

## Gold

### Technical

Gold futures finished higher on Friday, underpinned on two fronts by safe-haven buying related to heightened stock market volatility and weaker-than-expected U.S inflation data. The safe-haven buying is being fueled by weakening stock prices. This could be a short-term contributor to the rally because it will likely end when the stock market turns around. However, the reaction to the weak inflation data has the potential to develop into something a little more long-term because it may force the U.S Federal Reserve to slow the pace of its interest rate hikes. This would put pressure on the U.S Dollar and this could make dollar-denominated gold a more attractive asset. The trend was reaffirmed on Friday when buyers took out the last main top at \$1244.70. If buyers can extend the rally over \$1244.70 then the next target is \$1278.20, followed by \$1325.40.

Pivot:	1,236		
Support	1,231	1,228	1,225
Resistance	1,243	1,240	1,236

Source: FX EMPIRE

### Highlights

- The yellow metal has declined nearly 10% from its April peak after investors preferred the dollar
- The dollar today held firm against a basket of its key rivals
- Gold prices have gained more than 6 percent after declining to \$1,159.96 an ounce in mid-August, the lowest since January 2017
- Spot gold faces a strong resistance at \$1,238 per ounce and it may either hover below this level
- Hedge funds and money managers cut their net short position in Comex gold by 10,473 contracts to 26,899 contracts

### Gold - Technical Indicators

RSI 14	45.44
SMA 20	1,267.2
SMA 50	1,252.1
SMA 100	1,256.3
SMA 200	1,277.8

Source: FX EMPIRE

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold prices held steady in a narrow range today as worries over U.S corporate earnings and a slowdown in global economic growth weighed on Asian shares. Gold prices are still below where their fundamentals justify, especially if the current shift in risk appetite is sustained.
- Gold has clawed back to around \$1,235 an ounce as sharp falls on global stock markets in recent weeks revived interest in bullion as a safe place to park assets.
- Appetite for gold from exchange-traded funds backed by the metal is recovering after their holdings dropped almost 10 percent, or 5.4 million ounces, between mid-May and early October.
- However, bullishness must be offset by the strength of the US economy and the dollar, which rose even as equities plummeted, and several more U.S interest rate rises still to come, predicting gold prices would fall next year.
- Spot gold will average \$1,273 an ounce in 2018 and \$1,300 in 2019. That compares with predictions in a similar poll three months ago of \$1,301 for this year and \$1,325 for next year.
- Gold has suffered a torrid few months, with prices falling from a high of \$1,366.07 in January to as low as \$1,159.96 in August as a strengthening US dollar made gold pricier for buyers with other currencies and rising stock markets and US interest rates offered better returns.
- There are two camps diverging around the likely performance of the stock market, particularly in the short-term which is creating a push and pull for the gold market where it seen some interest return on the back of those losses.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2017	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2017	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2017	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2017	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

There is no trigger point for a move in either direction. There is support and resistance, however. On the upside, the first target level is \$68.54. Overcoming this level will indicate the buying is getting stronger. The next target is a 50% level at \$70.10. On the downside, the first target level is \$65.45. The daily chart opens up to the downside under this level with a main bottom at \$63.48 and a Fibonacci level at \$62.79 the next downside targets. U.S West Texas Intermediate crude oil futures are inching higher. The market is being underpinned by expectations that sanctions against Iran would tighten supplies. However, the buying is tentative due to fear of heightened volatility in the stock market and concerns about the lingering trade dispute between the United States and China and its potential impact on future demand. December WTI crude oil is trading \$67.75, up \$0.15 or +0.22%.

Pivot:	66.95		
Support	66.95	66.65	66.20
Resistance	69.30	68.90	68.50

Source: FX EMPIRE

### Highlights

- U.S crude oil production has increased by almost a third since mid-2016 to around 11 million bpd
- Hedge funds slashed their bullish wagers on U.S crude in the latest week to the lowest level
- Crude oil trade is state-controlled in Iran. Earlier, private refining companies could only buy crude oil for exports of oil products
- Out of 1 million barrels offered on the energy bourse, 280,000 barrels were sold at \$74.85 per barrel
- Iran said in July it would start oil sales to private firms as part of its efforts to keep exporting oil

### Crude - Technical Indicators

RSI 14	55.83
SMA 20	48.93
SMA 50	46.53
SMA 100	47.26
SMA 200	51.85

Source: FX EMPIRE

### Crude Oil Daily Graph



Source: Meta Trader

### Fundamentals

- Oil prices dipped today amid cautious sentiment as a plunge in financial markets last week and dollar strength early this week underscored concerns that growth may be slowing, especially in Asia's emerging economies.
- Front-month Brent crude oil futures were trading down 39 cents, or 0.5 percent, at \$77.23 a barrel. U.S West Texas Intermediate crude futures were at \$67.31 a barrel, down 28 cents, or 0.4 percent, from their last settlement.
- Investors remained wary after hefty losses last week, while a stronger dollar on safe-haven buying puts pressure on the purchasing power of emerging markets. Cooling economic conditions and symptoms of softer international trade have exacerbated bearish conditions as (the) growth outlook dims.
- Financial market turmoil may "weigh on investment and consumer spending, reducing trade flows and ultimately hitting demand. Hedge funds slashed their bullish wagers on U.S crude in the latest week to the lowest level in more than a year, the U.S Commodity Futures Trading Commission said.
- The speculator group cut its combined futures and options position in New York and London by 42,644 contracts to 216,733 in the week to Oct. 23, the lowest level since September 2017.
- On the supply side, however, oil markets remain tense ahead of looming U.S sanctions against Iran's crude exports, which are set to start next week and are expected to tighten supply, especially to Asia which takes most of Iran's shipments.
- The tight market in Asia is visible in the low amount of unsold crude oil stored on tankers on waters around Singapore and southern Malaysia, the region's main oil trading and storage hub.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2017	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2017	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2017	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2017	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets continue to go sideways after breaking through a major downtrend line in what has been a brutal selloff over the last couple of months. At this point, if it break above the \$15 level, then market is free to go higher. Silver markets will continue to be volatile, as the US dollar has strengthened, but at the same time there has been a huge “risk off” move globally as well, as the precious metals markets offer a bit of safety overall. These conflicting pressures continue to make this market sideways in the short term. Silver markets are very sideways at the moment, but there is a bit of a “beach ball underneath the water effect” in the market, meaning that eventually once it break out to the upside, the market will pop out of the water just as a beach ball will if you hold it down to long. If it break down below the \$14 level, the market then goes down to the \$12 level after.

Pivot:	14.64		
Support	14.64	14.57	14.52
Resistance	14.81	14.78	14.73

Source: FX EMPIRE

### Highlights

- Silver prices were up 0.1 percent at \$14.62 per ounce
- Silver has fallen faster than gold this year and is now trading around \$14.60 an ounce
- Silver is expected to regain some ground, despite the potential for trade disputes and slower economic growth to depress demand
- The current silver contract on the “NYMEX” closed at \$14.56 an ounce, down 5 cents
- The gold/silver ratio, or the number of silver ounces needed to buy an ounce of gold, rose to a 23-year high of 85 in September

### 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 transfers of 218 million ounces daily were down from 225.4 million in the same month of 2017. Higher interest rates hurt gold because they push up bond yields, denting the appeal of non-yielding bullion, and tend to boost the greenback.
- The volume of silver ounces transferred in September increased by 20.6% month-on-month to 218 million, with the value transferred up by 14.6% at \$3.11 billion. There were 817 transfers in September, which was 9.1% lower than the prior month, the LBMA said. Clearers settled on average 266,990 ounces per transfer, 32.6% higher.
- The LBMA reported that the average gold/silver price ratio in September hit a record high of 84, up from 80.1 in August. The ratio measures how many ounces of silver it takes to buy an ounce of gold, with a larger number meaning outperformance by gold prices, and vice-versa.
- The daily value transferred was marginally lower by 0.6% to \$22.6 billion, according to the LBMA. There were 2,662 transfers in September, 8.4% lower than August, with the clearers settling on average 7,091 ounces per transfer, which was 8.7% higher than the prior month.
- The silver volume increased, the organization reported Friday. The LBMA releases clearing statistics each month showing the net volume of gold and silver transferred between accounts of members, essentially providing a snapshot of the amount of trading activity.
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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2017	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2017	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2017	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2018	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Monday, October 29, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Oct 29	09:30	GBP Net Consumer Credit (SEP)	Medium	0.785b	1.2b	1.2b
Mon Oct 29	09:30	GBP Mortgage Approvals (SEP)	Medium	65.269k	64.7k	66.1k
Mon Oct 29	12:30	USD Personal Income (SEP)	Medium		0.4%	0.3%
Mon Oct 29	12:30	USD Real Personal Spending (SEP)	Medium		0.3%	0.2%
Mon Oct 29	12:30	USD Personal Consumption Expenditure Deflator (MoM) (SEP)	Low		0.1%	0.1%
Mon Oct 29	12:30	USD Personal Consumption Expenditure Core (YoY) (SEP)	High		2.0%	2.0%
Mon Oct 29	14:30	USD Dallas Fed Manufacturing Activity (OCT)	Low		28.1	28.1
Mon Oct 29	15:30	USD U.S. to Sell USD45 Bln 3-Month Bills	Low			
Mon Oct 29	23:30	JPY Jobless Rate (SEP)	Medium		2.4%	2.4%

Source: Forex Factory, DailyFX

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