

Gold

Technical

Gold markets have initially tried to rally during the day on Tuesday but found the \$1345 level to be a bit too resistive to continue to go higher. We have rolled over significantly, as we continue to see the US dollar strengthening in general. I think that the market continues to be concerned about various issues around the world, although things are starting to stabilize. Looking out on a longer-term horizon, the \$1350 level should be supportive as it has been resistive as well in the past. I think that if we bounce a bit from here, we could then go back towards the \$1340 level next. This will move in negative correlation to the US Dollar Index, which has been strengthening. The market touched a major bottom in that chart, so it's not a huge surprise that we are seeing the US dollar rally a bit. However, if we continue to see strength in the US dollar, we could break down below.

Pivot:	1,330		
Support	1,324	1,320	1,316
Resistance	1,333	1,339	1,346

Source: FX EMPIRE

Highlights

- Gold prices fell 1 percent to a 2-1/2-week low in yesterday's session
- U.S stock markets swung wildly in both directions a day after the Dow and S&P 500 indexes tumbled
- Strength in the U.S. dollar index weighed on gold prices earlier, when world stock markets extended their sell-off
- Gold saw no safe-haven boost from tumbling equity markets because the U.S economy is still seen as robust
- When we look at the fundamental data, it's really quite positive for the U.S

Gold - Technical Indicators

RSI 14	45.56
SMA 20	1,268.2
SMA 50	1,251.1
SMA 100	1,268.3
SMA 200	1,278.8

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose today as investors used dips to accumulate the yellow metal after it dropped more than one percent to its lowest in over three weeks in the previous session.
- Spot gold was up 0.5 percent to \$1,331.23 per ounce. Prices fell over 1 percent to hit its lowest since Jan. 11 at \$1,319.96 on Tuesday. U.S. gold futures for April delivery rose 0.3 percent to \$1,333.50 per ounce.
- Some dip-buying is coming back aggressively as the volatility index drops. Also, some good buying as the short-term U.S interest rate curve is easing off a bit.
- Prices are well above major support and appetite is coming back, with longer-term traders still holding and steadily buying small clips from this morning Comex open.
- Asian share markets were trying to find their footing on Wednesday as a semblance of calm returned to Wall Street where major indices bounced into the black after days of deep losses.
- Distressed selling by leveraged funds seemed to have run its course at the moment, allowing volatility to slightly abate, though the prospect of monetary tightening across the globe remained a challenge for the long term.
- Unless the market plunge intensifies and damages the economy, U.S. Federal Reserve policymakers is unlikely to budge from their plan to lift key short-term interest rates three times this year.
- However, investors dialled back bets the U.S central bank would ratchet up the pace on rate increases on Monday to between two and three hikes from three to four hikes last week, according to interest rates futures. Meanwhile, SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings fell 1.44 percent to 829.27 tonnes on Tuesday from 841.35 tonnes.

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 fell significantly during the trading session on Tuesday, reaching down towards the \$63 level. That's an area that has been supportive in the past, so it's not a surprise at all that we have seen strength into the market, reaching towards the \$65 level. I think at this point, we will struggle to get above \$65 initially, but eventually we could go as high as \$66 level. I think the market will continue to be very volatile, and I think you should keep your position size a bit small, as the volatility will probably only pick up from here. Brent markets gapped lower at the open on Tuesday, slicing through the \$60 level like it wasn't even there. We have broken down towards the \$66.50 level underneath which has been supportive in the past. I think that if we rally from here, we could run towards the \$60 level above, which should be resistive. It was previous support.

Pivot:	63.86		
Support	63.10	62.50	61.80
Resistance	64.30	64.95	65.50

Source: FX EMPIRE

Highlights

- Oil prices extended the previous sessions' losses as financial markets remained volatile after a sharp sell-off in equities
- Dollar strength and the onset of refinery maintenance season also weighed
- Crude oil futures sank as stock futures remained under pressure
- The correlation between crude oil and the dollar has reasserted itself recently
- Losses in the oil market were limited, in part because the sell-off appeared to be fueled that stocks are overvalued

Crude - Technical Indicators

RSI 14	70.56
SMA 20	48.54
SMA 50	46.40
SMA 100	47.24
SMA 200	52.06

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil held mostly steady today in Asian session, as the boost from a report showing a drop in U.S. crude inventories last week was offset by evidence of soaring U.S. output.
- Brent crude futures LCOc1 edged down 11 cents to \$66.75 a barrel, while U.S. West Texas Intermediate (WTI) crude futures CLc1 eased 12 cents to \$63.27 a barrel.
- Global equities recovered modestly after their largest one-day fall in nearly two years on Monday, when volatility surged and investors ditched stocks and bonds.
- The oil price has fallen by 3.2 percent in the last week, but has still performed better than shares on Wall Street, which have lost more than 4 percent. The risk-off move impacted oil, but that impact has been limited because commodities are consumption or real assets, as opposed to equities or bonds, which are investment assets
- The Organization of the Petroleum Exporting Countries and other producers, including Russia, have cut production since last January to force down global inventories.
- Crude inventories in the United States have fallen by 20 percent since hitting record highs in April 2017. The futures curve shows prompt prices for oil are above those for future delivery suggesting investors are counting on demand outpacing supply.
- Data in yesterday's trading session showed U.S crude inventories fell by 1.1 million barrels in the week to Feb. 2 to 418.4 million barrels, helping support the oil price. But rising U.S. oil production has been looming over the market. Output has risen by 1 million barrels per day in the last year to about 10 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	
12/01/2017	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 were volatile again during the trading session on Tuesday, initially tried to rally, but have turned around to break down significantly. The \$16.50 level offers a bit of psychological support, but it looks as if we are starting to struggle to lift this market. I still believe in silver longer-term, but at this point we are getting a bit of a pullback based upon US dollar strength, and a bit of a "risk off" attitude to marketplace participants. I believe that the Silver markets will follow gold, so pay attention to that market first. If we can get some type of rally in the marketplace, then Silver will more than likely reach to the upside, perhaps reaching towards the \$17 level. If we were to break down below the \$16.50 level, the market then goes looking towards the \$16 level after that. That's a level that will attract a lot of attention as well. The US dollar of course will have a lot of influence on this market.

Pivot:	16.73		
Support	16.62	16.53	16.40
Resistance	16.80	16.90	16.98

Source: FX EMPIRE

Highlights

- Silver prices finished lowery, failing to find support from the recent plunge in the U.S stock market as equities tried to bounce back
- U.S. stocks eventually ended yesterday's session higher in volatile trading
- Precious metals are not acting like a safe haven for now because there is no real panic in the market
- The Dollar Index was flat at 89.60, up less than 0.1%, after hitting three-year lows last week
- The yield on 10-year Treasury notes traded at 2.77%, compared with 2.79%

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 markets ended the U.S day session moderately lower, with gold hitting a three-week low and silver futures closing at a six-week low close. A big recovery in the U.S. stock market Tuesday, after Monday's major beat-down, worked to push the metals markets down.
- Losses in the gold and silver markets were limited, however, when the U.S dollar index could not hold its good early gains seen right after the U.S markets opened. March Comex silver was last down \$0.091 at \$16.58 an ounce.
- World stock markets tumbled sharply yesterday, following the strong losses in the U.S. stock indexes Monday. U.S. stocks opened sharply lower but quickly rebounded to score solid gains.
- Still, the gains seen yesterday afternoon do not repair the major chart damage seen the past few days in the major U.S. stock indexes. That technical damage still suggests more downside pressure is coming.
- Don't be surprised if more selling pressure in the stock market occurs yet this week. And if that's the case, safe-haven gold and silver markets will benefit. I would be very surprised if the steep downdraft we saw in stocks on Friday and Monday can just be swept under the rug by the bulls.
- Somewhat ironically, world bond markets yields fell Tuesday on some safe-haven demand from the steep downdraft in world stock markets. Still, don't look for the world bond markets to make a sustainable recovery in prices.
- Somewhat ironically, world bond markets yields fell Tuesday on some safe-haven demand from the steep downdraft. Markets had been anticipating up to four U.S. interest rate hikes this year. However, the economy may not be as strong as forecast, Pehowich said, reducing the need for such aggressive action.

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

Wednesday, February 07, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Feb 07	02:45	NZD Unemployment Rate (4Q)	High	4.5%	4.7%	4.6%
Wed Feb 07	02:45	NZD Employment Change (YoY) (4Q)	High	3.7%	3.6%	4.2%
Wed Feb 07	03:30	AUD AiG Performance of Construction Index (JAN)	Medium	54.3		52.8
Wed Feb 07	05:00	JPY Labor Cash Earnings (YoY) (DEC)	Medium	0.7%	0.5%	0.9%
Wed Feb 07	12:00	EUR German Industrial Production n.s.a. and w.d.a. (YoY) (DEC)	Medium	6.5%	6.8%	5.5%
Wed Feb 07	13:30	GBP Halifax House Price 3Mths/Year (JAN)	Low	2.2%	2.4%	2.7%
Wed Feb 07	17:00	USD MBA Mortgage Applications (2 FEB)	Medium			-2.6%
Wed Feb 07	18:30	CAD Building Permits (MoM) (DEC)	Medium		2.0%	-7.7%
Wed Feb 07	20:30	USD DOE U.S. Crude Oil Inventories (2 FEB)	Medium			6776k

Source: Forex Factory, DailyFX

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