

Commodity News

Friday, April 27, 2018



Gold

Technical

Gold markets initially went sideways yesterday, but then broke down below the \$1320 level as the US dollar started to strengthen. The market will probably go looking towards lower levels, perhaps the \$1300 level, which of course has a certain amount of psychological support attached to it. Economists think that the previous reactions to that level should continue to drive this market and it is expected some type of bounce, and the closer we get to the \$1300 level. Alternately, if it break above the \$1325 level, then it is very likely to start buying again. Eventually we could go to the \$1350 level, and then the \$1400 level after that. The idea of buying gold in bits and pieces but recognize that it will need to be cautious and keep a small position. If it can finally break above the \$1400 level, then it might go much higher in more of a “buy-and-hold” situation.

Pivot:	1,316		
Support	1,314	1,309	1,303
Resistance	1,326	1,332	1,335

Source: FX EMPIRE

Highlights

- Gold prices fell for a second straight session yesterday to again finish at their lowest level in about five weeks
- The precious metal failed to find support from a pullback in U.S. Treasury yields
- The Dollar traded higher and U.S stocks climbed, dulling gold's investment appeal
- A strength in the U.S dollar and gains in the stock market helped dull demand for gold
- June gold declined by \$4.90, or 0.4%, to settle at \$1,317.90 an ounce-the lowest for a most-active contract since March 20

Gold - Technical Indicators

RSI 14	33.74
SMA 20	1,263.6
SMA 50	1,291.6
SMA 100	1,287.1
SMA 200	1,300.1

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices languished near five-week lows today, set for a weekly decline of more than 1 percent on a stronger dollar and higher U.S Treasury yields and easing geopolitical concerns.
- Spot gold was steady at \$1,317.03 an ounce, not far from a low of \$1,315.06 an ounce hit in the previous session, its weakest since March 21. Whereas U.S gold futures were unchanged at \$1,318 an ounce.
- The metal was on track to fall over 1 percent this week, its second consecutive weekly drop and biggest decline in four weeks. The dollar index was steady near a 3-1/2 month peak hit yesterday, supported by strong U.S economic data and the U.S 10-year bond yield, which earlier this week hit its highest level since early 2014.
- Gold is looking for is a new consolidation range after the quick move back to the downside in the absence of safe-haven buying, earlier in April. The precious metal found some support from a fall in the U.S 10-year Treasury yield rom the psychologically significant level of 3%.
- June gold fell \$4.90 or 0.4%, to settle at \$1,317.90 an ounce. Prices for the most-active contract, which had earlier tapped a high of \$1,328, marked the lowest settlement since March 20.
- Ultimately rising real interest rates in the U.S and a stronger U.S dollar are placing gold under pressure at month's end. The U.S Dollar Index was up 0.4% at 91.53. Its moves can influence appetite for dollar-priced commodities, including the yellow metal, to investors using other currencies.
- The stronger U.S dollar trend should be sustained, especially by higher real U.S interest rates or rising expectations of additional Federal Reserve interest rate increases this year, gold prices may see further pressure into May.

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

Crude Oil market went back yesterday, dancing around the \$68 level. This is an area that has offered a bit of support, and it might looking to go higher at this point. Economists think that the \$67 level underneath should offer plenty of support, and even though it's been very quiet yesterday, its likely that the overall uptrend should continue. The \$70 level above is a bit of a target, as it is a large, round, psychologically significant figure. Oil markets are very technically driven, so it makes sense that it would go to that level. Moreover, selling is all but impossible at this point. Brent markets went back and forth during the day with a slightly upward bias. It look likely to break above the \$75 level, which would free the market to go much higher, perhaps the \$77.50 level. The market continues to offer value every time it dips, and it looks likely that the \$73 level is trying to form a floor in the market.

Pivot:	67.92		
Support	67.70	67.10	66.70
Resistance	68.45	68.80	69.10

Source: FX EMPIRE

Highlights

- Oil prices ended higher by the possibility that the U.S will reimpose sanctions on Iran
- Increases in the U.S currency make dollar-priced oil more expensive for holders of other currencies
- Investors will have to ride out the rhetoric, which is likely to just increase before May 12, the Iranian sanctions waiver deadline
- Strong pricing and the slight softening in crude oil is primarily due to a stronger dollar
- Surging U.S production, which rose to 10.59 million barrels per day last week, has encouraged record-high U.S. exports

Crude - Technical Indicators

RSI 14	31.91
SMA 20	48.72
SMA 50	48.27
SMA 100	51.11
SMA 200	56.32

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices edged lower today as the dollar rose, but Brent was still headed for its third week of gains amid supply concerns should the United States reimpose sanctions on Iran.
- Global benchmark Brent crude futures were down 27 cents at \$74.47 a barrel. This month, Brent hit highs above \$75, a level last seen in late 2014. U.S West Texas Intermediate crude fell 31 cents to \$67.88 a barrel. This month, WTI has gained around 4.5 percent.
- Brent has added around 6 percent this month on expectations of renewed sanctions, which would likely dampen Iranian oil exports. The gains came despite a higher dollar.
- Oil prices had wobbled after Trump, following a meeting with Macron at the White House on Tuesday, signaled an interest in an unspecified potential new deal to rein in Iran's nuclear program.
- The oil supply gains that Iran has seen following the removal of sanctions more than two years ago, and is a fundamentally bullish factor for oil futures. Price increases have been capped by rising U.S production as shale drillers ramp up activity, underpinning a widening discount between Brent and WTI.
- Recent comments from French President Emmanuel Macron indicate his belief that President Donald Trump will move to pull the U.S out of the Iranian nuclear deal, despite Macron's efforts to secure continued partnership from the U.S.
- U.S oil production continues to set records, any event in the Middle East that impacts output in that region could push the market to fresh 3 1/2-year highs. The OPEC, which supplies a third of the world's oil, agreed to curb output by 1.8 million barrels per day jointly with 10 other producers including Russia until stocks returned to more normal levels.

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 initially went sideways yesterday, hanging above the \$16.50 level before breaking down. This had a lot to do with the US dollar strengthening more than anything else, and the market probably goes down to much lower levels, perhaps the \$16 level. The market will eventually rally though, and if it can break above the \$16.75 level, its likely that it go to the \$17.25 level above. If it can break above that level its likely the at short-term pops that investors can take advantage of it. Silver is highly volatile, so start out slow and take advantage of these moves. As far as the longer-term trade is concerned. Economists think that its difficult to be highly levered and wait for the market to finally break out to the upside like it will. The \$16 level underneath should serve as a bit of a floor in the short term, and the closer it might get to that level.

Pivot:	16.48		
Support	16.40	16.30	16.17
Resistance	16.60	16.73	16.84

Source: FX EMPIRE

Highlights

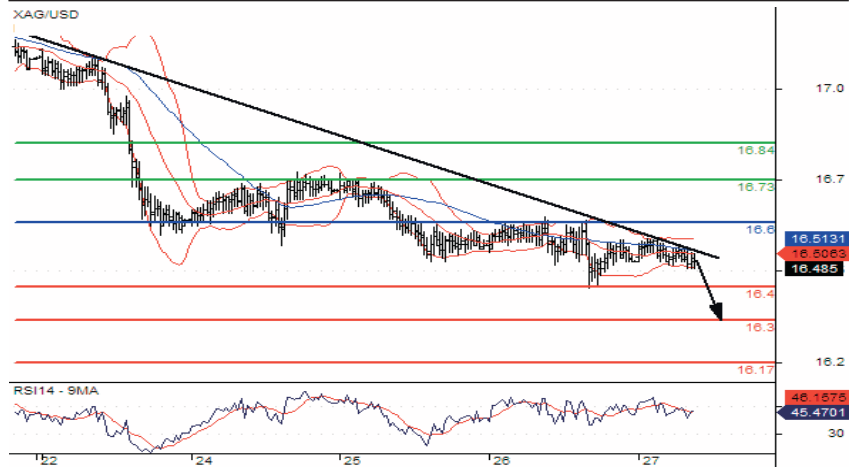
- Silver set for biggest weekly decrease in nearly 3 months
- Silver futures lost 4.1 cents or 0.3%, at \$16.450 a troy ounce
- Silver has been weighed down by weighed down by a strong dollar and high U.S Treasury yields and easing geo-political concerns
- Dollar rose to a three-month high at above the 91 mark, the precious metal was under pressure
- Despite the slowdown, the U.S economy is currently in its second longest economic expansion since World War II

Silver - Technical Indicators

RSI 14	37.92
SMA 20	16.60
SMA 50	17.09
SMA 100	17.05
SMA 200	16.83

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver was up 0.3 percent to \$16.52 per ounce. For the week, the metal is down over 3 percent so far, its biggest weekly decline since the week ending Feb. 2. Whereas the silver is on track to meet its 2018 production guidance of 67 million ounces to 70 million ounces.
- Silver prices were weaker yesterday as it hits a three-week bottom. Slight gains seen as the U.S Dollar pushed higher and hit another 3.5-month high. While June silver, which is now the most-active contract, shed a penny to \$16.567.
- The strength of the U.S. dollar combined with the weakness of the eurozone currency is pushing down the silver. A rise in U.S bond yields pressures silver by reducing the attractiveness of non-interest paying bullion, which is priced in dollars.
- Gains in U.S stock indexes amid an improvement in investor risk appetite today also worked against the safe-haven precious metals. May comex silver was last down \$0.047 at \$16.455 an ounce.
- Silver production for the three months ended March 31 rose to 15.4 million ounces from 13.5 million ounces. First-quarter silver production grew 14% on year, as the company's San Julian mine in Mexico reached full operating capacity.
- The first quarter data is unlikely to have much of an impact on Federal Reserve policymakers' plans for gradual tightening given the expected boost over the coming months from the Trump administration tax cuts.
- Dollar denominated assets such as silver is sensitive to moves in the dollar, a gain in the dollar makes silver more expensive for holders of foreign currency and thus decreases demand for the precious metal.

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

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Friday, April 27, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri April 27	08:03	JPY BOJ Rate Decision (APR 27)	High	-0.10%		-0.10%
Fri April 27	12:55	EUR German Unemployment Change (000's) (APR)	High	-7k	-15k	-18k
Fri April 27	12:55	EUR German Unemployment Claims Rate s.a. (APR)	High	5.3%	5.3%	5.3%
Fri April 27	13:30	GBP Gross Domestic Product (YoY) (1Q A)	High	1.2%	1.4%	1.4%
Fri April 27	17:30	USD Gross Domestic Product Annualized (QoQ) (1Q A)	High		2.0%	2.9%
Fri April 27	17:30	USD Gross Domestic Product Price Index (1Q A)	Medium		2.2%	2.3%
Fri April 27	19:00	USD U. of Mich. Sentiment (APR F)	Medium		98	97.8
Fri April 27	19:00	USD U. of Mich. 5-10 Yr Inflation (APR F)	Medium			2.4%
Fri April 27	22:00	USD Baker Hughes U.S. Rig Count (APR 27)	Medium			1013

Source: Forex Factory, DailyFX

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