

Commodity News

Wednesday, June 27, 2018



Gold

Technical

Gold markets have drifted lower during the trading session yesterday, losing about 0.5%, as it testing the \$1255 level. Economists believe that there is even more stringent support closer to the \$1250 level, and it's likely that it could drift down to that area and unless it get more of a "risk on" attitude. Either way, it has broken down below a major uptrend line recently. By doing so, that is a very negative turn of events for gold, and it could weigh upon this market going forward. Gold markets are highly influenced by what goes on with the US dollar, so pay attention to the US Dollar Index, or even just the EUR/USD pair. If the dollar strengthens, that could apply even more bearish pressure on this market. Overall, the markets will eventually recover here, but it might take some time to get to that point.

Pivot:	1,255		
Support	1,252	1,247	1,240
Resistance	1,259	1,262	1,267

Source: FX EMPIRE

Highlights

- Gold hit its lowest in over six months as a selloff in global risk assets eased
- A stronger dollar makes dollar-denominated gold costlier for non-U.S investors
- Gold is being driven by some capitulation in investors, rather than being primarily driven by the dollar
- The dollar has been a lot stronger, that's the main driver for Gold
- Rising equities tend to weigh on gold, which is widely seen as a safe-haven asset compared with higher-risk stock

Gold - Technical Indicators

RSI 14	70.21
SMA 20	1,260.3
SMA 50	1,259.1
SMA 100	1,258.9
SMA 200	1,257.5

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices sat near a more than six-month high low hit in the previous session, as the dollar firmed amid easing risk aversion and expectations of further interest rate hikes by the U.S Federal Reserve. Gold has dropped as the dollar is continuing to be one of the biggest beneficiaries of the safe-haven shift.
- Spot gold dipped 0.1 percent to \$1,257.81 an ounce. It touched its lowest since mid-December at \$1,254.16 in the prior session. Gold futures for August delivery were nearly unchanged at \$1,259.70 per ounce.
- The dollar index was steady at 94.674 after gaining 0.4 percent overnight to snap a four-session losing run. The U.S House of Representatives overwhelmingly passed a bill to tighten foreign investment rules, spurred by bipartisan concerns about Chinese bids to acquire sophisticated U.S technology.
- U.S President Donald Trump endorsed U.S Treasury Secretary Steven Mnuchin's measured approach to restricting Chinese investments in U.S technology companies, saying a strengthened merger security review committee could protect sensitive American technologies.
- The dollar rose against its rivals as the escalating concerns of a trade conflict between the world's two biggest economies pushed markets to unwind their bets in high-yielding currencies.
- Meanwhile, U.S. economic fundamentals are strong overall. The U.S consumer confidence index revealed a slide to 126.4 in June, from a revised 128.8 in May, but the data continues to show that Americans are still optimistic about the domestic economy.
- Gold-backed exchange-traded funds tracked by Thomson Reuters were headed for their weakest month since July 2017, as investors covered losses in equities, commodities and other markets caused by tariff disputes.

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%	450,555
12/15/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499,110
12/12/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493,086
12/29/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510,579

Source: CFTC

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Crude Oil

Technical

The WTI Crude Oil market rallied significantly yesterday, as the \$68 level has offered so much in the way of support. The \$69 level above is significant resistance, and if it can break above that level, the market is likely to go towards the \$70 handle. If it break down below the \$67.50 level, the market could drop to the \$66.50 level after that. It has seen a recent significant rally, but this week started out with a Lower, so this shows just how volatile this is going to be. Brent markets initially rallied yesterday as well, reaching towards the \$75.50 level. However, it did pull back and testing the \$75 level for support. Economists think there is plenty of support underneath, and it has seen significant pushes to the upside recently. The \$76 level above as significant resistance, and if it can break above the level, it's likely that the market could go to the \$77 level after that.

Pivot:	70.84		
Support	69.40	68.25	67.15
Resistance	71.45	72.10	73.00

Source: FX EMPIRE

Highlights

- The Saudis plan to pump a record 10.8 million barrels a day, surpassing a previous high of 10.72 million barrels a day seen in November 2016
- U.S pushed the allies to stop Iran oil imports to zero by November
- Escalating trade disputes threaten growth (Updates prices, adds Saudi production figures)
- Canada outage supports U.S crude prices, while Libyan uncertainty supports to crude exports
- The global benchmark, rose \$1.58 or 2.1% to end at \$76.31 a barrel on ICE Futures Europe, for the highest finish in nearly two weeks

Crude - Technical Indicators

RSI 14	37.55
SMA 20	70.29
SMA 50	70.33
SMA 100	70.49
SMA 200	70.64

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- Oil prices jumped over 2 percent yesterday and U.S crude topped \$70 for the first time in two months, as Washington pushed allies to halt imports of Iranian crude.
- Brent crude gained \$1.30 to trade at \$76.03 a barrel. U.S light crude rose \$2.08 to \$70.16. The move would follow the recent agreement by the Organization of the Petroleum Exporting Countries, or OPEC, and its allies.
- The U.S expects all countries to cut oil imports from Iran to "zero" by Nov. 4 or risk sanctions, a senior U.S State Department official said yesterday, expressing a toughening of the Trump administration's Iran policy as Washington tries to politically and economically isolate Tehran.
- Buyers of Iranian crude had expected the U.S would allow them time to reduce their oil imports over a much longer period, by issuing sanctions waivers for nations that made significant efforts to cut their purchases.
- Oil prices immediately jumped 3% on the news, with West Texas Intermediate crude for August delivery rising to \$70.02 a barrel on the New York Mercantile Exchange. Doubts over OPEC's ability to boost production quickly enough to prevent a shortfall in global supplies also contributed to oil's rise.
- Meanwhile, the administration doesn't plan to issue any waivers, and would instead be asking other Middle Eastern crude exporters over the coming days to ensure oil supply to global markets.
- Geopolitical tensions between the U.S and other nations as the Trump administration pits itself against its allies and other major economies over its nearly unilateral Iran policy and a host of challenges on trade.

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

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Silver

Technical

Silver markets continue to be volatile, as they initially fell yesterday but have turned around the show signs of life near the \$16.15 level. There should be plenty of interest in this market down near the \$16 level, as it has been a historically important level. If it break down below the \$16.00 level, then the market would unwind to the \$15.50 level underneath which is even more supportive. At this point, silver is an excellent longer-term investment, but short-term investors out there, it should look at this is more or less a range bound trading opportunity. Silver will struggle with US dollar strength, but there is so much in the way of support underneath that it's almost impossible to imagine the \$15.50 level being broken with any type of significance. It is because of this that it seems there is some type of massive "put" near that area lifting the market as we have seen over the last several years.

Pivot:	16.20		
Support	16.12	16.05	15.95
Resistance	16.30	16.35	16.44

Source: FX EMPIRE

Highlights

- Silver lost 0.3 percent at \$16.26 an ounce, slipping to \$16.10, its lowest since May 1
- The U.S dollar index higher, which is a bearish daily market element for the precious metal
- July Comex silver was last down \$0.053 at \$16.275 an ounce
- The Dollar Index reflects the dollar's strength against a half-dozen rivals, was up 0.5% at 94.714 and about 2.8% higher for 2018 to date
- Silver prices finished lower, with the precious metal under pressure from gains in the U.S stock market and a stronger dollar

Silver - Technical Indicators

RSI 14	53.61
SMA 20	16.29
SMA 50	16.28
SMA 100	16.28
SMA 200	16.25

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are weaker yesterday. However, prices have moved well up from their daily lows that saw silver hit a seven-week low. Whereas silver markets up from their session lows just before midday.
- Silver futures tilted lower in Asian trade while the dollar traded flat, not far from recent July 20, 2017 highs. Silver futures due on September 15 slipped 0.19% to \$16.30 an ounce from the opening of \$16.33, while the dollar index inched down 0.03% to 94.65 from the opening of 94.68.
- Silver prices are following their raw commodity counterparts lower on worries of less world trade in raw commodities if a full blown trade war breaks out between the U.S and the other major economies of the world. Despite the threat of a major world trade war on the horizon, the marketplace is not seeing keen risk aversion, at least not enough to boost the safe-haven metals.
- Higher rates and a stronger dollar are headwinds for commodities that don't offer a yield and a strengthening buck tends to weigh on assets priced in the currency, including silver, making them more expensive for purchasers using other monetary units.
- Now markets await later US data, with durable goods orders expected to have fallen 0.9% in May, sharpening a 1.6% drop in April. Investors worldwide are still jittery amid the U.S and China trade dispute that shows no signs of ebbing.
- Core orders are forecasts to have slowed down to 0.5% from 0.9% in April, while the trade balance is estimated to have registered a \$68.9 billion deficit in May, up from \$67.3 billion in April.
- US wholesale inventories are expected to have risen 0.2% in May, up from 0.1% in April, while pending homes sales are estimated to have risen 0.5% in May, compared to a 1.3% drop in April.

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

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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed June 27	11:00	GBP Nationwide House Px n.s.a. (YoY) (JUN)	Medium	2.0%	1.7%	2.4%
Wed June 27	13:30	GBP BOE's Carney Speaks About Financial Stability Report	High			
Wed June 27	16:00	USD MBA Mortgage Applications (JUN 22)	Medium			5.1%
Wed June 27	17:30	USD Wholesale Inventories (MoM) (MAY P)	Medium		0.2%	0.1%
Wed June 27	17:30	USD Advance Goods Trade Balance (MAY)	High		-\$69.0b	-\$68.2b
Wed June 27	17:30	USD Durable Goods Orders (MAY P)	High		-0.9%	-1.6%
Wed June 27	17:30	USD Durables Ex Transportation (MAY P)	Medium		0.5%	0.9%
Wed June 27	19:00	USD Pending Home Sales (YoY) (MAY)	Medium			0.4%
Wed June 27	19:30	USD DOE U.S. Crude Oil Inventories (JUN 22)	Medium		-3000k	-5914k

Source: *Forex Factory, DailyFX*

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