

## Gold

### Technical

Based on last week's price action and the close at \$1270.70, the direction of the August Comex Gold market is likely to be determined by trader reaction to the uptrending Gann angle at \$1265.90. Gold's weakness is really no surprise with the U.S Dollar near an 11-month high. August Comex Gold futures finished lower last week with the selling pressure primarily being driven by a stronger U.S. Dollar and increased demand for higher risk assets. Firm U.S Treasury yields also weighed on prices as well as the outlook for further increases in rates later in the year. Traditionally viewed as a safe-haven asset, gold showed little reaction last week to escalating trade tensions between the United States and China. The main trend is down according to the weekly swing chart. A trade through \$1251.90 will reaffirm the downtrend.

Pivot:	1,265		
Support	1,261	1,257	1,253
Resistance	1,271	1,276	1,280

Source: FX EMPIRE

### Highlights

- Speculators trimmed their net long position in COMEX gold to the weakest in 2-1/2 years in the week to June 19
- Higher U.S interest rates make gold a less attractive investment since it does not bear interest
- Gold prices hit a six-month low last week, weighed down by a firm dollar and as the Fed kept its outlook for higher interest rates
- A fall in the dollar makes gold less expensive for holders of foreign currency
- The US Dollar Index, which measures the greenback against a basket of six major currencies

### Gold - Technical Indicators

RSI 14	41.13
SMA 20	1,325.5
SMA 50	1,298.3
SMA 100	1,288.0
SMA 200	1,309.5

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices edged lower today, pressured by a strong U.S dollar amid prospects of higher interest rates, while global trade tensions kept the metal buoyed above a six-month low hit last week.
- Spot gold was down 0.3 percent at \$1,264.70 an ounce. U.S gold futures for August delivery were 0.3 percent lower at \$1,266.60 per ounce. The overhang of higher U.S interest rates and dollar continues to hold relatively firm as dealers sell on rally. The dollar to weaken significantly to get above \$1,282.
- There are specific factors that will actually push the dollar higher, given the trade tensions as well as the booming U.S economy versus other economies. Last week, U.S Federal Reserve Chairman Jerome Powell said the Fed should continue with a gradual pace of interest rate hikes amid a strong economy to balance its employment and inflation goals.
- Gold prices are very much influenced by the dollar movement rather than anything else. It's less of a safe-haven demand into gold but rather a reaction to USD strength.
- U.S President Donald Trump on Friday threatened to escalate a trade war with Europe by imposing a 20 percent tariff on all imports of European Union-assembled cars.
- Global shares fell on escalating trade tensions, while the dollar index against a basket of six major currencies was 0.1 percent higher at 94.585, having hit its highest since July 2017, at 95.529, late last week.
- Gold usually gains from political and economic tensions, but has struggled this time around as the dollar has risen strongly, making the dollar-priced metal costlier for non-U.S investors.

### 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

Based on last week's price action and the close at \$68.58, the direction of the August WTI crude oil futures contract this week is likely to be determined by investors reaction to the 50% level at \$68.05 and the 61.8% level at \$69.15. The first move to the upside after a steep break is usually fueled by short-covering. The next move is usually a 50% pullback of the first leg up. If this market is headed higher, then the pullback should attract new buyers. Investors are going to chase this market higher. August WTI crude oil futures spiked as much as 5 percent on Friday after OPEC and other major oil exporters agreed to a modest increase in output to compensate for losses in production in Venezuela and Iran at a time of rising global demand. In announcing the deal, OPEC said that it would go back to 100% compliance with previously agreed output cuts but gave no concrete figures.

Pivot:	68.36		
Support	67.50	66.65	66.10
Resistance	69.15	70.05	71.00

Source: FX EMPIRE

### Highlights

- Oil prices fell today following the Organisation of Oil Exporting countries (OPEC)'s decision to raise output on Friday
- Global oil markets would likely remain relatively tight this year
- The most recent price rally followed an OPEC decision to restrict supply in an effort to drain global inventories
- Hedge funds and other money managers cut their bullish wagers on U.S crude futures
- U.S drillers cut the number of rigs drilling for oil by one to 862, the first cut in 12 weeks

### Crude - Technical Indicators

RSI 14	35.14
SMA 20	48.32
SMA 50	50.76
SMA 100	54.32
SMA 200	59.24

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices fell today as investors factored in an expected 1 million barrels per day (bpd) output increase in the wake of an Organization of the Petroleum Exporting Countries (OPEC) meeting in Vienna last week.
- Brent crude futures were at \$74.25 per barrel, down 1.7 percent from their last close. U.S West Texas Intermediate (WTI) crude futures were at \$68.42 a barrel, down 0.2 percent, supported more than Brent by a slight drop in U.S drilling activity and a Canadian supply outage.
- Prices initially jumped after an OPEC deal to increase output was announced late last week as it was not seen boosting supply by as much as some had expected.
- The OPEC agreed to a nominal increase in production of 1 million barrels a day. While OPEC members will add around 700,000 barrels a day, non-OPEC oil suppliers led by Russia would add the rest.
- For about three weeks ahead of the OPEC meeting, prices had retreated from 3-1/2-year highs on fears that larger production increases could lead to oversupply.
- In post-settlement trading, both U.S and Brent crude continued to strengthen. Brent rose \$2.56 or 3.5 percent to \$75.61, and U.S. crude traded \$3.70, or 5.65 percent to \$69.23 a barrel .
- U.S crude's discount to Brent narrowed by about 15 percent to \$6.36 in the session, making it the smallest since May 11. OPEC and non-OPEC partners including Russia have since 2017 cut output by 1.8 million bpd to tighten the market and prop up prices.

### 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 pulled back during the week, but found enough support, especially during the Friday session, to turn things around of form a nice-looking hammer. The hammer is at the bottom of a consolidation area that marked on the chart, so it makes sense that we continue to go sideways. However, it also have a massive shooting star from the previous week, so this shows that it is still in a very tight and range bound market overall. It is because of this the market is probably going through an "accumulation phase", as the smart money is starting to pick up silver for the longer-term investment. The market is one that is more of an investment for the longer-term trader, so this is a value proposition. It can clearly see that the \$15.50 level has offered a major floor in the market, so at this point, buying silver and holding onto it in a very low leveraged environment.

Pivot:	16.30		
Support	16.18	16.11	16.02
Resistance	16.42	16.49	16.55

Source: FX EMPIRE

### Highlights

- Silver expected to trade range-bound for the day, after hitting a 6-month low the session before, with the dollar retreating from an 11-month peak
- The precious metal's safe-haven appeal and helped limit further downside
- The risk-off mood was evident from the ongoing slide in the US Treasury bond yields
- A weaker greenback makes dollar-denominated gold cheaper for holders of other currencies
- Federal Open Market Committee raised overnight interest rates by 25 basis points for the second time this year to below 2%

### Silver - Technical Indicators

RSI 14	39.31
SMA 20	17.68
SMA 50	17.25
SMA 100	16.93
SMA 200	16.81

Source: FX EMPIRE

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices fell 0.7 percent to \$16.31 an ounce. Global trade war tensions, leading to a fresh wave of global risk-off trade, as depicted by weaker sentiment around equity markets.
- A goodish pickup in the US Dollar demand was seen as one of the key factors exerting some fresh downward pressure on dollar-denominated commodities like silver.
- US President Donald Trump threatened a 20% tax on all cars assembled in the European Union a month after his administration started looking into whether imported cars represent "threat to national security."
- Earlier US data showed the preliminary reading for the services PMI down to 56.5 in June from 56.8 in May, beating forecasts of 54.9, while the manufacturing PMI slipped to 54.6 from 56.4, missing forecasts of 56.3.
- Silver futures are heading for their second weekly loss in a row, hovering near two-month lows as the dollar's recent gains weighed on the futures, especially after Federal Reserve Chair Jerome Powell remarked recently that the reasons supporting gradual interest rate hikes are still strong and viable, while asserting the need to see sustainable inflation.
- The normal levels of unemployment have become blurrier as the link between inflation and unemployment disappears, while adding that US economy is performing very well with expected further improvements in the labor market.
- Last week, the Federal Open Market Committee raised overnight interest rates by 25 basis points for the second time this year to below 2%. The European Central Bank will end its asset purchases by year-end as scheduled, the risk bond-buying will continue into next year was low, even with growth likely to slow and inflation stay tame.

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	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

Monday, June 25, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon June 25	04:50	JPY BOJ Summary of Opinions	Medium			
Mon June 25	13:00	EUR German IFO Business Climate (JUN)	Medium	101.8	101.8	102.3
Mon June 25	13:00	EUR German IFO Expectations (JUN)	Medium	98.6	98.0	98.6
Mon June 25	13:00	EUR German IFO Current Assessment (JUN)	Medium	105.1	105.6	106.1
Mon June 25	13:00	CHF Domestic Sight Deposits CHF (JUN 22)	Low	466.8b		465.8b
Mon June 25	17:30	USD Chicago Fed Nat Activity Index (MAY)	Low		0.30	0.34
Mon June 25	19:00	USD New Home Sales (MoM) (MAY)	Medium		0.8%	-1.5%
Mon June 25	19:30	USD Dallas Fed Manufacturing Activity (JUN)	Low		23.0	26.8
Mon June 25	20:30	USD U.S. to Sell USD42 Bln Sell 6-Month Bills	Low			

Source: Forex Factory, DailyFX

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