

# Commodity News

Monday, December 31, 2018



## Gold

### Technical

Gold markets broke out above the top of a weekly uptrend channel, which of course is a very bullish sign as it looks like it is ready to continue the longer-term consolidation. The Federal Reserve has blinked a bit, and that of course could help the gold market as there is a lot of volatility out there when it comes to the stock markets and commodity markets. Ultimately, short-term dips should be buying opportunities and more than likely what is going to see is a return to the \$1400 level longer-term. If it break down below the \$1250 level, it could run into a bit more trouble, but at this point most certainly are starting to see buyers jump in and push. It is suspected that every \$50 or so it is going to see major resistance. Ultimately, this is a marketplace that should continue to benefit from a lot of uncertainty, both at the Federal Reserve and global markets.

Pivot:	1,277		
Support	1,277	1,274	1,271
Resistance	1,291	1,288	1,284

Source: FX EMPIRE

### Highlights

- Gold prices continue to surge and remain at their highest level in the last six months
- The dollar index, a gauge of its value versus six major peers, held a narrow range in thinly traded markets
- Gold futures traded at above \$1,280 per ounce in the international market
- The price of gold once again increased sharply on the eve of New Year and was trading close to its all-time high
- The safe haven that gold offers has pushed its price to a 15-month high

### 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 fell today as equities gained on likely progress in Sino-U.S trade standoff, amid bullion prices heading for their first annual decline since 2015, losing to the dollar mostly on trade worries and rising interest rates.
- The precious metal was on track for its best month since January 2017, having scrambled back from sharp declines in the year due to volatility in equities and a subdued dollar, along with worries over slowing global growth.
- Spot gold fell 0.2 percent to \$1,277.96 per ounce, near a six month high of \$1,282.09 it hit on Friday. U.S gold futures dipped 0.2 percent to \$1,280 per ounce.
- The dollar index has gained 4.6 percent this year as the U.S currency had been the preferred safe haven this year as the U.S-China trade conflict unfolded against a backdrop of higher U.S interest rates, denting gold's demand.
- Higher interest rates make gold less attractive since it does not pay interest and costs to store and insure. Gold dropped over 15 percent from a peak of \$1,365.2 in April to a 1-1/2-year low in August this year to \$1,159.96. The yellow metal has gained nearly 10 percent since then.
- Over concerns of a slowdown of global economic growth and rate hike, gold is likely to recover the loss since mid-June and rise back to the trading range between \$1,300 and \$1,350.
- U.S President Donald Trump said he held a "very good call" with China's President Xi Jinping on Saturday to discuss trade and claimed "big progress" was being made.

### 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 bounced around during the week but ended up forming a massive hammer. It's possible that it could be forming a bit of a bottom, and after the massive selloff that it has seen, it makes sense that it will in fact find buyers. The \$50 level above is massive resistance, but if it can clear that area, and then the \$55 level, it suspect that oil will continue to grind towards \$65. If it break down below the bottom of the weekly candle stick, then it probably go down to the \$40 handle. Ultimately, this is a market that is trying to find its way. Brent markets also have fallen very hard, reaching down towards the \$50 level. Ultimately, this is a market that looks as if it is trying to form a bottom at that psychologically important figure, and it's only a matter of time before OPEC gets involved. If it did break down below the \$50 handle, this is a market that could reach \$45 rather quickly.

Pivot:	45.35		
Support	45.35	44.90	44.40
Resistance	48.35	47.50	47.00

Source: FX EMPIRE

### Highlights

- Oil prices climbed on the last trading day of the year today, taking a cue from firmer stock markets
- Investors will require substantive indications from global economic fundamentals and oil inventories to move in positively on oil prices in 2018
- Oil on track for 11th weekly loss in 12, as the dollar heads for second weekly decline
- The dollar index plumbed December 20 lows following a spate of data from the US
- Brent crude futures, seen as a global benchmark for oil prices, rose by almost a third between January and October, to a high of \$86.74 per barrel

### 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 climbed on the final trading day of the year today, mirroring gains in stock markets, but were on track for the first yearly decline in three years amid lingering concerns of a persistent supply glut.
- Brent crude futures rose 74 cents, or 1.4 percent, to \$53.95 a barrel. Brent declined nearly 20 percent in 2018 following two years of growth. U.S. West Texas Intermediate crude futures were at \$45.84 a barrel, up 51 cents, or 1.1 percent, from their last close. WTI is down about 24 percent this year.
- For most of 2018, oil prices were on the rise, driven up by healthy demand and also supply concerns, especially around the impact of renewed U.S. sanctions against major producer Iran, which were introduced in early November.
- Brent prices have wiped out all of 2018's gains, plunging by almost 40 percent from the year's high to around \$53.25 a barrel, in what has been one of the steepest oil market selloffs of the past decades.
- The current downward pressure on oil prices should likely taper off from January, analysts said, as the OPEC and its allies including Russia starts curbing production by 1.2 million barrels per day.
- The market, however, might still remain under some pressure from swelling production in the United States, which has emerged as the world's biggest crude producer this year, pumping 11.6 million barrels per day.
- Meanwhile, imports of Iranian crude oil by major buyers in Asia hit their lowest in more than five years in November as U.S. sanctions on Iran's oil exports took effect last month.

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

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	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 finally broke out during the week, slicing through the \$15 level like it wasn't even there. At this point, it will continue to go higher and ironically it may or may not have to do with US dollar strength. At this point, there are couple of different things it could be going on here. Silver markets have broken above the \$15 handle, based upon US dollar weakness in the short term, and perhaps even the possibility that the Federal Reserve won't raise interest rates as quickly as people had originally thought. Beyond that, it could just be a simple safety play as there are a lot of concerns out there. It will more likely go to the \$16 level than break down. It had been in a \$1.00 consolidation area between the \$14 and \$15 levels. Because of this, then a move to the \$16 level is technically viable. A breakdown below that level should then go to the \$13 level, perhaps even the \$12 level.

Pivot:	15.30		
Support	15.30	15.24	15.18
Resistance	15.60	15.55	15.48

Source: FX EMPIRE

### Highlights

- Silver rose 0.3 per cent to \$15.39/ounce in the session. However, declined over 9% in the year
- The metal was on track for a third straight year of gains, and was set to rise for a fifth consecutive month
- Higher interest rates make gold less attractive since it does not pay interest and costs to store and insure
- This week's recovery in stocks could have easily sent silver prices retreating
- March silver futures last traded at \$15.30 an ounce, up more than 1% on the day

### 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 currently come in at \$15.34 per ounce and are posting a weekly advance of 4.6%. Despite some year-end bullish momentum building, the silver market will still finish 2018 down by close to 10% for the year.
- Silver bells rung in a big week for the white metal. The day after Christmas, silver prices finally cleared the \$15.00 level. A weekly close above that stubborn resistance would bode well for silver's near-term prospects. It could get off to a hot start in 2019, as it has in each of the past few years.
- Silver has hitting its highest since mid-August. Weaker dollar index and relief recovery in US stock indexes fizzled out, has helped the buying interest in this counter. Silver futures rose in American trade to August 10 highs on track for the second weekly profit in a row, and the best since August 2017, as the dollar index plumed December 20 lows, following earlier data from the US.
- The dollar index has gained 4.6 per cent this year as the US currency had been the preferred safe haven this year as the US-China trade conflict unfolded against a backdrop of higher US interest rates.
- US pending home sales fell 0.7% m/m in November, improving on a 2.6% monthly drop in October, while still missing expectations of a 1% increase, as sales fell 7.7% y/y, sharpening a 4.7% yearly drop in October.
- Silver futures due in March rose 0.69% to \$15.40 an ounce, marking four-month highs, while the dollar index shed 0.05% to 96.43, marking week lows. Earlier US data showed the Chicago PMI receded to 65.4 from 66.4 in November, still edging estimates of 61.4.

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

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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

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## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Dec 31	05:30	AUD Private Sector Credit (YoY) (NOV)	Medium	4.4%	4.4%	4.6%
Mon Dec 31	06:00	CNY Non-manufacturing PMI (DEC)	Medium	53.8	53.2	53.4
Mon Dec 31	06:00	CNY Manufacturing PMI (DEC)	High	49.4	50.0	50.0
Mon Dec 31	06:00	CNY Composite PMI (DEC)	Medium	52.6		52.8
Mon Dec 31	14:00	CHF Domestic Sight Deposits CHF (DEC 28)	Low	479.005b		474.5b
Mon Dec 31	20:00	USD U.S. to Sell 3-Month Bills	Low			
Mon Dec 31	20:00	USD U.S. to Sell 6-Month Bills	Low			
Mon Dec 31	20:30	USD Dallas Fed Manufacturing Activity (DEC)	Low		15.0	17.6
Mon Dec 31	21:30	USD U.S. to Sell 52-Week Bills	Low			

Source: Forex Factory, DailyFX

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