

Commodity News

Tuesday, October 02, 2018



Gold

Technical

Gold markets continue to be very choppy overall, and therefore it's not a huge surprise that it struggled a bit during the trading session yesterday. It continue to go back and forth, and it's likely that it will see quite a bit of noise overall. From a shorter-term perspective, it recognize that the five dollar levels continue to be important as well. In other words, short-term investors will continue to bounce back and forth between these large figures. The US dollar has been rather strong, and with the strengthening interest rate cycle from the Federal Reserve in a time of low rates around the world, it may be waiting a while before it see the US dollar helps gold. The market will eventually find its footing, but in the short term this market as being one that is traded off the 15 minute chart or something as such. If it break down below the \$1175 level, it will break down to the \$1100 level given enough time.

Pivot:	1,191		
Support	1,187	1,184	1,181
Resistance	1,197	1,200	1,203

Source: FX EMPIRE

Highlights

- Gold nudged higher early today, having dipped in the previous session, while U.S gold futures were up 0.3 percent at \$1,195 an ounce
- Gold prices are likely to see lower volatility, with the Chinese markets closed for a week
- Gold prices remain dependent on the dollar at this juncture
- The dollar index against a basket of six major currencies was flat
- Gold was assisted by a largely stable U.S dollar index

Gold - Technical Indicators

RSI 14	64.11
SMA 20	1,200.4
SMA 50	1,199.7
SMA 100	1,199.3
SMA 200	1,199.2

Source: FX EMPIRE

Gold Daily Graph



Source: Meta Trader

Fundamentals

- Gold prices rose today as risk appetite faded after getting a boost from an agreement between the United States and Canada to salvage a North American free trade deal. The major culprit behind gold's painful downfall remains a broadly stronger dollar and this continues to be reflected in price action.
- Spot gold was up 0.4 percent at \$1,192.62, while U.S gold futures were 0.4 percent higher at \$1,196.40 an ounce. Prices have hovered around \$1,190/oz and there is some demand from speculators and physical buyers at this level.
- A measure of U.S factory activity retreated from a more than 14-year high in September as growth in new orders slowed, but supply bottlenecks appeared to be easing, suggesting a steady pace of expansion in manufacturing.
- Higher U.S interest rates tend to boost the dollar and push bond yields up, putting pressure on gold prices by increasing the opportunity cost of holding non-yielding bullion. The dollar index against a basket of six major currencies was steady at 95.27 after touching a three-week high at 95.37 in the previous session.
- The gold bulls have to be discouraged that news of a NAFTA deal has failed to provide the metals markets with classic physical buying off improving macroeconomic conditions.
- Gold is likely to hover around \$1,180-\$1,210 an ounce in the near term. It will need a circuit breaker such as a sharp fall in equities or some other global event to break out of its range. Of course, the U.S dollar is key here.

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 rallied rather significantly during the trading session yesterday, the kick off the week with a very strong move. It looks as if the market is going to continue to reach towards the \$75 level above, and that's only a matter of time. Beyond that, it will eventually break above \$75 and even reach towards the \$80. By doing so, it can go with the overall attitude of the market and pick up value occasionally. At this point, buying at these levels is simply "chasing the trade. Brent markets also rallied during the day, breaking above the \$84 level, and looking very much like they are going to reach \$85 in a very short amount of time. At this point, the market will continue to find reasons to go higher, and at the \$83 level as a bit of a "floor" now. Any pullback close to that area should invite fresh buying, just as a break above the \$85 level should send this market even higher.

Pivot:	75.67		
Support	74.60	73.65	73.10
Resistance	76.35	77.20	78.20

Source: FX EMPIRE

Highlights

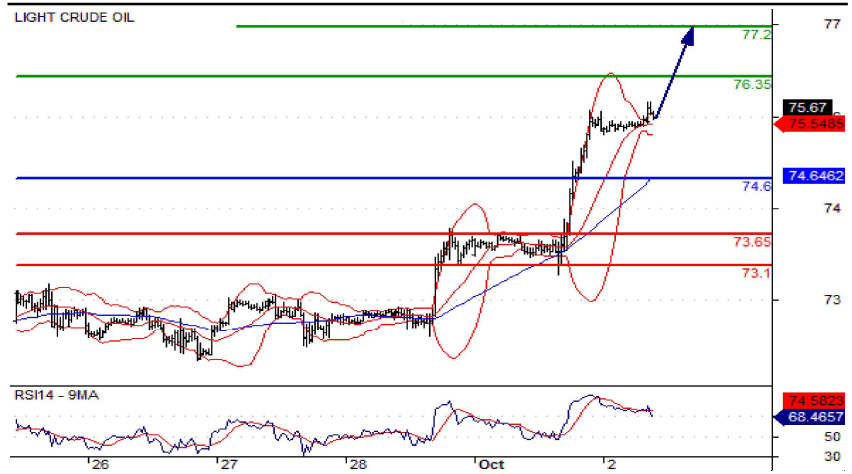
- Oil futures rallied by almost 3%, lifting both U.S and global benchmark crude to their highest price
- Brent has risen by more than 20 percent from its most recent lows in August
- Oil futures rose nearly two percent with US crude hitting July 4 highs
- Brent scaled November 2014 highs, as the dollar index hit September 10 highs
- The Organization of the Petroleum Exporting Countries (OPEC), of which Iran is a member, will struggle to replace export falls from Iran

Crude - Technical Indicators

RSI 14	69.48
SMA 20	72.22
SMA 50	72.19
SMA 100	72.19
SMA 200	72.24

Source: FX EMPIRE

Crude Oil Daily Graph



Source: Meta Trader

Fundamentals

- U.S oil prices hit their highest level since November 2014 today and Brent crude was also near a four-year peak reached the previous day, with markets preparing for tighter supply once U.S sanctions against Iran kick in next month.
- U.S West Texas Intermediate crude futures marked \$75.90 a barrel today, their strongest since November 2014. WTI has risen around 18 percent since mid-August. With the fall in Iranian exports expected to accelerate in the months ahead, the market turns to spare capacity in order to maintain market balance.
- International benchmark Brent crude oil futures were at \$85.28 per barrel, up 30 cents, or 0.4 percent, from their last close. That was not far off the \$85.45 peak reached in the previous session, the highest since November 2014.
- WTI marked its highest front-month contract settlement since late November 2014, while Brent finish at its highest since late October 2014, according to FactSet data.
- Crude's rally over the past few months have been buoyed by declining Iranian crude exports ahead of U.S economic sanctions against the Islamic Republic's oil industry, set to take effect Nov. 4.
- Oil markets have been pushed up by looming U.S sanctions against Iran's oil industry, which at its most recent peak this year supplied almost 3 percent of the world's almost 100 million barrels of daily consumption. Oil prices continue to climb, supported by the nearing Iran embargo and related supply concerns.

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

The Silver markets fell rather drastically to kick off the week yesterday, reaching down towards previous trading ranges again. Remember, silver is highly volatile, and a return trip from the massive move higher shouldn't be much of a surprise. At this point, it's obvious that the \$14.40 level is support, as it has been resistance in the past. I think that support runs down to at least the \$14.20 level, perhaps even the \$14 level after that. While it would not jump in front of the selloff, but at this point it's likely that the buyers will return eventually. At this point, the buyers will continue to jump into this silver market between here in the \$14 level, an area that has been historically important. If it break down below that level, it's likely that the selling would increase, pressing this market down to the \$12 level. It anticipate that short-term buying opportunities should continue to present themselves.

Pivot:	14.54		
Support	14.43	14.34	14.24
Resistance	14.65	14.72	14.82

Source: FX EMPIRE

Highlights

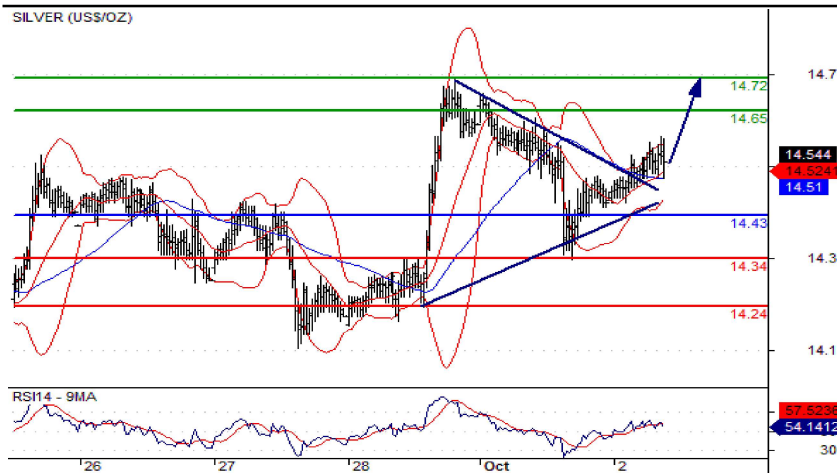
- Silver prices are weaker as it slipped 0.8 percent to \$14.48
- A firmer U.S dollar index has the precious metals under pressure
- Investors have also opted to buy the dollar and U.S Treasury bonds as safe investments instead of silver
- The Federal Reserve has been gradually increasing rates since late 2015
- December Comex silver was last down \$0.127 at \$14.585 an ounce

Silver - Technical Indicators

RSI 14	68.06
SMA 20	14.32
SMA 50	14.29
SMA 100	14.28
SMA 200	14.26

Source: FX EMPIRE

Silver Daily Graph



Source: Meta Trader

Fundamentals

- Silver prices are trading moderately lower in early U.S trading today. Keener risk appetite is in the marketplace early this week, as evidenced by U.S stock indexes that are solidly higher and near their recent contract and record highs.
- The strong rally in the U.S dollar index late last week is also a bearish element for the precious metals markets. It's very likely going to take a geopolitical shock to the marketplace to jumpstart a decent rally in the safe-haven gold market.
- Silver futures rose in Asian trade as the dollar index traded off July 9 lows, ahead of a high-profile speech by Federal Reserve Chair Jerome Powel. Silver futures due in December rose 0.57% to \$14.59 an ounce, while the dollar index inched up 0.03% to 95.32 away from three-month lows.
- Precious metals are sensitive to Federal Reserve interest-rate increases because they can push up U.S bond yields, which can reduce the attraction of nonyielding bullion, and tend to boost the dollar, which makes gold more expensive for buyers using other currencies.
- The Fed is expected to raise its benchmark rate for a fourth time this year in December and expectations for that move and any further tightening could be informed by Friday's payrolls data.
- The Federal Open Market Committee voted at the September 25-26 meeting to increase overnight interest rates by 25 basis points for the third time this year to just below 2.25%, as expected by analysts.

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

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Tuesday, October 02, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon, Oct 02	04:50	JPY Monetary Base (YoY) (SEP)	Medium	5.9%		6.9%
Mon, Oct 02	05:00	JPY Loans & Discounts Corp (YoY) (AUG)	Medium	3.35%		3.18%
Mon, Oct 02	09:30	AUD RBA Cash Rate Target (OCT 2)	High	1.50%	1.50%	1.50%
Mon, Oct 02	10:00	JPY Consumer Confidence Index (SEP)	Medium	43.4	43.1	43.3
Mon, Oct 02	11:00	GBP Nationwide House Px NSA (YoY) (SEP)	Medium	2.0%	1.9%	2.0%
Mon, Oct 02	13:30	GBP Markit/CIPS UK Construction PMI (SEP)	Medium	52.1	52.9	52.9
Mon, Oct 02	14:00	EUR Euro-Zone Producer Price Index (YoY) (AUG)	Low	4.2%	3.8%	4.3%
Mon, Oct 02	20:30	USD U.S. to Sell 4-Week Bills	Low			
Mon, Oct 02	21:00	USD Fed's Chairman Powell Speaks at NABE Conference in Boston	High			

Source: Forex Factory, DailyFX

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