

## Gold

### Technical

Gold markets initially rallied to start the week, but ran into trouble at the 50 hour EMA. The slope of the moving average is lower, and it certainly looks as if the \$1245 level is offering short-term resistance. However, there is a certain amount of demand near the \$1238 level, so while it continues to go a bit lower, that it is a slow descent that is probably going to see. The US dollar has its part to play, so if it starts to strengthen, that will put bearish pressure on gold as well. Economists believe that the currency markets will continue to be very noisy, and with interest rates rising in the United States, it's very likely that Gold will continue to struggle to make longer-term gains, at least at the moment. Market players believe that it will eventually see a turnaround, but it's probably closer to the \$1200 level where the longer-term players come into put money to work.

Pivot:	1,241		
Support	1,238	1,236	1,233
Resistance	1,243	1,246	1,248

Source: FX EMPIRE

### Highlights

- Gold prices edged up on soft Dollar ahead of Fed speech
- Higher U.S interest rates tend to boost the dollar, in which the metal it is priced
- The dollar plays a crucial role in determining gold's direction, as a stronger dollar makes gold more expensive for holders
- The U.S Dollar Index that tracks the dollar against a basket of six major currencies was unchanged at 94.48
- Gold normally rises as the dollar falls, as the precious metal is denominated in the U.S currency

### Gold - Technical Indicators

RSI 14	70.21
SMA 20	1,260.3
SMA 50	1,259.1
SMA 100	1,258.9
SMA 200	1,257.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices edged higher today as the dollar remained on the backfoot ahead of U.S Federal Reserve Chairman Jerome Powell's first congressional testimony. Markets will be interested to see if Powell makes any comments about global trade tensions and how it would affect the rate outlook going forward.
- Spot gold was up 0.25 percent at \$1,243.18 an ounce, while U.S gold futures for August delivery were up 0.3 percent at \$1,243.20 an ounce. Investor appetite for gold is not very strong at the moment.
- Asian stocks weighed by a sharp decline in crude oil prices, and the dollar slipped 0.1 percent against major peers as investors awaited Federal Reserve Chairman Jerome Powell's first congressional testimony for any clues on the pace of U.S interest rate rises.
- Demand for gold in top consumer China has been weak as an ongoing trade war with United States had weakened the local currency and affected investor sentiment, with prospects of pick up further dented after data showed slowing growth in the economy.
- Dollar was steady against major peers. Powell takes his upbeat view of the US economy to Capitol Hill, with markets and many of his colleagues expecting two more interest rate increases in 2018 amid a continued economic expansion.
- The narrowing gap between yields on long-term and short-term Treasury bonds to little more than equivalent of one rate hike from the Fed has helped sour at least one U.S central banker on any further interest rates increases.
- The precious metal was under pressure in recent weeks by investors' favour of the dollar over gold surrounding the impact of a U.S-China trade war. Escalating and sustained trade conflicts following U.S tariff actions threaten to derail economic recovery and depress medium-term growth prospects.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
12/08/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

The WTI Crude Oil market broke down a bit yesterday as the Saudi Arabia government agreed to provide more crude oil to the markets, driving up the amount of supply available. Between that and a strengthening US dollar, the bearish pressure was too much and it rolled over, breaking below the \$70 level rather handily. Economists believe that the market will probably go looking towards the \$68 level next, where there was significant demand previously. Rallies at this point will probably be a nice selling opportunity. Brent markets look even worse, as it has started to slice through a significant uptrend line. At this point, if it break down below the \$72.50 level, the market will probably reach down to the \$70 level longer-term. Short-term rallies are probably going to be sold off, with the \$75 level above being significant resistance. The market is especially sensitive to Saudi oil coming online.

Pivot:	68.07		
Support	67.55	66.65	65.75
Resistance	69.25	69.95	70.75

Source: FX EMPIRE

### Highlights

- Oil prices rebounded today after plunging more than 4% in the previous session
- U.S wants to avoid disrupting global oil markets and is considering waivers for countries that need more time to wind down imports of oil from Iran
- The market is on the defensive because of the potential release of oil from global reserves
- Investors also fretted over a potential slowdown in the global economy, which could hurt demand for oil
- Trump withdrew the U.S from the 2015 Iran nuclear deal and restored sanctions on Tehran in May

### Crude - Technical Indicators

RSI 14	37.55
SMA 20	70.29
SMA 50	70.33
SMA 100	70.49
SMA 200	70.64

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell for a second day today as worries about possible disruptions to supply eased and as investors focused on potential damage to global growth from the festering Sino-U.S trade spat.
- Brent crude futures had dropped 12 cents, or 0.2 percent, to \$71.72 a barrel after spending most of the day in positive territory. They fell 4.6 percent, at one point touching their lowest since mid-April. U.S West Texas Intermediate futures were down 17 cents, or 0.3 percent, at \$67.89. They declined 4.2 percent.
- China is still confident of hitting its economic growth target of around 6.5 percent this year despite views that it faces a bumpy second-half as a trade row with the United States intensifies.
- The remarks came a day after China reported slightly slower growth for the second quarter and the weakest expansion in factory activity in June in two years, suggesting a further softening in business conditions in coming months as trade pressures build.
- Meanwhile, an oil worker strike in Norway intensified when hundreds more walked out in a dispute over pay and pensions after employers failed to respond to union demands for a new offer.
- U.S oil output from seven major shale formations is expected to rise by 143,000 bpd to a record 7.47 million bpd in August, the U.S Energy Information Administration said in a monthly report yesterday.
- Production is expected to climb in all seven formations, with the largest gain of 73,000 bpd seen in the Permian Basin of Texas and New Mexico. All shale regions except for Appalachia are at a high, according to the data.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
12/08/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
12/15/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
12/12/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
12/29/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets did very little during the opening hours of the week, as it continues to respect the \$15.75 level for support. However, the \$15.50 level is even more supportive, and that “zone” extends down to the \$15 level. Economists believe that the market continues to see a lot of noisy behavior, because there is a bit of a “backstop” near the \$15 level. However, it can be very expensive to simply buy every time it drops. The markets will eventually turn around but it needs to see signs of inflation. Market players believe that with the strengthening US dollar continue to see a lot of choppiness and accumulation in this market. Market participants will struggle to get above the \$16 level, but the market will eventually do so. The range bound investors out there are making a killing in this market, because it has seen such clear-cut levels, essentially every \$0.25 in this market.

Pivot:	15.80		
Support	15.72	15.66	15.58
Resistance	15.87	15.93	15.99

Source: FX EMPIRE

### Highlights

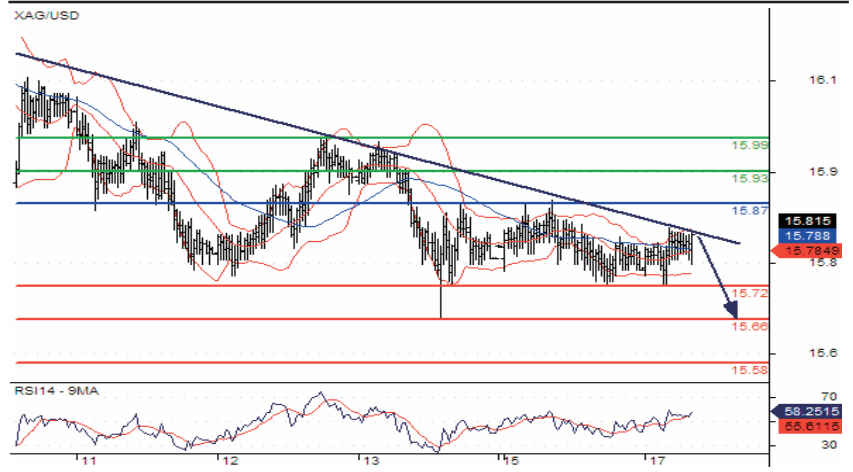
- Silver prices rose 0.4 percent to \$15.80 an ounce
- Silver prices have preferred to follow their raw commodity counterparts recently
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, inched down 0.14% to 94.00
- September Comex silver was down \$0.005 at \$15.81 an ounce
- The precious metal was under pressure in recent weeks by investors as the impact of a U.S-China trade war

### Silver - Technical Indicators

RSI 14	53.61
SMA 20	16.29
SMA 50	16.28
SMA 100	16.28
SMA 200	16.25

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices were modestly lower in early-afternoon U.S. trading yesterday. Both markets are hovering near their 12-month lows set last week. Scant risk aversion in the marketplace the past several weeks has most investors avoiding the safe-haven metals.
- Silver futures due on September 15 rose 0.06% to \$15.82 an ounce from the opening of \$15.81, while the dollar index slipped 0.16% to 94.53 from the opening of 94.68, backing off two-week highs.
- U.S. retail sales rose 0.5% in June, following a revised 1.3% rise in May. Economists were expecting to see a 0.4% rise in the headline number. For the year retail sales are up 6.6%.
- At the same time core retail sales were in line with expectations, rising 0.4% last month. May's monthly increase was also revised higher to 1.3%. The silver market has struggled to find momentum lately as investors continue to focus on the U.S. dollar.
- The one weak point in the report was the control group, which strips out autos, gas, building materials and food services. This index was unchanged last month following a 0.4% rise in May.
- The Fed raised rates twice this year and is expected to raise rates at least once more before the end of the year. Higher rates are a negative for silver as the precious metal, which does not pay interest, struggles to compete with yield-bearing assets when rates rise.
- Silver was weighed down by economic data pointing to an increase in Federal Reserve interest rates. Retail sales increased by 0.5% for the fifth month in a row. Bullion becomes more expensive for holders of other currencies when the dollar rises and cheaper when it falls.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/01/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/08/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/15/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/12/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
12/29/2017	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Tuesday, July 17, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues July 17	03:45	NZD Consumer Price Index (YoY) (2Q)	High	1.5%	1.6%	1.1%
Tues July 17	06:30	AUD RBA July Meeting Minutes	Medium			
Tues July 17	06:30	CNY New Home Prices (MoM) (JUN)	Medium	1.11%		0.8%
Tues July 17	13:00	GBP BOE's Carney, Cunliffe, Stheeman Speak on Financial Stability	High			
Tues July 17	13:30	GBP Jobless Claims Change (JUN)	Medium	+7.8k		-3.0k
Tues July 17	18:15	USD Industrial Production (MoM) (JUN)	Medium		0.5%	-0.1%
Tues July 17	18:15	USD Manufacturing (SIC) Production (JUN)	Medium		0.6%	-0.7%
Tues July 17	19:00	USD NAHB Housing Market Index (JUL)	Medium		69	68
Tues July 17	19:00	USD Powell to Deliver Semi-Annual Testimony Before Senate Panel	High			

Source: Forex Factory, DailyFX

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