

## Gold

### Technical

The gold markets have rallied a bit during the trading session on Monday, but keep in mind that the market is thin due to Americans celebrating the Martin Luther King Jr. birthday. Because of this, volume is an issue and is very likely that the moves will be bullish longer-term, but pullbacks should be thought of as buying opportunities. The \$1325 level underneath should be supportive, and the absolute bottom of the uptrend is the \$1300 level. As the US dollar continues to be sold off drastically, and of course favors gold as it is a bit of an "anti-dollar trade." I believe that breaking above the \$1350 level should be a bullish sign, and a move above that level should send this market to the \$1375 level next, and the longer-term target that I have had for some time, \$1400. I think that every time we pull back, people will be looking at it as an opportunity to pick up value.

Pivot:	1,338		
Support	1,333	1,327	1,322
Resistance	1,349	1,358	1,365

Source: FX EMPIRE

### Highlights

- Gold fell yesterday from the previous day's four-month high
- The U.S Dollar clawed back some lost ground after hitting a three-year low against a currency basket
- Gold's move lower snapped four straight days of gains in the metal
- Dollar weakness has calmed down, and that is why gold is retracing lower
- Gold remained relatively firm in the face of three U.S interest hikes in 2017, but could suffer if these continue

### 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 higher today to hold just below a four-month high touched in the previous session, supported by a weaker U.S. dollar languishing near three-year lows.
- Spot gold was up 0.1 percent at \$1,340.98 an ounce, after touching its strongest since Sept. 8 at \$1,344.44 on Monday. U.S. gold futures rose 0.4 percent to \$1,340.80 an ounce.
- Gold seems to be moving higher on account of rising inflationary expectations and a steep drop in the dollar. We are not sure if gold could withstand the higher yield environment going into 2018, especially if the dollar eventually reverses course. In addition, we don't see the recent spike in U.S. inflation lasting.
- The dollar index, which measures the greenback against a basket of currencies, fell on Monday to its lowest since December, 2014 at 90.279. It was last down 0.6 percent at 90.417.
- The euro stood near a 3-year peak on rising expectations that the European Central Bank could pare its monetary stimulus. ECB rate-setter Ardo Hansson on Monday said the central bank could end its bond purchase scheme in one go after September if the economy and inflation develop as expected.
- The dollar has weakened as markets grow increasingly confident that a global recovery would outpace U.S. growth and prompt other major central banks, led by the ECB, to unwind their easy money strategy faster than has been expected.
- We are likely to see further short squeezes over the near-term as the metal gold edges toward \$1,350 and above this the September 2017 high around \$1,357 will be the ultimate target for bulls. Supportive interest around \$1,330 should restrict any further declines.

### 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 markets have pulled back just a bit, testing the 24-hour exponential moving average. However, we rallied from there and trying to reach towards the \$65 level. If we can finally break above there, the market should continue to go much higher, but in the meantime, I think that short-term pullbacks are buying opportunities we can take advantage of. Russia has discussed leaving the production cuts agreement, but I think at this point this is probably more a deal where the US dollar falling is lifting the crude oil markets, as well as growing global economies. Brent markets initially tried to rally during the trading session on Monday, but then found the \$70 level to be a bit too much. We pulled back a bit, reaching towards the \$69.50 level, and the 24 hour exponential moving average. We rallied from there to reach towards the \$70 handle again.

Pivot:	64.46		
Support	64.10	63.70	63.10
Resistance	64.90	65.40	65.80

Source: FX EMPIRE

### Highlights

- Hedge funds increase their bullish bets to the highest in more than a decade
- Oil prices extending a two-year rebound as the OPEC and its allies trim production to drain a global glut
- WTI for February delivery was at \$64.43 a barrel on the New York Mercantile Exchange, up 13 cents
- There was no settlement yesterday because of the Martin Luther King Jr. holiday
- Futures closed at \$64.30 on Friday, the highest level since December 2014

### 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



Source: Meta Trader

### Fundamentals

- Crude oil dipped today but remained near \$64.50 a barrel, a level not seen since 2014's dramatic market slump. Prices have been driven up by oil production curbs in OPEC nations and Russia, as well as strong demand thanks to healthy economic growth.
- U.S West Texas Intermediate (WTI) crude futures were at \$64.18 a barrel, down 12 cents, or 0.19 percent. WTI hit a December 2014 peak of \$64.89 a barrel in early trading.
- The market is hitting technical resistance. We need to see a confirmation of a true break past \$70 a barrel. There is lots of speculative length in WTI at the moment, the force is from the U.S. market right now so we need the direction they give coming back from holiday.
- Trading was thin yesterday due to a holiday in the United States. Oil has been pushed higher by an effort led by the Organization of the Petroleum Exporting Countries and Russia to withhold production since January last year. The cuts are set to last through 2018.
- The restraint has coincided with healthy oil demand, pushing up crude by almost 15 percent since early December. This rally has been driven first by robust fundamentals, with strong demand growth and high OPEC compliance accelerating.
- A major factor holding back crude prices in 2017, the surge in U.S. production, has stalled at least temporarily as icy winter weather in North America has shut some facilities.
- Instead of hitting 10 million barrels per day this month, as widely expected, U.S. production fell from 9.8 million bpd in December to 9.5 million bpd currently. However, most analysts still expect U.S. production to break through 10 million bpd soon.

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	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 were noisy during the opening hours of Monday, but then settled near the \$17.30 level. Ultimately, silver looks bullish, as we should continue to see buyers going forward, giving us an opportunity to buy dips based upon value. The anti-US dollar sentiment should continue to be an issue where we see precious metals rally, as well as other currencies around the world. I believe that the market should continue to see dips as opportunities, and I believe that longer-term traders are starting to get involved in the Silver markets as well. I don't like trading highly leveraged positions though, because Silver tends to be very noisy. The market should continue to be one that you can trade from a longer-term standpoint, perhaps trading physical silver or at least options. Longer-term, I believe that the \$18.50 level is the top of a massive consolidation area.

Pivot:	17.26		
Support	17.18	17.04	16.93
Resistance	17.42	17.53	17.65

Source: FX EMPIRE

### Highlights

- Silver was down 1.8 percent to \$17.05 an ounce today in Asian session, off the previous day's three-month high of \$17.42
- The Dollar clawed back some lost ground today in Asian session after hitting a three-year low against a currency basket
- Dollar weakness has calmed down, and that is one reason why silver prices are retracing lower
- Silver remained relatively firm in the face of three U.S interest hikes in 2017
- Platinum was 1.4 percent lower at \$982.24, after touching its strongest since Sept. 11 at \$1,001.40

### 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

- Silver prices gains in yesterday's trading session as the U.S. dollar index slumped to its lowest in three years but analysts warned the greenback's decline could be short-lived as it was not driven by fundamentals.
- The weakness in the dollar is not justified by fundamentals. It's a little bit weird considering the divergence in monetary policy should play in favour of a stronger dollar.
- She said the U.S. Federal Reserve is widely expected to raise interest rates, which would favour a stronger dollar, while the European Central Bank should keep rates on hold. The dollar index was down 0.2 percent at 90.474, having reached its weakest since January 2015 at 90.421.
- A lower greenback makes dollar-denominated assets such as gold cheaper for holders of other currencies, while higher rates could dent demand for gold and silver.
- The main reason for the tight relationship between the dollar and gold is a lack of physical demand on the gold side in terms of ETFs (exchange-traded funds) and Indian and Chinese jewellery.
- Adding a touch of bullishness to gold was data from the U.S. Commodity Futures Trading Commission on Friday, which showed that hedge funds and money managers raised their net long positions in COMEX gold and silver in the week to Jan. 9.
- Iran's president said on Sunday the United States had failed to undermine a nuclear deal between Tehran and major powers, and hailed the accord as a "long-lasting victory" for Iran, state television reported. U.S. President Donald Trump on Friday delivered an ultimatum to European signatories of the deal to fix the "terrible flaws" of the agreement with Iran, or the United States would pull out.

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

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
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

# Commodity News

Tuesday, January 16, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tue Jan 16	04:50	JPY Domestic Corporate Goods Price Index (MoM) (DEC)	Low	0.2%	0.4%	0.5%
Tue Jan 16	09:30	JPY Tertiary Industry Index (MoM) (NOV)	Medium	1.1%	0.3%	0.2%
Tue Jan 16	12:00	EUR German Consumer Price Index (YoY) (DEC)	Medium	1.7%	1.7%	1.7%
Tue Jan 16	14:30	GBP Consumer Price Index (YoY) (DEC)	High	3.0%	3.0%	3.1%
Tue Jan 16	14:30	GBP Retail Price Index (YoY) (DEC)	Low	4.1%	3.9%	3.9%
Tue Jan 16	14:30	GBP House Price Index (YoY) (NOV)	Medium	5.1%	4.2%	5.4%
Tue Jan 16	18:30	USD Empire Manufacturing (JAN)	Low		19	18
Tue Jan 16	21:30	USD U.S. to Sell USD42 Bln 6-Month Bills	Low			
Tue Jan 16	22:00	CHF SNB President Jordan Speaks in Zurich	High			

Source: Forex Factory, DailyFX

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