Commodity News

Thursday, January 11, 2018

Gold

Technical

Gold markets have shot much higher initially during the trading session on Monday, reaching above the $1325 level. We have rolled over since then, and it looks as if the $1325 level is going to offer significant resistance. A break above there is a very strong sign. At this point, I believe that the gold markets have a bit of a “floor” at the $1300 level, which had previously been very resistant. I believe that a bounce in that area could perhaps reach towards the upside and eventually build up the momentum necessary to continue the longer-term uptrend. Remember, gold is very volatile, and I think that you should pay attention to the US dollar in the meantime. The US dollar of course has a massive influence on what happens with the gold markets, as the 2 tend to move in the opposite direction, although not exclusively so. One should buy gold and add slowl, to build up a larger position.

Pivot:	1,316		
Support	1,315	1,308	1,305
Resistance	1,321	1,323	1,328

Source: FX EMPIRE

Highlights

- Gold prices hit a three-and a half month high this yesterday amid a sharp sell-off in world government bond markets
- Officials reviewing China's foreign-exchange holdings have recommended slowing or halting purchases of U.S. Treasuries
- The U.S dollar fell to a more than six-week low against the Japanese Yen
- The Yen has been buoyed this week after a cut in the Bank of Japan's bond buying
- Holdings of SPDR Gold Trust fell 0.35 percent to 828.96 tonnes yesterday

Gold - Technical Indicators

RSI 14	39.50
SMA 20	1,240.7
SMA 50	1,252.8
SMA 100	1,256.3
SMA 200	1,272.0

Source: FX EMPIRE

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold prices edged up today in European trading session, after touching their highest since September in the previous session, buoyed as a rally in equities appeared to falter.
- Spot gold was up 0.1 percent at $1,317.93 an ounce. On Wednesday, it marked its lowest since Sept. 15 at $1,326.56 an ounce. U.S. gold futures were down 0.1 percent at $1,319.10 an ounce.
- Rising oil prices and strong global growth suggest gold will remain supported as investors look for inflation protection. Also, a highly-anticipated stock market correction is providing support on dips which continues to support the bullish gold narrative.
- The New Year rally in Asian shares petered out today due to concerns about rising U.S. protectionism. Gold could test $1,327 in the short term and above which $1,362 will be opened. Global equities are running at a high level of exuberance, confidence and valuation which in short stands for a bubble.
- The belief this time it is different' is all set to get a rude shock. Spot gold looks neutral in a range of $1,311-$1,329 per ounce, and an escape could suggest a direction, according to Reuters technical analyst Wang Tao. We feel that there will be sellers on rallies.
- That being said, as Chinese seasonal buying picks up ahead of the Lunar New Year, the downside should remain supported into February. Meanwhile, holdings in the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.35 percent to 828.96 tonnes on Wednesday from Tuesday. Holdings fell for a second straight day on Wednesday.
- Platinum was mostly unchanged at $968.24 an ounce, after touching its highest in nearly four months at $974 in the last session. Palladium climbed 0.1 percent to $1,084.40 an ounce.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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 looks likely to continue to go sideways, perhaps with a slight negative bias, as we have gotten a little bit overextended on the short-term charts. Regardless, I believe that the markets will be looking to rally on dips, as value hunters will reappear and of course day traders will be interested in taking advantage of the volatility. I believe that the markets continue to be a situation where it becomes “buy on the dips”, as there are a lot of factors working in favor of the oil markets currently, including production cuts coming out of both Russia and OPEC countries, but at the same time the US dollar has been getting beaten up a little bit of the last couple of weeks, and that has provided a little bit of bullish pressure as well. Brent markets also got a boost during the last couple of sessions, as the inventory numbers came out rather bullish coming from America.

Pivot:	63.46		
Support	62.85	62.30	61.80
Resistance	63.70	64.00	64.55

Source: FX EMPIRE

Highlights

- A rally that kicked off in June has boosted oil prices to the highest in more than three years
- The oil price downturn is now 3½ years old, but it didn't gather devastating momentum until OPEC's fateful Thanksgiving day meeting in 2014
- Now, oil prices are at the highest closing levels since December 2014
- U.S crude ended Tuesday's session at $62.96 per barrel
- In the first half of 2018, the seasonal drop in oil demand could pull crude futures out of sync with other commodities

Crude - Technical Indicators

RSI 14	40.97
SMA 20	48.10
SMA 50	46.65
SMA 100	47.01
SMA 200	50.60

Source: FX EMPIRE

Crude Oil Daily Graph

Source: Meta Trader

Fundamentals

- Oil dipped away from three-year highs today in Asian session on signs that a 13-percent rally since early December may have run its course, although a surprise drop in U.S. production and lower crude inventories offered prices some support.
- U.S West Texas Intermediate (WTI) crude futures were at $63.46 a barrel, 11 cents below their last settlement, though still close to a December-2014 high of $63.67 per barrel reached the previous day.
- Brent crude futures were at $69.05 a barrel, 15 cents below their last finish, albeit also still close to the previous day’s peak of $69.37 a barrel - the highest level since an intra-day spike in May, 2015.
- The mounting downward pressure on prices is also showing in the physical oil market, where OPEC’s No.2 and No.3 producers, Iran and Iraq, this week cut their supply prices to remain competitive with customers.
- Oil markets have so far been generally supported by a production cut led by the Organization of the Petroleum Exporting Countries (OPEC) and Russia that started in January last year and is set to last through 2018.
- More immediate price support came overnight from the United States, where crude inventories fell almost 5 million barrels in the week to Jan. 5, to 419.5 million barrels. That’s slightly below the five-year average of just over 420 million barrels.
- U.S. production fell 290,000 barrels per day to 9.5 million bpd, the EIA said, despite expectations of U.S. output breaking through 10 million bpd. The drop is, however, expected to only be for the short-term, likely due to the extreme cold in large parts of North America which has shut down some onshore producers.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

Commodity News

Thursday, January 11, 2018

Silver

Technical

Silver markets gapped lower at the open on Wednesday, drifting down towards the $16.90 level, but we had seen quite a bit of bullish pressure, breaking above the $17 level rather handily as the Americans came aboard. I believe that we will probably see a short-term pullback, but that should offer value for traders to get involved in. I think that the $16.90 level underneath offers significant support, and I think that we will eventually go to the $17.25 level above, which has been massively resistive of the last couple of weeks. Eventually, we should break above there, and continue to go much higher, with the first target being the $17.50 level. If we were to break down below the $16.90 level, the market probably goes down to the $16.75 level after that, which has been supportive, and that being the case it's likely that we will find buyers underneath.

Pivot:	17.01		
Support	16.88	16.78	16.70
Resistance	17.10	17.19	17.27

Source: FX EMPIRE

Highlights

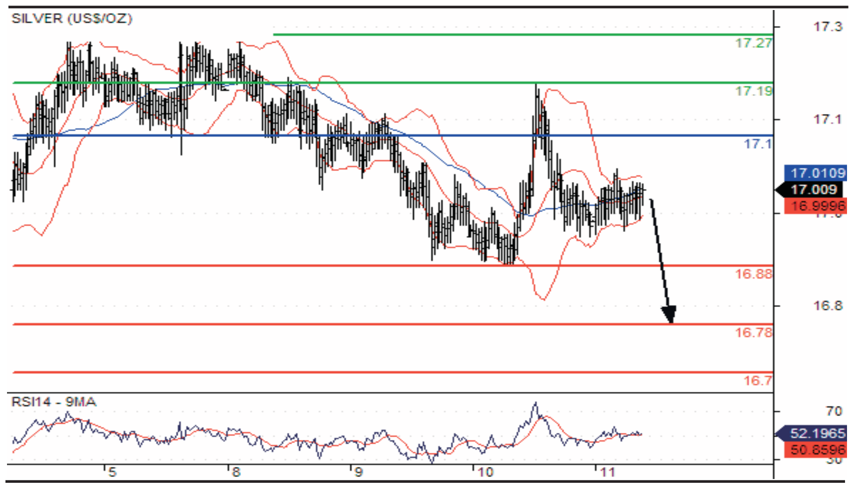
- Silver prcies were up 0.2 percent at $17.10 an ounce today
- Officials reviewing China's foreign-exchange holdings have recommended slowing or halting purchases of U.S. Treasuries
- The greenback posted its biggest single-day drop yesterday against the Japanese yen in nearly eight months
- Silver and gold prcies fuelled by the weak dollar after the China news came out
- The Bank of Japan moved to trim its long-dated government bond purchases earlier in this week

Silver - Technical Indicators

RSI 14	87.17
SMA 20	16.70
SMA 50	16.89
SMA 100	16.71
SMA 200	16.82

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Spot silver rose 0.2 percent to $17.01 an ounce. Prices fell to the lowest in nearly two weeks at $16.86 yesterday. The stage may be set for commodities to extend their stellar gains.
- Metals, has been constructive on gold over the $1,300 level, but wants to see the yellow metal move higher before he becomes bullish on the momentum. The main catalyst behind gold's rally Wednesday was news that China may be backing away from U.S. treasury bond buying.
- Chinese officials had recommended slowing or halting U.S. Treasury purchases sparked a broad-based sell-off of the dollar, lifting assets priced in the U.S. currency.
- The dollar, already under pressure versus the Japanese Yen after the Bank of Japan moved to trim its long-dated government bond purchases earlier this week, slid 0.6 percent versus a currency basket, its biggest one-day drop in a month.
- U.S Treasury yields are continuing to rise - that should be a headwind for precious metals, but it seems to be ignored after the news late morning. It all comes down to the weak dollar.
- The U.S. currency slumped on Wednesday after a report that China was reconsidering its stance on U.S. treasury purchases, with the greenback posting its biggest single-day drop against the Japanese yen in nearly eight months.
- Officials reviewing China's foreign-exchange holdings have recommended slowing or halting purchases of U.S. Treasuries, Bloomberg News reported. Major government bond yields hit multi-month highs on Wednesday as investors reevaluated the likelihood of continued easy-money policies by the world's major central banks following the BoJ move.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thu Jan 11	10:00	JPY Leading Index CI (NOV)	Medium	108.6	108.6	106.5
Thu Jan 11	10:00	JPY Coincident Index (NOV)	Medium	118.1	117.9	116.4
Thu Jan 11	14:00	EUR German Public Finances Balance-GDP Ratio (2017)	Medium	1.2%	1.1%	0.8%
Thu Jan 11	14:00	EUR German Gross Domestic Product NSA (YoY) (2017)	High	2.2%	2.4%	1.9%
Thu Jan 11	14:30	GBP Bank of England Credit Conditions & Bank Liabilities Surveys	High			
Thu Jan 11	15:00	EUR Euro-Zone Industrial Production w.d.a. (YoY) (NOV)	Medium	3.2%	3.0%	3.9%
Thu Jan 11	17:30	EUR ECB account of the monetary policy meeting	High			
Thu Jan 11	18:30	CAD New Housing Price Index (YoY) (NOV)	Medium			3.5%
Thu Jan 11	18:30	USD Initial Jobless Claims (JAN 06)	Medium		245k	250k

Source: Forex Factory, DailyFX

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