

Commodity News

Wednesday, January 09, 2019



Gold

Technical

Gold markets continue to be very choppy, after breaking out of a major uptrend channel. This shows the market is probably going to continue to be positive overall. This is a market that continues to find reasons to go higher, perhaps in a bid for safety, perhaps due to the Federal Reserve sounding a little less hawkish than previously thought. Now that the Federal Reserve is becoming more "data dependent", it's likely that it will continue to see a lot of noise in this market. The break out that it has recently seen is in fact something that should be paying attention to, because it was crucial. The \$1300 level above of course is going to cause a certain amount of interest, but it will be temporary at best. If it can break above there, then the market should go looking towards the \$1400 level, an area that was the top of the longer-term consolidation.

Pivot:	1,286		
Support	1,279	1,276	1,273
Resistance	1,292	1,290	1,286

Source: FX EMPIRE

Highlights

- Gold fell as global stocks rose on improved prospects for a U.S-China trade deal
- An improved risk appetite capped gains for the safe-haven metal
- A weakening dollar and falling US treasury yields should keep gold pushing higher
- Gold still has some room to move higher as the dollar is weakening and that would be an offset to stabilizing stocks
- The 10-year US treasuries yields are down more than 50 basis points from its October peak of 3.261%

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 held steady today as a surge in risk appetite on hopes of a Sino-U.S trade deal offset support from expectations of a pause in U.S Federal Reserve rate hikes.
- The United States and China will continue trade talks in Beijing for an unscheduled third day, a member of the U.S delegation said amid signs of progress on issues including purchases of U.S farm and energy commodities and increased access to China's markets.
- An index of world stock markets rose for the third straight session, with investors hopeful that the United States and China would strike a deal to end their months-long trade war.
- Gold tends to gain when expectations of interest rate hikes ease because lower rates reduce the opportunity cost of holding non-yielding bullion and weigh on the dollar, in which it is priced.
- World stocks, which have been pressured by global growth concerns, rallied on hopes that the United States and China may be moving toward a trade deal. Even with equity markets stabilising, gold has held a bid suggesting that there's sovereign buying in the background.
- The dollar rebounded from a nearly three-month low in the previous session amid expectations of a pause in the U.S rate hike cycle. A higher dollar makes gold more expensive for holders of other currencies.
- The fact equity prices have stabilized has had a bit of a negative impact on gold prices, especially as the yellow metal has already reached a critical resistance area around \$1,295.

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 a bit again during the trading session yesterday, testing the \$50 level again. At this point, the market is going to continue to struggle, and therefore it would look for short-term pullback. However, if it get a daily close above the \$50 handle, then it could see this market go much higher. Brent markets rallied a bit as well, as they continue to use the 20 day EMA as minor support. However, it has the \$60 level above offering resistance also, so that could be something to pay attention to. If it break above there, then it could go much higher. In the meantime, it anticipate that there is a little bit of bullish pressure here and it certainly seems to be outperforming the WTI Crude Oil market, but until it clear that \$60 handle it will be a little bit suspect, and the people will be skittish about putting too much money to work in this market.

Pivot:	49.50		
Support	49.50	48.90	48.30
Resistance	52.70	52.15	51.25

Source: FX EMPIRE

Highlights

- Oil prices rose more than 1 percent today, extending gains from the previous session
- The World Bank expects global economic growth to slow to 2.9 percent in 2019 from 3 percent in 2018
- The oil price jumps were in line with Asian stock markets, which climbed to 3-1/2 week highs
- After a dreadful December for risk markets, crude oil continues to catch a positive vibe
- Our lower oil price assumptions reflect slowing demand and rising supply globally

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 prices today rose above \$50 per barrel for the first time in 2019 on hopes that Washington and Beijing can resolve a trade dispute that has triggered a global economic slowdown.
- U.S West Texas Intermediate crude oil futures were at \$50.14 per barrel, up 36 cents, or 0.7 percent from their last settlement. International Brent crude futures had yet to trade.
- The world's two biggest economies will continue trade talks in Beijing for an unscheduled third day today, U.S officials said, amid signs of progress on issues including purchases of U.S farm and energy commodities and increased U.S access to China's markets.
- Oil prices have also been receiving support from supply cuts started at the end of 2018 by a group of producers around the Organization of the Petroleum Exporting Countries as well as non-OPEC member Russia.
- Crude oil prices continued to march higher, with investors becoming increasingly confident that the OPEC cuts would tighten the market. At the beginning of 2018 the global economy was firing on all cylinders, but it lost speed during the year and the ride could get even bumpier in the year ahead.
- Oil investors also worried that a possible worldwide economic slowdown could dent fuel consumption. The hedge fund industry has cut significantly its bullish positions in crude futures.
- If no deal is reached by March 2, Trump has said he will proceed with raising tariffs to 25 percent from 10 percent on \$200 billion worth of Chinese imports at a time when China's economy is slowing significantly.

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 had a good day yesterday, even though it fell. This is because not only did it pull back, but it also managed to find support. By doing so, at roughly the \$15.50 level, it looks as if there is still a significant amount of tenacity to the bullish pressure, and that of course is going to be a good sign for investors overall. At this point it is likely that it will continue to see a lot of "buying on the dips", as there are a lot of pressures on not only the US dollar, but there could be a bit of an argument for a "run to safety" feel around the world. The \$16 level above was the initial target, which makes sense considering that it had previously been in a \$1.00 consolidation area and extrapolating that higher as a projected move had us looking at that level. Ultimately, this market will probably continue to see buyers on dips, as silver has formed a huge rounded bottom.

Pivot:	15.68		
Support	15.48	15.42	15.33
Resistance	15.81	15.75	15.68

Source: FX EMPIRE

Highlights

- Silver prices inched up 0.1 percent to \$15.66 per ounce
- A higher dollar makes silver more expensive for holders of other currencies
- The U.S dollar index higher on a corrective bounce after hitting a two-month low
- Gold will continue to shine as a valuable portfolio hedge in 2019
- March Comex silver was down \$0.046 at \$15.71 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 modestly lower in early-afternoon U.S. trading yesterday. The safe-haven metals are being pressured by upbeat investor attitudes early this week. Still, the bulls can argue the price weakness in both metals is just a normal corrective pullback following recent gains that pushed silver to a five-month high late last week.
- World stock markets are being boosted this week on perceived progress on U.S-China trade talks presently taking place in Beijing and ideas of a more dovish Federal Reserve monetary policy in 2019.
- The U.S government shutdown is into its third week, but the matter is garnering less attention from the marketplace and is not a front-burner issue. The outlook on silver remains positive for this year as fears of a global economic slowdown continue to weigh on investor sentiment and as volatility picks up in equity markets.
- Silver futures tilted lower in American trade away from July 13 highs as the dollar index rose off October 22 lows, following earlier US data, and amid ongoing US-China trade talks in Beijing to solve the dispute between the world's two largest economies.
- Silver futures due in March shed 0.23% to \$15.72 an ounce off six-month highs, while the dollar index added 0.19% to 95.84 away from three-month lows.
- Earlier US data showed an index tracking job opportunities fell to 6.89 million from 7.13 million in October, missing estimates of 7.07 million, while another tracking consumer crediting fell to \$17.3 billion from \$25.4 billion in October.

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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Wednesday, January 09, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 09	01:00	USD Consumer Credit (NOV)	Medium	\$22.149b	\$17.500b	\$24.980b
Wed Jan 09	12:00	EUR German Trade Balance (NOV)	Medium	20.5b	18.6b	18.9b
Wed Jan 09	12:30	CHF Consumer Price Index (YoY) (DEC)	Medium	0.7%	0.8%	0.9%
Wed Jan 09	12:30	CHF Consumer Price Index Core (YoY) (DEC)	Medium	0.3%	0.2%	0.2%
Wed Jan 09	15:00	EUR Euro-Zone Unemployment Rate (NOV)	Medium		8.1%	8.1%
Wed Jan 09	17:00	USD MBA Mortgage Applications (JAN 4)	Medium			-8.5%
Wed Jan 09	18:15	CAD Housing Starts (DEC)	Medium		208.0k	215.9k
Wed Jan 09	19:00	MXN Consumer Price Index (YoY) (DEC)	High		4.85%	4.72%
Wed Jan 09	20:00	CAD Bank of Canada Rate Decision (JAN 9)	High		1.75%	1.75%

Source: Forex Factory, DailyFX

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