

## Gold

### Technical

Gold markets went sideways during the trading session yesterday, as global markets continue to pay attention to the potential trade wars coming out between the United States and several other countries. Because of this, Gold doesn't really know what to do yet as the risk appetite is all over the place. The \$1275 level above continues to offer resistance, and of course the previous uptrend line will offer resistance as well. However, longer-term a lot of different things are at play. If it break down below the \$1260 level, it's likely that it could reach towards the \$1250 level. That's an area that should be important based upon the round figure aspect, and previous action around that number. If it do rally from here, it will be very difficult to break out to the upside for a significant move until it get clarity on the US dollar, which of course has a major influence on what happens in the precious metals.

Pivot:	1,264		
Support	1,261	1,257	1,254
Resistance	1,268	1,273	1,276

Source: FX EMPIRE

### Highlights

- Gold prices finished with a loss, the precious metal marked another low year to date even as the U.S dollar, strong throughout the month
- Higher rates and a stronger dollar are headwinds for commodities
- Stock weakness can prove supportive for the perceived haven status of gold
- Gold's current downdraft comes as the precious metal hasn't been treated to a typical, clear-cut haven boost amid global trade hostilities
- Hedge funds cut bullish commodities bets by 14% in the week to June 19

### 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 prospects of rising US interest rates, while an easing dollar and escalating trade tension between the US and other major economies supported the metal.
- Spot gold was down 0.1% at \$1,264.34/oz, not far from a six-month low of \$1,260.84 touched last week. US gold futures for August delivery were 0.2% lower at \$1,266/oz.
- Rising trade tensions should have (but did not) help gold's cause all that much. Instead, it seems that the concern of rising interest rates, particularly in the US, continues to gnaw away at gold, as does the fact that the fund length is fleeing.
- The central bank should continue with a gradual pace of interest rate rises amid a strong economy to balance its employment and inflation goals. Gold, which is highly sensitive to rising US interest rates, could suffer in the face of higher rates, as these tend to boost the dollar and push bond yields up.
- The market certainly looks susceptible to some further declines until data shows any sort of weakness in the US economy in particular. A fresh round of global trade friction was again driving financial market sentiment Monday, although the issue has had a subdued impact in supporting haven gold.
- Gold, usually seen as a safe store of value during economic and political uncertainty, has found only limited support from the global trade spat. Holdings of SPDR Gold Trust, the world's largest gold-backed ETF, fell 0.54% to 820.21 tonnes.
- The near-term path of least resistance is still lower for gold, but a spike in volatility due to trade concerns could easily see futures run back towards \$1,300.

### 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

WTI Crude Oil markets gapped lower initially yesterday, drifting down towards the \$60.25 level before bouncing. However, there is more noise to be found in this market as it is still trying to figure out what the production situation will be like coming out of OPEC and other nations. Ultimately, the buyers probably come back, because confusion means that it probably won't have as much of an increase in output as people had hoped. The 50 EMA on the hourly chart is sloping higher, which is use as a short-term indicator quite often. Because of this, buying dips show signs of support, especially near the \$60 handle. Brent markets do look a bit softer than the WTI grade, and at this point it is probably in a range. The \$73 level underneath should be rather supportive, just as the \$76 level above should be rather resistive. If it break down below the \$72.50 level, then it might could unwind to the \$70 level.

Pivot:	68.25		
Support	67.76	67.15	66.65
Resistance	68.95	69.45	70.05

Source: FX EMPIRE

### Highlights

- 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
- U.S crude is its highest premium above second-month futures since 2014
- Despite the OPEC agreement last week, the tight supply is likely to drive oil prices higher during 2018
- It estimated a demand drop of 44,000 bpd for every 1 percent drop in global trade
- Brent could rise to \$90 a barrel by the second quarter of 2019

### 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 edged up today, lifted by a Canadian production outage and uncertainty over Libyan crude exports, though climbing OPEC supplies and the intensifying trade conflict between the United States and other major economies held back prices.
- Brent crude futures were at \$74.86 per barrel, up 13 cents or 0.2 percent, from their last close. Brent was driven up by uncertainty around oil exports by Libya, a member of the Organization of the Petroleum Exporting Countries (OPEC).
- The move increases the risk that Libyan oil output will be shut in as the NOC in Tripoli is the only legal entity with the right to sell oil. U.S West Texas Intermediate crude futures were at \$68.38 a barrel, up 30 cents or 0.4 percent.
- The spread between the two benchmarks has narrowed in recent days, with analysts attributed at least part of the better performance in WTI prices on a crude production outage in Canada that is expected to tighten the U.S market.
- The OPEC meeting ended with the existing deal being left unchanged but the group aiming to reduce over-compliance and to get output back to the originally-intended levels.
- Ministers from OPEC and non-OPEC producers met Saturday and said they agreed that countries will strive to adhere to the overall conformity level, voluntarily adjusted to 100% .
- Most of the additional output to come under the agreement will be produced in Saudi Arabia and Russia, and that flow will likely go primarily to consumers of Brent crude.

### 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 yesterday, reaching towards the \$16.50 level above, and then pulling back to the \$16.30 level. The market continues to go sideways in general, and that it is only a matter time before it break above the \$16.60 level and continue to go towards the \$17 level. However, if it break down below the \$16.20 level underneath, the market could go down to the \$16.00 level next. Expect a lot of noise, but that's typical. Economists think that the market has a couple of different outlooks here. However, for a shorter-term trade, it should employ a reasonable range bound system, using the \$16.50 level above as a significant resistance barrier that extends to the \$16.60 level, and the \$16.20 level underneath is the base. Going back and forth with some type of indicator like a stochastic oscillator could be a good way to play this market.

Pivot:	16.30		
Support	16.23	16.18	16.11
Resistance	16.36	16.44	16.55

Source: FX EMPIRE

### Highlights

- Silver fell 0.8 percent at \$16.31 an ounce and July Comex silver was last down \$0.144 at \$16.315 an ounce
- Silver is sensitive to moves higher in both bond yields and the U.S dollar
- A rise in U.S rates, lift the opportunity cost of holding silver as it pays no interest
- Federal Reserve continues its plan to raise benchmark interest rates, that is bullish for the greenback
- Unilateralism is on the rise and trade tensions have appeared in major economies

### 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 were modestly lower in early-afternoon U.S trading yesterday. Silver is at the bottom of its recent trading range. Silver continue to act more like raw commodities than like safe-haven assets. There was a modest flight to safety in the markets.
- A general sell-off in the raw commodity sector today weighed on the precious metals markets. World stock markets were mostly down today. An escalating trade dispute between the U.S and China, the world's two largest economies continues to rattle world markets, but not yet providing much support to safe-haven silver markets.
- Silver continue to want to act like commodities and trade with their commodity counterparts, instead of trading like safe-haven assets. A stronger dollar makes silver more expensive for holders of foreign currency.
- Looking across the raw commodity price spectrum, most markets are down today, mainly on U.S and China, worldwide trade war worries that could curtail demand for raw commodities.
- Silver prices struggled to catch a bid on safe-haven demand despite rising trade tensions between the U.S and its allies as expectations for a faster pace of U.S rate hikes kept a lid on the white metal's push higher.
- The U.S is reportedly drawing up plans to block firms with at least 25% Chinese ownership from buying U.S companies with industry changing technology, raising the risk of countermeasures from Beijing. The US yield in the 10-years was lower by 2pbs at 2.87% and within the day's rage of 2.86%-2.89%.
- Expectations for a faster pace of U.S monetary policy, however, appeared to remain intact, raising the prospect of further dollar strength in the near-term, which some analysts have highlighted as the main headwind weighing on silver.

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

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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

Tuesday, June 26, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues June 26	13:30	GBP BBA Loans for House Purchase (MAY)	Medium	39244	38250	38327
Tues June 26	18:00	USD S&P CoreLogic CS 20-City (MoM) SA (APR)	Medium		0.4%	0.53%
Tues June 26	18:00	USD S&P/Case-Shiller Composite-20 (YoY) (APR)	Medium		6.8%	6.79%
Tues June 26	18:00	USD S&P/Case-Shiller US Home Price Index (YoY) (APR)	Medium			6.53%
Tues June 26	19:00	USD Richmond Fed Manufact. Index (JUN)	Low		15	16
Tues June 26	19:00	USD Consumer Confidence Index (JUN)	High		128	128
Tues June 26	19:00	USD Conf. Board Present Situation (JUN)	Medium			161.7
Tues June 26	22:00	USD U.S. to Sell USD34 Bln 2-Year Notes	Low			
Tues June 26	22:15	USD Fed's Bostic Speaks in Birmingham, Alabama	Low			

Source: Forex Factory, DailyFX

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