

Commodity News

Tuesday, January 29, 2019



Gold

Technical

Gold markets break above the \$1300 level yesterday, as it has plenty of reasons that the global risk appetite will continue to drop. Gold market should continue to rally. The Fed remained soft and accommodative so the Gold markets will continue to rally because of these reasons. Global concerns and geopolitical issues out there been such a major problem, that gold makes a lot of sense. Breaking above the \$1300 level has been a major victory for the buyers, and at this point it will continue to see this market reach towards the \$1325 level, followed every \$25 all the way up to the \$1400 level. If the US dollar continues to drop, it will continue to see precious metals being bought, obviously gold included. Based upon consolidation area, it should send to at least \$1320 level.

Pivot:	1,301		
Support	1,301	1,297	1,295
Resistance	1,319	1,315	1,309

Source: FX EMPIRE

Highlights

- Gold is seems to break to \$1,311 as it has cleared resistance at \$1,299
- Higher interest rates tend to support the dollar, proving a drag on dollar-priced gold
- Gold tends to rise on expectations of lower interest rates, which reduce the opportunity cost of holding non-yielding bullion
- The dollar index gauge its value versus six major peers, held close to a two-week low
- The dollar also gained from somelimited safe-haven flows due to the U.S-China trade spat

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 hit a more than seven-month high today, getting a boost in investor interest from weakness in the U.S stock market as investor wariness over geopolitical events persists. .
- Spot gold rose to its highest since June 14, 2018 at \$1,304.53 and was firm at \$1,304 per ounce. U.S gold futures were also steady at \$1,302.70 per ounce. The market also awaited the Fed's latest monetary policy decision.
- Huawei is at the centre of dispute, creating very noisy background for the trade talks as investors are very cautious with many uncertainties on U.S-China trade talks and Brexit.
- Investors fear the charges could complicate high-level trade talks set to begin on Wednesday where Chinese Vice Premier Liu He will meet with U.S Trade Representative Robert Lighthizer and others.
- The central bank is expected to leave interest rates unchanged, where the Fed raised interest rates four times last year and now two-day policy meeting begins later in the day.
- The yellow metal has risen over 12 percent since touching a more than 1-1/2-year-low in August mostly due to volatile stock markets and a softer dollar on the back of expectations that the Fed will pause its multi-year rate-hike cycle.
- The Fed will be patient in raising rates given the stalemate over global trade, the U.S federal government shutdown, and waning business and consumer confidence.

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

Crude Oil market has pulled back a bit yesterday and reached down towards the 20 day EMA. Investors will see a bit of a bounce from here and perhaps the market will go looking towards the \$55 level again. At this point, it will struggle to get above there, so it is essentially traded in a range right now, trying to build up the necessary momentum. If it break the \$55 level then can go much higher. In the short term, buying small positions to pick up value at these lower levels. Brent markets also testing the 20 day EMA as well. It is looking at the \$60 level, an area that should cause a bit of support, so at this point the market will turn back around and continues to grind and rotate sideways. The \$60 level of course attract a lot of attention from a psychological standpoint, so at the very least it can probably play this market for a short-term bounce.

Pivot:	52.60		
Support	51.65	51.30	50.95
Resistance	53.35	52.90	52.60

Source: FX EMPIRE

Highlights

- Crude oil prices settled lower yesterday and marked two-week low
- Global oil supply and an economic slowdown especially in China were keeping crude prices in check
- Investors are waiting for a sustained rise in the oil price this month for the first time since September
- Brent prices has risen nearly 12 percent so far in January
- Venezuela's exports declined to little more than 1 million bpd in 2018 from 1.6 million bpd in 2017

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 crept up today after its biggest one-day percentage drop in a month about 3 percent. An increase in U.S crude drilling pointed to further supply growth amid continuing concerns about a global economic slowdown.
- U.S West Texas Intermediate crude futures were at \$52.12 per barrel up 13 cents, or 0.3 percent, from their last settlement. International Brent crude oil futures were at \$60.05 per barrel, up 12 cents, or 0.2 percent.
- U.S drillers added 10 oil rigs last week, according to energy services firm Baker Hughes on Friday, in another sign of the expanding record U.S crude production that has soured market sentiment.
- The U.S has remained a major destination for Venezuelan oil despite their political differences. Venezuela has the world's biggest proven oil reserves and is a member of the Organization of the Petroleum Exporting Countries.
- The trade war between Washington and Beijing weighed on futures as investor optimism waned that the two sides would soon end the months-long tariff fight that has damaged China's economy.
- Crude futures remain on course for their strongest monthly gains in more than two years following production cuts by the Organization of Petroleum Exporting Countries and its allies this month.
- Brent has risen nearly 12 percent so far in January, which would be the largest monthly percentage increase since December 2016. WTI has risen more than 13 percent this month, the biggest jump since April 2016, when it surged almost 20 percent.

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 for the forth trading session yesterday and continue to struggle to go higher. However, it has ran into a little bit of resistance, perhaps due to exhaustion from the big move on Friday. The uptrend is still intact, and investors will continue to go higher in this market. The \$16 level above is a potential target, but it will eventually break above there, assuming the precious metals continue to get a bit. Gold looks healthy, so it may give us a bit of a boost over here as well. There is still plenty of buying pressure is underneath, but eventually it seems to go high above the \$16 level. If it do, then the market should then go to the \$17 level above. It would be very cautious about throwing a lot of money into the market in one trade. It would only add slowly and try to build up the position, perhaps becoming a bit more aggressive if and when it break above \$16.

Pivot:	15.69		
Support	15.69	15.62	15.58
Resistance	16.09	16.05	15.93

Source: FX EMPIRE

Highlights

- The Federal Reserve rate decision will be a non-event for the precious metals market
- Silver futures due in March rose 0.4% to \$15.765 an ounce, with an intraday high at \$15.83, and a low at \$15.61
- Weaker world stock markets to start the trading week benefited the safe-haven metals
- The dollar index shed 0.1% to 95.6, with an intraday high at 95.9, and a low at 95.6
- March Comex silver was up \$0.071 at \$15.77 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 surged 9.1 percent in December, the biggest monthly gain in almost two years. This year, with miners avoiding new projects amid global economic uncertainty, the price could spike as high as \$17.50 an ounce from about \$15.36 now.
- U.S stock indexes are solidly lower. Silver prices rose for a second day as the dollar index dipped against a basket of major rivals, lessening pressures on commodities as the stock market fell as well. There is some risk aversion in the marketplace.
- For industrial uses, silver demand is also more susceptible to slowing global growth. The uncertainty over global growth persisting, boosting investment demand for precious metals. If the Fed slows rate increases, it will boost the value of silver.
- The Federal Reserve is also an issue. Silver have been among the best performing assets in the past three months as investors scale back expectations for interest rate hikes in the U.S amid signs of slowing global growth.
- Supply growth has started to slow, more than for any other precious metal. Demand for silver comes from three very distinct uses. Investors see silver as a hedge buy in volatile times. Investors are glad to be able to scrutinize some more fresh U.S economic data to help the drive market prices.
- The Fed has the potential to set the overall tone for commodities, as a dovish tilt could go a long way towards removing a considerable impediment to emerging market and speculative demand for commodities.

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
Tues Jan 29	02:45	NZD Trade Balance (DEC)	Medium	264m	150m	-861m
Tues Jan 29	05:30	AUD NAB Business Confidence (DEC)	Medium	3		3
Tues Jan 29	12:00	CHF Exports (MoM) (DEC)	Low	-5%		1.7%
Tues Jan 29	12:00	CHF Imports (MoM) (DEC)	Low	3.7%		-1.6%
Tues Jan 29	19:00	USD S&P/Case-Shiller Composite-20 (YoY) (NOV)	Medium		4.9%	5.03%
Tues Jan 29	19:00	USD S&P CoreLogic CS 20-City (MoM) SA (NOV)	Medium		0.4%	0.41%
Tues Jan 29	19:00	USD S&P/Case-Shiller US Home Price Index (YoY) (NOV)	Medium			5.48%
Tues Jan 29	20:00	USD Consumer Confidence Index (JAN)	High		124.6	128.1
Tues Jan 29	20:00	USD Conf. Board Present Situation (JAN)	Medium			171.6

Source: Forex Factory, DailyFX

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