Commodity News

Thursday, May 03, 2018

Gold

Technical

Gold markets have been testing the $1300 level for support, and so far have seen them. If it break down below the $1300 level, its likely that the market then goes looking towards the $1275 level next. Thats an area that should be somewhat important, based upon previous action on longer-term charts. Economists believe that if it break above the $1325 level, the market continues to go much higher. If the jobs number comes into focus on Friday, its likely that the number will have a massive influence on the greenback. Obviously, the FOMC statement will as well, but typically does tend to be noise more than anything else. The market then turns its focus on the longer-term outlook, and of course employment is a major factor. If it break down below the $1275 level, this market breaks down significantly. Otherwise, we will probably rally and go looking towards the $1375 level above.

Pivot:	1,307		
Support	1,301	1,296	1,290
Resistance	1,313	1,316	1,320

Source: FX EMPIRE

Highlights

- Global gold demand fell to its lowest first-quarter level since 2008
- A buoyant economy coupled with a lacklustre gold price saw U.S Mint Eagle sales fall 59%
- Total gold investment demand fell to 973 metric tons in the first quarter, down 7% from 1,047 metric tons in the first quarter of 2017
- The rangebound gold price has certainly had an effect on investor sentiment
- U.S dollar consolidated recent bumper gains after the Federal Reserve reaffirmed the outlook for more rate hikes this year

Gold - Technical Indicators

RSI 14	33.74
SMA 20	1,263.6
SMA 50	1,291.6
SMA 100	1,287.1
SMA 200	1,300.1

Source: FX EMPIRE

Gold Daily Graph

Source: Meta Trader

Fundamentals

- Gold prices rose for a second session today after the U.S Federal Reserve held interest rates steady as expected at the end of a two-day policy meeting, while investors awaited U.S and China trade talks.
- Spot gold rose 0.2 percent to $1,307.05 per ounce. Spot gold may bounce again towards a resistance at $1,317 per ounce as it has found a strong support at $1,302. While U.S gold futures for June delivery rose 0.2 percent to $1,307.60 per ounce.
- The inflation numbers this week did point to a potential acceleration in those interest rate hikes. But after the FOMC meeting yesterday that appears to be less likely and so we're seeing assets such as gold being bought at the back of that.
- The Fed left its benchmark interest rates unchanged in a target range of between 1.50 percent and 1.75 percent. The central bank raised rates in March and forecasts another two increases this year.
- Investors also awaited the U.S and China trade talks between U.S Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He due today. A relatively stable gold price and rising interest rates contrasted with sharp equity-market volatility and periods of heightened geopolitical risk to create mixed signals for gold investors.
- Safe-haven buying has been absent, of late. But there have been some signals for the past few days that the negotiations won't be as smooth as expected so that would definitely be a focus.
- Non-yielding gold is highly sensitive to rising U.S interest rates as it becomes less attractive compared with assets. Meanwhile, gold demand posted its weakest start to the year in a decade, as prices of the metal stagnated and the threat of rising interest rates led investors to seek better returns elsewhere.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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

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Crude Oil

Technical

Crude oil markets fell yesterday, slicing towards the $67 level. Thats an area that is supportive, and if it break down below that level, the market should go to the $66 level next. If it break down below there, then there is even more support at the $65 level. The market looks as if it is trying to break down significantly, and therefore it could get a bit of momentum. Ultimately, this is a market that will find support underneath though, because the jobs number coming out on Friday, and that of course will have a major influence on demand as well. Brent markets fell as well, testing the $72.50 level for support. If it can break down below there, the market probably goes down to the $71 level which is a significant amount of support just waiting to happen. The market should continue to be very noisy, but overall it could see significant levels offer plenty of opportunity.

Pivot:	67.91		
Support	67.25	66.85	66.40
Resistance	68.15	68.75	69.35

Source: FX EMPIRE

Crude Oil Daily Graph

Source: Meta Trader

Highlights

- Crude oil prices had been pressured by a weekly rise in U.S crude supplies
- U.S oil production also rose to a record of 10.62 million barrels per day, a jump of more than a quarter since mid-2016
- The United States now produces more crude than top exporter
- OPEC produced around 32 million bpd of crude in April, implying that its production is slightly below its target of 32.5 million bpd
- Less oil from Iran would further tighten supply, so oil prices remain well supported

Crude - Technical Indicators

RSI 14	31.91
SMA 20	48.72
SMA 50	48.27
SMA 100	51.11
SMA 200	56.32

Source: FX EMPIRE

Fundamentals

- Oil dipped today, weighed down by swelling U.S crude inventories and record weekly U.S production that undermined efforts by OPEC to cut supplies, although potential new U.S sanctions against Iran kept markets on the edge.
- Brent crude oil futures were at $73.31 per barrel, down 5 cents from their last close. June West Texas Intermediate crude oil climbed by 68 cents or 1%, to settle at $67.93 a barrel on the New York Mercantile Exchange. Its close at $67.25 marked the lowest finish since April 17.
- Prices were pulled down by a report from the U.S Energy Information Administration yesterday showing U.S crude inventories jumped by 6.2 million barrels to 435.96 million barrels in the week to April 27, the highest level in 2018.
- The EIA report showed a much larger than expected crude build for last week as well as an unexpected build in gasoline inventories. U.S oil production also rose to a record of 10.62 million barrels per day, a jump of more than a quarter since mid-2016.
- The IMF news broke not long before futures prices settled. Prices had been pressured by a weekly rise in U.S crude supplies that was more than three times higher than expected, but they had also found support from global inventory risks tied to the possibility of the U.S pulling out of the Iran nuclear agreement.
- Oil investors continued to weigh uncertainty over whether U.S President Donald Trump will reinstate sanctions against Iran by scrapping the 2015 international nuclear deal.
- Oil prices have risen by around 10% since the start of the year on increased geopolitical tensions, falling output in Venezuela, and cuts by major producers tightening supply.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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 rallied significantly yesterday, showing the $16 level to be supportive. By the market staying above that level, it suggested to continue to see sellers jump in. If it can break above the $16.60 level, the market continues to go much higher and to the $17 level above. Economists believe that the market should continue to see a bit of a floor underneath, and the longer-term attitude of this market continues to be one of the consolidation, meaning that market should continue to go higher eventually. Tomorrow, it might get the jobs number coming out of the U.S which of course has a major influence on the US dollar, which of course has a major influence over here. The $16 level underneath is the “floor” in the market that extends down to the $15.50 level, based upon the last couple of years. Alternately, if it can break above the $16.60 level, then might can go much higher.

Pivot:	16.38		
Support	16.30	16.19	16.11
Resistance	16.54	16.61	16.73

Source: FX EMPIRE

Highlights

- Silver markets rally significatly yesterday, while spot silver edged up 0.2 percent to $16.38 per ounce
- There is a hold-up in the inverse correlation between U.S equities and silver prices
- Silver prices have struggled to find momentum as a result of a strong U.S dollar
- Main downward price pressures will continue to be the U.S dollar’s strength and rising interest rates
- Silver could benefit from higher inflation pressures as it will keep real interest rates relatively low

Silver - Technical Indicators

RSI 14	37.92
SMA 20	16.60
SMA 50	17.09
SMA 100	17.05
SMA 200	16.83

Source: FX EMPIRE

Silver Daily Graph

Source: Meta Trader

Fundamentals

- July silver split from gold to move up by 24.8 cents, or 1.5%, to end at $16.375 an ounce. Silver futures became too attractive for the bulls to start shooting the bears from close range. Since then Silver futures have attempted to shoot up to $16.749 before coming down at current level which is still showing a gain of 1.69%.
- As expected, the Federal Reserve kept interest rates unchanged within a range between 1.50% and 1.75%. However, cautious comments from the central bank regarding inflation pressures have been positive for the silver.
- Market-based measures of inflation compensation remain low survey-based measures of longer-term inflation expectations are little changed, on balance. On the rate front, the ten-year pierced the 3% mark for the first time in four years before ending the month at 2.94%.
- According to some economists, the “stay the course” policy stance indicates that the central bank is in no hurry to raise interest rates faster than they forecasted in March, which called for two more rate hikes this year.
- Inflation on a 12-month basis is expected to run near the Committee’s symmetric 2 percent objective over the medium term. Risks to the economic outlook appear roughly balanced.
- The Federal Reserve’s statement does not provide much guidance for a June rate hike. However, it is expecting a move, as the U.S economy continues to expand. The lack of any firm commitment to a near-term rate hike has so far seen yields move lower and the dollar depreciate.
- A cautious Federal Reserve, not anxious to raise interest rates faster than expected, is breathing new life into the silver market as prices bounce off recent four-month lows. Curiously, the rate rise does not have much to do with a particularly hyper-charged US economy.

US Commodity Futures Trading Commission (CFTC) Data

	Large Speculators			Commercial			Small Speculators			Open
Date	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	Interest
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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Thursday, May 03, 2018

Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs May 03	14:00	EUR Euro-Zone Consumer Price Index Core (YoY) (APR A)	High	0.7%	0.9%	1.0%
Thurs May 03	17:30	USD Initial Jobless Claims (APR 28)	Medium		225k	209k
Thurs May 03	17:30	USD Continuing Claims (APR 21)	Medium		1835k	1837k
Thurs May 03	17:30	USD Trade Balance (MAR)	Medium		-$50.0b	-$57.6b
Thurs May 03	19:00	USD ISM Non-Manufacturing/Services Composite (APR)	High		58.0	58.8
Thurs May 03	19:00	USD Durable Goods Orders (MAR F)	Medium			2.6%
Thurs May 03	19:00	USD Factory Orders (MAR)	Medium		1.4%	1.2%
Thurs May 03	19:30	USD EIA Natural Gas Storage Change (APR 27)	Low			-18
Thurs May 03	21:00	CHF SNB's Jordan Speaks About Vollgeld in Zurich	High			

Source: Forex Factory, DailyFX

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