

## Gold

### Technical

Gold markets continue to be very noisy in general, as the US dollar has been noisy. I believe that the \$1250 level was significant as it is “fair value” of the longer-term consolidated area, and therefore I think that it makes a lot of sense that the market to be difficult to play in this region. Because of this, I think that waiting for some type of impulsive move is probably the best way to go, but one thing I would point out is that the weekly candle looks a bit like a hammer, so it’s likely that we should see buying pressure given enough time. Once we break above the \$1260 level, we should go to the \$1275 level next, which is its own resistance barrier. Longer-term, we could go to the \$1300 level next, but it’s going to take a while. If we break down below the \$1250 level, I think that the \$1240 level is massively supportive. The volatility continues to be an issue.

Pivot:	1,256		
Support	1,250	1,245	1,240
Resistance	1,262	1,267	1,272

### Highlights

- Gold ended with a modest climb Friday to tally their first weekly gain in a month in the wake of the Fed’s recent decision to raise interest rates
- February gold tacked on 40 cents to settle at \$1,257.50 an ounce
- The metal gaining on the view that 2018 will likely bring three more hikes, not four
- Gold has gained more than 9% so far this year, boosted largely by geopolitical uncertainty
- The yellow metal has plenty of reasons to stretch its gains into 2018, according to a report from the World Gold Council

### Gold - Technical Indicators

RSI 14	48.30
SMA 20	1,238.5
SMA 50	1,235.1
SMA 100	1,246.9
SMA 200	1,259.8

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold edged higher today as uncertainty over U.S. tax reform weighed on the dollar, while an analyst said bullion may face renewed headwinds early next year.
- The dollar dipped against a basket of major currencies today amid caution ahead of a vote in U.S. Congress on tax reform, making dollar-denominated bullion cheaper for buyers using other currencies.
- If the whole thing (tax reform) falls apart at the last minute, it would be hugely positive for gold, but I think that is unlikely. If the tax bill passes, gold might dip slightly, but that scenario is largely priced in the market.
- Top U.S. Republicans said they expected Congress to pass a tax code overhaul this week, with a Senate vote as early as Tuesday. Expectations that tax cuts would spur economic growth and prompt faster interest rate rises in the United States have boosted the dollar and weighed on gold.
- Spot gold was up 0.2 percent at \$1,257.90 an ounce while U.S. gold futures rose 0.3 percent to \$1,260.60 an ounce. Looking at 2018, Menke expects a final bout of dollar strength to hit gold, sending prices down \$25-\$50, but then gold should recover.
- The dollar should then run out of steam and that should help build a more fundamentally sound base for gold prices. Over the course of 2108 when the first concerns about a slowdown in growth creep into financial markets, you might also get some renewed safe-haven buying. On average, the gold price rises over 3% in the month [of January] and frequently continues to rise into February.
- Hedge funds and money managers cut their net long positions in COMEX gold contracts in the week to Dec. 12, while they switched to a net short stance in silver for the first time in five months, data showed on Friday.

### 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 went sideways on Friday, as the 57.50 level has offered resistance. I believe that the market should continue to be noisy in general, as there are a lot of concerns when it comes to both supply and demand. The recent cutbacks by OPEC continue to be a bullish factor, but I think that it's only a matter of time before rallies get crushed by the fact that Americans will flood the market with supply. Because of this, I think you can only play short-term positions. Currently, I believe a break above the \$57.55 level is a short-term buying opportunity to the \$58.25 level. If we roll over from here and breakdown below the \$57 level, we could go looking towards the \$56.25 level. Brent markets have gone sideways during the session as well, and I think that a break above the \$64 level is a nice buying opportunity that should send this market to the \$65 handle.

Pivot:	57.68		
Support	57.15	56.65	56.10
Resistance	57.85	58.15	58.55

### Highlights

- Oil extended gains toward \$58 a barrel as U.S. drillers targeting crude reduced the rig count for the first time in four weeks
- Futures added 0.7 percent in New York after rising 0.5 percent Friday
- U.S. explorers trimmed the number of rigs by four to 747 last week, according to Baker Hughes data
- Oil is set for a second yearly gain as the OPEC and its allies trim production to drain a global glut
- Investors remain bullish on oil as global growth looks strong, OPEC has extended cuts throughout 2018

### Crude - Technical Indicators

RSI 14	53.36
SMA 20	53.50
SMA 50	51.33
SMA 100	50.55
SMA 200	48.91

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil price edged higher on Monday, supported by a North Sea pipeline outage and a Nigerian oil worker strike. A fall in the number of U.S. rigs drilling for oil also underpinned prices, but growth in U.S. crude output cast a shadow over the market.
- U.S. West Texas Intermediate crude futures were at \$57.49 a barrel, up 19 cents. The Brent benchmark had traded as high as \$63.91 earlier in the day, but the contract pared gains after Ineos, the operator of the closed North Sea Forties pipeline, said the crack that shut it down had not spread.
- The 450,000-barrels-per-day (bpd) link that provides some of the physical crude underpinning Brent has been shut since Dec. 11, forcing Ineos to declare force majeure on all oil and gas shipments from it last week.
- The declaration of force majeure highlights the seriousness of this," said Bjarne Schieldrop, chief commodities analyst with SEB in Oslo. A strike by Nigerian oil workers also sparked concerns over exports from Africa's largest crude producer.
- The Petroleum and Natural Gas Senior Staff Association of Nigeria, whose members mainly work in the upstream oil industry, started industrial action on Monday after talks with government agencies ended in deadlock.
- In the United States, energy companies cut rigs drilling for new production for the first time in six weeks, to 747, in the week ended Dec. 15, energy services firm Baker Hughes said on Friday.
- Despite the dip in drilling, activity is still well above this time last year, when the rig count was below 500. Actual U.S. production C-OUT-T-EIA has soared by 16 percent since mid-2016 to 9.8 million bpd. U.S. output is fast approaching that of top producers Saudi Arabia and Russia, which are pumping 10 million bpd and 11 million bpd respectively.

### 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	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 went sideways on Friday, but then broke above \$16 in a sign of strength. I believe that the “risk on” trade comes back into play, and when I look at the longer-term charts I cannot help but notice that the \$15.50 level is an area that we have not been ill to close below on the weekly timeframe for almost 2 years. Because of this, the pullback and the subsequent bounce could have been anticipated. Breaking above the \$16 level is the first sign that we could go to the \$16.50 level, and perhaps even higher. Pay attention to the US dollar, if it continues to fall in general, the markets will favor precious metals overall. I believe that Silver goes higher over the longer term, but I also recognize that the volatility will continue to be an issue. The \$18 level above is massive resistance, which is my longer-term target, but I recognize that it will be very volatile between here and there.

Pivot:	16.07		
Support	15.92	15.80	15.72
Resistance	16.15	16.25	16.35

### Highlights

- Silver was up 1.01 percent at \$16.03 per ounce and had its first weekly gain in four weeks
- Pressure from strong equities markets on continued support from last week's interest rate rise by the Federal Reserve
- The Fed kept its outlook for three rate rises next year unchanged
- U.S inflation remained weak, which Chicago Fed President Charles Evans said on Friday undermined the case for rate rises
- Republican senators worked to resolve disagreements on the tax reform

### Silver - Technical Indicators

RSI 14	44.86
SMA 20	18.00
SMA 50	17.80
SMA 100	17.57
SMA 200	17.21

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver traded sideways in a tight range today, pressured by firmer equities and a buoyant dollar after a bill to overhaul the tax system in the United States moved a step closer to ratification.
- The dollar held modest gains on Monday, having received a lift after top U.S. Republicans said they expected Congress to pass a tax code overhaul this week. A Senate vote could come as early as Tuesday and President Donald Trump aims to sign the bill before the week is out.
- I think we have the last bearish news, which is the tax reform, and that is negative for gold so we expect gold and silver to stay pretty depressed. The U.S. tax bill, which would cut taxes for businesses and the rich while offering everyday Americans a mixed bag of changes, has helped drive the surge in equity markets this year.
- Asian shares gained on Monday, pulled higher by Wall Street, which hit record highs on expectations U.S. lawmakers will pass the long-awaited bill. Expectations that tax cuts would spur economic growth and prompt faster interest rate rises in the United States have boosted the dollar and weighed on the precious metals.
- Hedge funds and money managers cut their net long positions in COMEX gold contracts in the week to Dec. 12, while they switched to a net short stance in silver for the first time in five months, U.S. Commodity Futures Trading Commission (CFTC) data showed on Friday.
- Silver edged up 0.1 percent to \$16.06 an ounce and palladium stood little changed at \$1,022.35 an ounce. Platinum rose 0.6 percent to its highest since Dec. 8 at \$898.90 an ounce. A cut in the corporate tax rate, effective next year, along with continued deregulation should bolster profits. It was another record-breaking week for U.S stocks.

### 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	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
01/03/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
01/10/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
01/17/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/24/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Monday, December 18, 2017



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Dec 18	04:50	JPY Trade Balance (NOV)	Medium	¥113.4b	-¥40.0b	¥284.6b
Mon Dec 18	04:50	JPY Adjusted Merchandise Trade Balance (Yen) (NOV)	Low	¥364.1	¥265.0b	¥349.3b
Mon Dec 18	05:00	NZD ANZ Consumer Confidence (MoM) (DEC)	Low	-1.5%		-2.1%
Mon Dec 18	05:30	AUD New Motor Vehicle Sales (YoY) (NOV)	Low	2.1%		1.0%
Mon Dec 18	14:00	CHF Total Sight Deposits CHF (DEC 15)	Low	575.4b		575.9b
Mon Dec 18	15:00	EUR Euro-Zone Consumer Price Index (YoY) (NOV)	Medium	1.5%	1.5%	1.5%
Mon Dec 18	18:30	CAD International Securities Transactions (Canadian dollar) (OCT)	Low			16.81b
Mon Dec 18	20:00	USD NAHB Housing Market Index (DEC)	Medium		70	70
Mon Dec 18	21:30	USD U.S. to Sell USD45 Bln 3-Month Bills	Low			

Source: Forex Factory, DailyFX

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