

## Gold

### Technical

Gold markets have been sideways for several days, and it appears that the markets are simply waiting for some type of catalyst to go higher. The gold market continues to grind sideways in the meantime, offer a nice range bound trading opportunities. If it can break above the \$1195 level, the market should continue to go much higher. Overall, the market will then go looking towards the \$1200 level, and that's an area that it would expect to be a juicy target for buyers. It need to see the US dollar calm down a bit, as it has been a bit overbought. The \$1185 level is crucial, and if it can break down below there, then it could go much lower. The \$1180 level underneath would be the next target, and then perhaps \$1175. That would only be on a move higher in the value of the US dollar, something is going to be difficult as the EUR/USD pair is close to so many important support level.

Pivot:	1,190		
Support	1,190	1,186	1,183
Resistance	1,205	1,200	1,197

Source: FX EMPIRE

### Highlights

- Gold prices edged higher yesterday as investors sought refuge in the precious metal after the global stocks tumbled and U.S dollar weakened
- With the markets going down investors are increasing their allocation towards gold
- Gold prices will struggle to rebound over the remainder of 2018
- The higher yield environment and stronger dollar are providing a toxic mix for gold
- The Fed increased interest rates last month for the third time this year and is widely expected to hike again in December

### 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 inched down today as robust U.S data potentially bolstered the chances of multiple U.S interest rate hikes over the next year, but a weaker dollar curbed losses. The marginal decline came even as Wall Street suffered its worst drubbing in eight months.
- Spot gold was down 0.2 percent at \$1,192.58 an ounce. U.S gold futures edged up 0.2 percent to \$1,195.90 an ounce. Rising interest rates is not good news for gold. Investors are preferring U.S Treasury bonds as they are more attractive in the current environment over gold, despite the sell-off in equities.
- Strong U.S economic growth, concurrent monetary policy normalisation by the U.S Federal Reserve and a strong dollar will all limit the attractiveness of holding gold as an investment.
- The Fed is expected to raise interest rates in December but it is not sure about the future hikes as it has to see how the trade war will affect the U.S economy. The upcoming mid-term elections in U.S will also be very crucial.
- Gold, however, has fallen over 13 percent since hitting a peak in April, with investors increasingly opting for the safety of the greenback as the U.S.-China trade war unfolded against a backdrop of rising U.S interest rates.
- Rising bond yields have also dampened the appeal of gold, which pays no interest. Higher U.S Treasury yields can translate into more demand for the dollar, making bullion more expensive for holders of other currencies.
- U.S. Treasury yields held near multi-year highs after government data showed the U.S producer price index (PPI) climbed in September, which reinforced expectations that the Federal Reserve would continuing raising interest rates.

### 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

The WTI Crude Oil market broke down rather significantly during trading today as there was a bit of a "risk off" move around the markets. This of course has people selling crude oil, as the US dollar rallied. At this point, the \$73 level looks as if it is trying to offer a bit of support though, so it'll be interesting to see if it see some type of bounce from here. If it break down below the \$73 level, that opens the door to the \$72.50 level underneath which is potential minor support. Overall, the \$75 level has shown itself to be rather resistive, so it is going to take something special to break above there. It has the Iranian oil sanctions which should drive prices higher, but at the same time it has a lot of concerns when it comes to global slowdowns. Brent markets also broke down during the day, slicing through the \$83.50 level. The \$82.50 level underneath is massive support.

Pivot:	72.75		
Support	71.25	70.65	70.05
Resistance	74.20	73.60	72.75

Source: FX EMPIRE

### Highlights

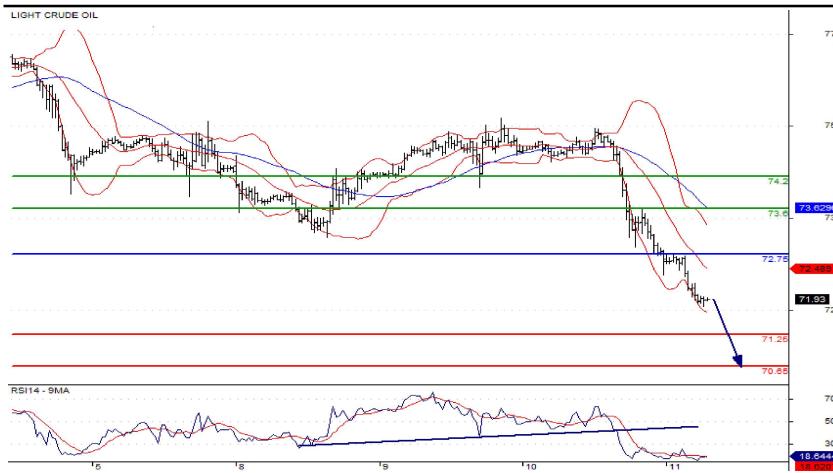
- Oil prices dropped 2 percent yesterday as U.S equity markets broadly fell
- U.S crude oil output this year was expected to rise 1.39 million bpd to a record 10.74 million bpd
- U.S crude stockpiles rose more than expected last week, while gasoline inventories increased and distillate stocks drew
- Crude inventories climbed by 9.7 million barrels in the week to Oct. 5 to 410.7 million
- Several of the world's biggest trading houses expect U.S sanctions on Iran to keep oil prices high

### 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 fell to two-week lows today as it extended losses from the previous session amid a rout in global stock markets, with prices also hit by an industry report showing U.S crude inventories rose more than expected.
- Brent crude futures were down \$1.15, or 1.4 percent, at \$81.94 a barrel. They earlier touched their lowest since Sept. 27 at \$81.35, after closing 2.2 percent lower yesterday.
- U.S West Texas Intermediate crude futures were down by 91 cents, or 1.2 percent, at \$72.26, having also fallen to their lowest since Sept. 27. They dropped 2.4 percent in the previous session.
- Oil prices extended losses in post-settlement trade when industry group the American Petroleum Institute reported that crude inventories rose by 9.7 million barrels in the week to Oct. 5 to 410.7 million, more than four times the 2.6 million barrel build analysts had expected.
- Oil prices fell as U.S stock markets skidded yesterday, with the S&P500 stock index marking its biggest one-day fall since February. Rising U.S Treasury yields and trade policy worries sparked the sell-off on Wall Street.
- Risks to the global financial system have risen over the past six months and could increase sharply if pressures in emerging markets escalate or global trade relations deteriorate further, the International Monetary Fund (IMF) said.
- Saudi Arabia, the world's biggest oil exporter, will supply Indian buyers with an additional 4 million barrels of crude oil in November, several sources familiar with the matter said. India is Iran's top oil client after China. Iran's crude exports fell further in early October as buyers sought alternatives ahead of U.S sanctions that take effect on Nov. 4.

### 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 pulled back to kick off the day today, but it looks as if there are buyers willing to step in to this marketplace and perhaps go long. The \$14.45 level above has been short term resistance, so it would make sense that it would attempt to get to that area. Silver markets continue to be very noisy, as there are a lot of moves around the world involving the US dollar. If the US dollar rallies, that should work against the value of silver, but if it falls apart it's likely that silver markets will gain as a result. At this point, it suspect that it is only a matter of time before it get that bounce necessary, but if it did break down below there's plenty of support to be found near the \$14 level as well. If it did manage to break above the \$14.45 level, then will go towards the \$14.50 level after that, which is even more resistance. Once wit break above that level, then it is free to go much higher.

Pivot:	14.22		
Support	14.22	14.15	14.05
Resistance	14.56	14.49	14.42

Source: FX EMPIRE

### Highlights

- Spot silver lost half a percent at \$14.29, earlier touching its lowest since Sept. 28 at \$14.21
- There are technical and fundamental signs the U.S stock indexes have put in at least near-term market tops, if not major market tops
- Silver should do well because investors just don't have a lot of other options
- Wholesale inventories are estimated with a 0.8% increase, compared to a 0.6% addition in July
- December Comex silver was last down \$0.075 at \$14.325 an ounce

### 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 prices are just slightly up in early-afternoon U.S trading yesterday. The safe-haven metal got little benefit from a steep sell off in the U.S stock market today. The weaker U.S dollar on the foreign exchange market on this day also worked in favor of the precious metals market bulls.
- Rising world government bond yields are still a worry to the marketplace, what with its implications on rising inflation and negative impact on global stock markets.
- US President Donald Trump said that yesterday's stock market sell-off was in fact a long-awaited "correction," and that the Federal Reserve, which has been raising US interest rates, had gone "crazy".
- Silver futures fell in American trade to September 27 lows, while the dollar index fell off August 20 highs, following earlier data from the US. Silver futures due in December fell 0.52% to \$14.32 an ounce, marking two-week lows, while the dollar index shed 0.22% to 95.46.
- Earlier US data showed producer prices rose 0.2% as expected in September, compared to a 0.1% dip in August, while core prices rose 0.2% as well, matching estimates. The final reading for wholesale inventories showed a 1% increase, compared to the preliminary reading's 0.8%, and adding to July's 0.6% increase.
- US Treasury Secretary Steven Mnuchin warned China from engaging in currency depreciation, adding his department is monitoring the exchange rate very closely and noting that yuan's value has tumbled noticeably this year, which would be a major point of contention in trade negotiations with China.

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

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	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

Thursday, October 11, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Oct 11	04:01	GBP RICS House Price Balance (SEP)	Medium	-2.0%	1.0%	2.0%
Thurs Oct 11	05:00	AUD Consumer Inflation Expectation (OCT)	Medium	4.0%		4.0%
Thurs Oct 11	17:30	CAD New Housing Price Index (YoY) (AUG)	Medium		0.5%	0.5%
Thurs Oct 11	17:30	USD Consumer Price Index (MoM) (SEP)	Medium		0.2%	0.2%
Thurs Oct 11	17:30	USD Consumer Price Index (YoY) (SEP)	High		2.4%	2.7%
Thurs Oct 11	17:30	USD Consumer Price Index Ex Food and Energy (YoY) (SEP)	High		2.3%	2.2%
Thurs Oct 11	17:30	USD Initial Jobless Claims (OCT 6)	Medium		210k	207k
Thurs Oct 11	17:30	USD Continuing Claims (SEP 29)	Medium			1650k
Thurs Oct 11	20:00	USD DOE U.S. Crude Oil Inventories (OCT 5)	Medium			7975k

Source: Forex Factory, DailyFX

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