 08	18:30	USD Unemployment Rate (FEB)	High		3.90%	4.00%
Fri Mar 08	18:30	USD Average Hourly Earnings (YoY) (FEB)	Medium		3.30%	3.20%

Source: Forex Factory, DailyFX

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