

# Commodity News

Thursday, January 31, 2019



## Gold

### Technical

Gold markets continue to be very bullish, although it has given back a little bit as it await the Federal Reserve press conference, which will give investors an idea as to where the US dollar may go in the future. The US dollar tends to move in the opposite direction of Gold. The Fed kept interest rates unchanged at 2.25-2.50% range, as the committee focused on the Fed fund rates and the balance sheet. The Fed appears to have capitulated to the markets, and will make decision as they go along. The market is going to continue to go higher though, as it has been grinding so hard to the upside. Gold prices broke out and continued to move higher. Gold prices are now poised to test the May 2018 highs at 1,325. Support is seen near the 20-day moving average at 1,291.

Pivot:	1,314		
Support	1,314	1,309	1,305
Resistance	1,339	1,333	1,328

Source: FX EMPIRE

### Highlights

- Gold prices rose after the Federal Reserve kept benchmark interest rates unchanged
- Gold is getting a double blow from a dovish Fed and U.S-China trade talks
- A moderated pace of increases to yields helps to support gold
- U.S dollar's plunge alongside treasury bond yields have burnished the relative appeal of gold
- Gains were kept in check after payrolls processor ADP reported, but the metal is still hanging on despite that

### 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 today held near eight-month highs hit in the previous session, as the dollar weakened after the U.S Federal Reserve paused its monetary tightening cycle, putting bullion on course for its fourth straight monthly gain.
- Spot gold was up 0.1 percent at \$1,320.65 per ounce. Prices rose to their highest since May 11 at \$1,323.34 yesterday. U.S gold futures were up 0.8 percent at \$1,319.70 per ounce. Spot gold has risen 3 percent so far this month.
- The dollar index against a basket of six major currencies was little changed, having slipped to a two-week low overnight after U.S Treasury yields declined ahead of the Fed's statement.
- Gold tends to gain on expectations of lower interest rates, which reduce the opportunity cost of holding non-yielding bullion and weighs on the dollar. The dollar index, which measures the greenback against a basket of currencies, fell after the Fed's cautious statement.
- Gold tends to rise on expectations of lower interest rates, which reduce the opportunity cost of holding non-yielding bullion. But, \$1,350 is going to be tough to crack and one needs more risks in the market to push gold higher.
- Spot gold has gained nearly 14 percent since hitting more than 1-1/2-year lows in August, mostly due to tumultuous stock markets and on expectations that the Fed could pause its multi-year-rate hike cycle.
- Gold Prices continued to move up in electronic trading after the Federal Reserve left interest-rates unchanged. Meanwhile, Asia stocks rose to a four-month high today, as Fed decision improved risk appetite.

### 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 rallied a bit during the trading session yesterday, as it has formed a bit of an inverted head and shoulders. However, the \$55 level is the neckline of this inverted head and shoulders, so if it can break above there it would be a major turn of events. U.S West Texas Intermediate crude oil futures are up for a second session, helped by increased demand for higher risk and optimism at the start of the trade talks between the United States and China. Brent markets also look as if they have support underneath, and the form of the \$60 level. The inverted head and shoulders has a bit of a neckline at the \$64 level, and at that point it is higher, perhaps reaching another \$14 level after that a break out, meaning that it could go to the \$78 level. There is plenty of reason to think that it will continue to see buyers jump into this market.

Pivot:	54.10		
Support	54.10	53.60	53.05
Resistance	55.80	55.45	54.95

Source: FX EMPIRE

### Highlights

- Oil prices rose today after earlier data showed a modest bump in US crude stocks
- oil prices are up roughly 27% from the 2018 lows hit in the last week of December
- A precipitous drop in imports has helped stave off another big build to crude stocks
- Production in Venezuela is likely to decrease by more than the shortfall in exports to the U.S. of approximately 500,000 barrels per day
- The price rise came after a report from the U.S EIA showed a drop in Saudi crude supply to the United States

### 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 for a third day today, helped by lower imports into the United States amid OPEC efforts to tighten the market, and as Venezuela struggles to keep up its crude exports after Washington imposed sanctions on the nation.
- U.S West Texas Intermediate crude futures were at \$54.63 per barrel, up 40 cents, or 0.7 percent, from their last settlement. International Brent crude oil futures were up 59 cents, or 1 percent, at \$62.24 per barrel.
- Prices extended gains after government data showed U.S crude oil stockpiles rose less than expected last week due to a drop in imports, while gasoline inventories fell from record highs as refiners slowed down production.
- U.S commercial crude oil stockpiles rose by 919,000 barrels in the week to Jan. 25, to 445.94 million barrels, EIA data showed. Stockpiles are 6.6 percent higher than a year ago.
- After eight straight weeks of builds to a record high, gasoline stocks fell 2.2 million barrels last week, versus forecasts for a 1.9 million-barrel gain. U.S sanctions imposed on Venezuela's state-oil firm PDVSA this week are also causing some supply disruptions.
- Crude oil prices were stronger after signs emerged that OPEC cuts are impacting trade. EIA's weekly report showed that U.S imports from Saudi Arabia fell by more than half from the previous week to 442,000 bpd.
- Oil remains in ample supply, not least because of soaring U.S crude oil production, which jumped by more than 2 million bpd last year to a record 11.9 million bpd.

### 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 rallied but found the \$16 level to cause a bit of resistance. The market seems to react positively to a shrinking US dollar. It does seem as if silver is lagging gold a bit, as it has already broken out. Because of this, the “catch-up trade” might be in order when it comes to Silver. After all, gold and silver do tend to move in the same direction, so it would make sense that investors would take advantage of this bit of an efficiency. The market will break out to the upside, once it break the \$16 level significantly, it could have this market go looking towards the \$17 level. The 20 day EMA underneath will continue to offer support, and that the \$15 level underneath that is even more supportive. The US dollar will continue to be worked against due to the Federal Reserve softening, and that of course is almost always good for precious metals.

Pivot:	15.93		
Support	15.93	15.82	15.69
Resistance	16.35	16.19	16.10

Source: FX EMPIRE

### Highlights

- Silver climbed 0.6 percent to \$15.94 per ounce, having earlier scaled a peak since July 2018, at \$15.98
- Silver remains torn between deciding whether it is an industrial or a precious metal
- Silver prices move significantly higher, with a break of \$16 an ounce, signaling a move to the next major resistance level at \$17.30 an ounce
- Silver prices did retreat just a bit following the release of the report
- March Comex silver was last up \$0.066 at \$15.905 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 are modestly up and pushed to six-month highs. Several factors are presently at work supporting the precious metals market bulls. At the end of last year, silver profited from the rout in equity market.
- Silver futures are within striking distance of \$16 an ounce, trading at its highest level since mid-July, as momentum continues to build. A rally in both gold and copper markets will continue to be bullish for silver throughout the year.
- U.S stock indexes are pointed toward slightly higher openings when the New York day session begins. A negative earnings report from Apple has U.S investors in a tentative mood today. This week’s wobbly U.S stock market is prompting some safe-haven demand in the silver markets.
- Silver prices rose while still under pressure from dollar’s gains, while investors pick up precious metals as safe havens as markets following the ongoing US-China trade talks. The most bearish view on silver at \$12.75, with prices averaging \$14.90 an ounce for the year.
- Silver might rise above \$16/oz temporarily, a sustained upward trend and trading above last year’s high. The Federal Open Market Committee voted to maintain interest rates at 2.5% as expected, while revealing now hints on the future of rates and policy.
- The probability of a U.S recession is higher now and volatility of the markets is expected to rise as there will be fewer risk underwriters under such circumstance.

### 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

# Commodity News

Thursday, January 31, 2019



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Jan 31	06:00	CNY Manufacturing PMI (JAN)	High	49.5	49.3	49.4
Thurs Jan 31	12:00	EUR German Retail Sales (YoY) (DEC)	Medium	-2.1%	1.5%	1.1%
Thurs Jan 31	12:00	GBP Nationwide House Px n.s.a. (YoY) (JAN)	Medium	0.1%	0.0%	0.5%
Thurs Jan 31	13:55	EUR German Unemployment Claims Rate s.a. (JAN)	High	5.0%	5.0%	5.0%
Thurs Jan 31	15:00	EUR Euro-Zone Gross Domestic Product s.a. (YoY) (4Q A)	High	1.2%	1.2%	1.6%
Thurs Jan 31	18:30	CAD Gross Domestic Product (YoY) (NOV)	High		1.6%	2.2%
Thurs Jan 31	18:30	USD Employment Cost Index (4Q)	Medium		0.8%	0.8%
Thurs Jan 31	18:30	USD Initial Jobless Claims (JAN 26)	Medium		215k	199k
Thurs Jan 31	18:30	USD Continuing Claims (JAN 19)	Medium		1725k	1713k

Source: Forex Factory, DailyFX

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