

Gold

Technical

Gold markets continue to go back and forth during the day on Thursday, but after the recent rally, I believe that it is simply an opportunity for the market to catch his breath before going higher. I think that the market is looking at the \$1400 level above, which is the gateway to much higher pricing. If we break above the \$1400 level, gold is more than likely going to go looking towards the \$1800 level next. I think this happens, because the US dollar has gotten absolutely pummeled, and it should continue to be under significant pressure. Ultimately, if we break down below the \$1350 level, the market could breakdown to the \$1335 level rather quickly. In that area, it should be well supported, but to be honest I would be a bit surprised to see this happen. The US dollar would have to turn around in the FX markets, something that doesn't look very likely to happen in the short term.

Pivot:	1,355		
Support	1,342	1,335	1,328
Resistance	1,361	1,366	1,371

Source: FX EMPIRE

Highlights

- Gold dropped more than 1 percent in yesterday's trading session
- The U.S dollar was strengthened when U.S President Donald Trump talked up a stronger greenback
- The Euro was flat at the close yesterday, retreating from an early jump to its highest in three years
- After reaching its highest since August 2016 this week, gold was due for a correction
- The break above \$1,330 has given fuel to gold's rally and the first target of this movement could be seen at \$1,375

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 edged up today, recovering from a fall of as much as over 1 percent from 1-1/2-year highs in the previous session after U.S. President Donald Trump backed a strong dollar.
- Spot gold rose 0.3 percent to \$1,350.86 per ounce today in Asian session. The precious metal has gained 1.5 percent so far this week. Spot gold rose to 1,366.07 yesterday, the highest since Aug. 3, 2016. But, reversed gains after Trump told CNBC in an interview in Davos, Switzerland that he wants to see a strong dollar.
- U.S gold futures were down 1 percent at \$1,348. Trump's comment was a contradiction to comments made previously by Treasury Secretary Steven Mnuchin one day earlier.
- The dollar index, which measures the greenback against a basket of currencies, hit its weakest since Dec, 2014 at 88.438 on Thursday. It was last down 0.2 percent at 89.254.
- Euro surged yesterday after European Central Bank President Mario Draghi said economic data pointed to "solid and broad" growth with inflation likely to rise in the medium term from subdued levels.
- China's net gold imports via main conduit Hong Kong fell 18.5 percent year-on-year in 2017 and were down 12.2 percent in December from the previous month, data showed on Thursday.
- Gold could break above \$1,500 an ounce this year for the first time since its 2013 crash, GFMS analysts at Thomson Reuters said yesterday, with the risk of a drop in surging equities and political instability boosting its appeal as a haven from risk. Gold bulls are likely to have their patience rewarded in what is tipped to be the strongest year since 2013 as the U.S. dollar stays under pressure.

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 initially tried to rally during the day on Thursday but turned around to fall yet again. The market has been very noisy during the day, but I think we are trying to catch our breath after the significant move higher. The \$65 level should offer plenty of support, as it is a psychologically significant number, and it used to be previous resistance. Because of this, I think the market should continue to find buyers on dips, especially if the US dollar continues to fall. Brent markets initially tried to rally during the trading session on Thursday but pulled back to fall flat. I think that the market continues to see a lot of volatility, but we are trying to build up momentum to go higher. I suspect that the market could go looking towards the \$75 level above, and I believe that we have a significant amount of support underneath at the \$70 handle. Ultimately, this market should continue to go higher.

Pivot:	65.50		
Support	64.90	64.30	63.65
Resistance	66.15	66.65	67.20

Source: FX EMPIRE

Highlights

- Oil prices fell earlier today ahead of the end of the peak-demand winter season in the northern hemisphere
- U.S crude futures were at \$65.38 a barrel, down 13 cents, or 0.2 percent from their previous close
- Many refiners shut down after winter for maintenance
- U.S. oil production is expected to hit 10 million bpd soon, after reaching 9.88 million bpd last week
- Rising U.S output threatens to undermine the supply restraint led by the OPEC and Russia

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 prices reversed earlier falls today as ongoing weakness in the U.S. dollar was seen supporting fuel consumption.
- Brent crude futures were at \$70.40 per barrel, down 3 cents from their last close, after dropping as low as \$70.07 earlier in the day. U.S. West Texas Intermediate crude futures were at \$65.52 a barrel, up 1 cent from their previous close, recovering from a session-low of \$64.91 a barrel.
- Crude oil futures have received support from a weakening dollar, which on Friday hit fresh 2014 lows against a basket of other leading currencies. As oil is traded in dollars, swings in the greenback can also impact oil demand as it affects the price of fuel purchases for countries using other currencies.
- The weakening of the U.S. dollar against a basket of global currencies has positioned 2018 to lead off with strong levels of oil demand. Despite this, crude prices were prevented from further rises by a seasonally weakening demand outlook.
- Georgi Slavov, head of research at commodities brokerage Marex Spectron, said despite a generally healthy outlook for oil demand, there were short-term headwinds due to the upcoming end of the peak-demand period during the northern hemisphere winter season.
- Many refiners shut down after winter for maintenance, resulting in lower orders for crude, their most important feedstock. Demand is starting to weaken as refining capacity was taken out of the market.
- "Global oil stocks built overall in the week ending Jan. 19, as both crude and product stocks saw small builds," U.S. bank Morgan Stanley said. On the supply side, U.S. oil production is expected to hit 10 million bpd soon, after reaching 9.88 million bpd last week.

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 went back and forth during the trading session on Thursday, as we continue to hover around the \$17.50 level. The market is very likely to use this as an opportunity to try to build up momentum, as we will more than likely go higher over the longer term. The US dollar continues to fall, and that is typically good for precious metals such as silver. I believe that the \$17.40 level underneath should be rather supportive, and if we break down below there, it's very likely that we could go down to the \$17 level again. Either way, I don't have any interest in shorting this market, unless of course the US dollar suddenly changes its overall attitude, and I think at that point it's likely to be difficult to achieve. I believe that the US dollar continues to fall overall, and that of course puts a bit of a firm bottom in this market. I think that the \$18.50 level will be targeted.

Pivot:	17.50		
Support	17.22	17.11	16.94
Resistance	17.70	17.80	17.90

Source: FX EMPIRE

Highlights

- Spot silver rose 1 percent to \$17.46. It touched its highest in more than four months at \$17.69 yesterday
- The Dollar remained weak despite U.S. President Donald Trump backing a stronger currency
- Trump's comment appeared to contradict comments made by Treasury Secretary Steven Mnuchin a day earlier
- The Dollar weakness is continuing to support precious metal prices
- Asian stocks edged back from record highs earlier today

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 prices hit 4.5-month highs and ended the U.S day session moderately higher yesterday. An eroding U.S. dollar and a rallying crude oil market are bullish outside elements boosting the metals.
- March Comex silver was last up \$0.136 at \$17.625 an ounce. The U.S. Dollar Index was solidly lower and hit another 3.5-year low today. Meantime, Nymex crude oil prices were firmer and traded above \$66.00 a barrel, and hit a more-than-three-year high.
- Price actions in many markets to start 2018 strongly suggest the raw commodity sector is now starting a cyclical upturn. It appears much better times are ahead for raw commodity market bulls, including the precious metals.
- The U.S. dollar index (USDIX) is a basket of six major world currencies stacked up against the greenback. The weekly chart for the index shows prices are in an accelerating downtrend. Most raw commodity markets are priced in U.S dollars on world markets.
- When the dollar depreciates it makes those commodities cheaper to purchase in non-U.S. currency. Trends in the currency markets tend to be stronger and longer-lasting than trends in other markets.
- As the U.S dollar index continues to decline, such will continue to be a bullish element for the commodity sector. U.S Treasury Bond prices have been trending lower from their 2017 high.
- While catching short-term speculators off guard, the gold price retracement will not threaten long-term positions whose view are cemented around a probable equity market correction and an extension of the U.S. dollar downtrend.
- Platinum edged up 0.5 percent to \$1,015. Prices on Thursday hit their highest since February, 2017 at \$1,027.60. Palladium was mostly unchanged at \$1,095.60.

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

Friday, January 26, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jan 26	14:00	EUR ECB Survey of Professional Forecasters	Medium			
Fri Jan 26	14:30	GBP Gross Domestic Product (YoY) (4Q)	High		1.4%	1.7%
Fri Jan 26	18:30	CAD Consumer Price Index (YoY) (DEC)	High		1.9%	2.1%
Fri Jan 26	18:30	USD Advance Goods Trade Balance (DEC)	High		-\$68.9b	-\$70.0b
Fri Jan 26	18:30	USD Wholesale Inventories (MoM) (DEC)	Medium		0.4%	0.8%
Fri Jan 26	18:30	USD Gross Domestic Product Annualized (QoQ) (4Q)	High		3.0%	3.2%
Fri Jan 26	18:30	USD Personal Consumption (4Q)	Medium		3.7%	2.2%
Fri Jan 26	18:30	USD Durable Goods Orders (DEC)	High		0.9%	1.3%
Fri Jan 26	23:00	USD Baker Hughes U.S. Rig Count (JAN 26)	Medium			936

Source: Forex Factory, DailyFX

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