

## Gold

### Technical

Gold markets have broken above a significant resistance barrier in the form of the \$1220 level. After that, it looks like it is trying to grind sideways overall in order to digest the gains and perhaps build a bit of confidence at these higher levels. However, the \$1250 level above as a massive resistance barrier, and it will take a lot of momentum to finally get above there. If it can get above there, then the market really will take off. Overall though, it is going to see over the next couple of days is a lot of back and forth trading. However, if it break down below the \$1220 level, the market will more than likely go down to the \$1200 level after that. This market will probably continue to see a lot of jittery trading due to the various economic issues around the world, not the least of which will be the trade negotiations or better yet, the lack of trade negotiations between the United States and China.

Pivot:	1,227		
Support	1,220	1,216	1,208
Resistance	1,238	1,233	1,227

Source: FX EMPIRE

### Highlights

- Gold prices edged lower as equities and the dollar gained amid waning risk-averse sentiment
- The current case of interest rates normalisation is quite cemented and this is taking a little bit of the froth off gold markets
- The dollar index rose to a fresh one-week high against a basket of currencies
- Gold is closely tracking both the U.S dollar and equities, more so the dollar
- Higher interest rates tend to boost the dollar and push bond yields up, putting pressure on gold prices

### 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 Asian shares eased, while the dollar firmed after minutes of the Federal Reserve's September meeting reinforced expectations of a tighter U.S monetary policy.
- Fed policymakers are largely united on the need to raise borrowing costs further, minutes from their most recent policy meeting showed, boosting expectations the committee will stick to its hawkish stance on raising interest rates.
- Spot gold was up 0.1 percent at \$1,223.78 an ounce, hovering close to its highest since July 26 at 1,233.26 an ounce hit on Monday. U.S gold futures were flat at \$1,226.90 an ounce.
- Gold has traded largely in a \$2 range today, with the dollar being stronger. Prices should hold here until they find some new trigger, when they can try again for an upside.
- Trade war concerns, recent tensions between the United States and Saudi Arabia, and a hawkish Fed are among factors likely to weigh on appetite for riskier assets. This bodes well for gold as a hedge against market volatility and a portfolio diversifier.
- A bearish target zone of \$1,208-\$1,217 per ounce remains unchanged for spot gold, following its failure to break a strong resistance at \$1,235. Bullion was also testing resistance at the 100-day moving average of about \$1,225.
- The dollar seems to be rising again. While U.S equity action, although mostly negative, is showing signs of stabilizing in that declines are being punctuated by more frequent counter cyclical rallies.

### 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 fell hard, reaching down towards the vital \$70 level as the inventory number was an addition of 6.5 million barrels in America. That is much higher than the expected 1 million barrels, and of course a very bearish for crude oil. At this point, a lot of structural support here so it'll be interesting to see whether or not it can hold. If the \$70 region can hold as support, then it will probably continue to bounce. Keep in mind that the Iranian sanctions are in effect now, so there is a bit of bullish pressure there and the question is whether or not demand will pick up. The next 24 hours will be crucial and it would be on the sideways looking for a daily candle for the trade. Brent markets also fell hard during the trading session, crashing through the \$80 level, and testing the \$79 level as it has seen support before. If it break down below the \$79 level, it would continue to go even lower.

Pivot:	70.35		
Support	69.40	68.75	68.30
Resistance	71.05	70.65	70.35

Source: FX EMPIRE

### Highlights

- Oil futures dropped yesterday, with the U.S benchmark ending below \$70 a barrel for the first time in more than three weeks
- Oil had been rising on worries about Iranian sanctions and tensions between the United States and Saudi Arabia
- The global benchmark is trading nearly \$7 below a four-year high of \$86.74 reached on October 3
- U.S crude stocks rose 6.5 million barrels last week, the fourth straight weekly build
- The crude oil market is dangerously close to the \$70

### 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

- U.S crude oil stockpiles rose last week for the fourth straight week, led by a notable increase in inventories at the Cushing, Oklahoma, hub, while gasoline and distillate stocks fell.
- Crude inventories rose 6.5 million barrels in the week to Oct. 12, nearly three times analysts' expectations for an increase of 2.2 million barrels. Stocks at Cushing, the delivery hub for U.S crude futures, rose by 1.8 million barrels.
- Prices sunk on the news, with U.S crude futures slipping through \$70 a barrel for the first time in nearly a month. U.S crude was down nearly 3 percent to \$69.82 a barrel, while Brent crude dropped 2.3 percent to \$79.46 a barrel.
- Net U.S crude imports rose last week by 1 million barrels per day, crude exports slipped to 1.8 million bpd. But for the last four weeks, exports averaged 2.1 million bpd, a 33 percent increase from the year-ago period.
- Refinery utilization rates remained unchanged at 88.8 percent of capacity. Utilization rates in the Midwest, the second largest refining region of the country, fell to new record lows of 70 percent of available capacity, due to a combination of outages and scheduled maintenance.
- Gasoline stocks fell by 2 million barrels, compared with analysts' expectations a 1.1 million-barrel drop. Distillate stockpiles, which include diesel and heating oil, fell by 827,000 barrels, versus expectations for a 1.3 million-barrel drop.
- The dollar index, which measures its value against six major peers, last traded at 95.703, little changed on the day, after rising to a fresh one week-high earlier in the day. 10 year Treasury yield last stood at 3.210 percent, 2.8 basis points higher than the U.S close.

### 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 be very choppy and sideways, and therefore a bit undecided. Economists think at this point it is just simply deciding whether or not the recent gains are justifiable. If the US dollar strengthens, that will probably drive down the price of silver, perhaps down to the \$14.50 level. The alternate scenario of course is that it rally, but the \$15 level above is going to be a major barrier to get above. At this point it is looking at consolidation between \$14.60 level and the bottom, and \$14.80 level on the top. Silver markets are extraordinarily sensitive to the US dollar, and if the US dollar starts to strengthen silver will come undone much quicker than gold will at times. The \$14.50 level will obviously attract a lot of attention as well, so it could see a bit of value hunting in that area. Currently, markets are waiting to see what the FOMC Meeting Minutes are going to say.

Pivot:	14.64		
Support	14.42	14.33	14.22
Resistance	14.77	14.73	14.64

Source: FX EMPIRE

### Highlights

- Silver futures fell in Asian trade off October 2 highs as the dollar index rebounded slightly from September 27 lows
- Silver market is fighting to breakout above \$14.80-\$15
- Silver prices dipped 0.1 percent to \$14.59 per ounce
- The Fed forecast another rate hike this year, and three more next year, and another in 2020
- All markets do the same thing on a regular basis as patterns repeat over and over again from different levels

### 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 futures fell in Asian trade off October 2 highs as the dollar index climbed from September 27 lows, ahead of US labor data later today. The Fed forecast another rate hike this year, and three more next year, and another in 2020, as the economy blisters ahead.
- Silver futures due in December fell 0.40% to \$14.61 an ounce away from two-week highs, as the dollar index rose 0.12% to 95.69 to October 10 highs. Federal Reserve Governor Lael Brainard will deliver a speech titled "Fintech and Financial Inclusion" at the Federal Reserve Bank of Boston's Fintech conference, while the Fed is slated to release its minutes for the September 25-26 meeting.
- Now markets await the US Philly Manufacturing Index, expected to decrease to 19.7 from 22.9, while unemployment claims for the week ending October 13 are estimated to have fallen by 4 thousand to 210 thousand.
- Continuing claims for the week ending October 6 are expected to have risen by 6 thousand to 1.668 million, while the CB leading index is estimated with a 0.5% increase, up from 0.4% in August.
- Otherwise, Federal Reserve Governor Randal Quarles is due to speak about the economic outlook at the Economic Club of New York luncheon later today. The Federal Open Market Committee voted last month to increase borrowing rates for the third time this year by 25 basis points to below 2.25% as expected by analysts back then.
- US President Donald Trump accused the Federal Reserve of causing a sharp correction in markets with its interest rate policy, considering it too strict and a "mistake".

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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

Thursday, October 18, 2018



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Oct 18	05:30	AUD Employment Change (SEP)	High	5.6k	15.0k	44.6k
Thurs Oct 18	05:30	AUD Unemployment Rate (SEP)	High	5.0%	5.3%	5.3%
Thurs Oct 18	05:30	AUD Full Time Employment Change (SEP)	Medium	20.3k		35.2k
Thurs Oct 18	05:30	JPY BOJ Kuroda speaks at Branch Managers's Meeting	High			
Thurs Oct 18	05:30	AUD NAB Business Confidence (3Q)	Medium	3		7
Thurs Oct 18	13:30	GBP Retail Sales Ex Auto Fuel (YoY) (SEP)	Medium	3.2%	3.8%	3.6%
Thurs Oct 18	17:30	USD Initial Jobless Claims (OCT 13)	Medium		210k	214k
Thurs Oct 18	17:30	USD Continuing Claims (OCT 6)	Medium		1668k	1660k
Thurs Oct 18	19:00	USD Leading Index (SEP)	Medium		0.5%	0.4%

Source: Forex Factory, DailyFX

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