

Commodity News

Thursday, January 03, 2019



Gold

Technical

Gold markets broke a little bit higher during the trading session yesterday, continuing a bullish move that it has seen form of the last several days. At this point, the market probably continues to find buyers on dips, and at this point the 20 day EMA getting ready to cross above the 50 day EMA, which is a bullish sign as well. Over the last several months, it has been trading between \$1200 on the bottom, and \$1400 level on the top. Short-term pullbacks offer value that can take advantage of, and the fact that the world has entered a "risk off" situation and suggest that gold should continue to go higher. It is going to be very choppy and difficult, but if it get pullbacks, it should take advantage of those opportunities in small bits and pieces. The \$1250 level is essentially going to be the "line in the sand", and if it break down below then it probably have a complete turnaround.

Pivot:	1,282		
Support	1,282	1,2778	1,273
Resistance	1,309	1,300	1,295

Source: FX EMPIRE

Highlights

- Gold futures climbed to the highest level since June as a decline in Asia's equity market
- Spot gold prices gained about 5 percent last month, the most since January 2017
- Prices for the yellow metal saw more safe-haven buying interest amid a still very wobbly U.S stock market
- A sell-off in the stock markets today is prompting some safe-haven demand
- Some investors expect the precious metal to pass the \$1,300 psychological resistance level in the near-term

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 up today as a dip in Asian equities and worries about a sharp global economic slowdown propelled demand for safer investments. The dollar index, which tracks the greenback against a basket of major currencies, was hovering about a one-week peak touched in the previous session.
- Spot gold gained about 0.2 percent to \$1,286.62 per ounce, having earlier touched its highest since June 15 at \$1,290.09. U.S gold futures were up 0.4 percent at \$1,288.80 per ounce.
- Meeting between U.S congressional leaders and President Trump yielded no sign of an agreement to end a partial government shutdown, in its 12th day, as the president stuck to his demand for \$5 billion in funding for a border wall.
- Gold prices hit a 6-month high and the trend is up on a near-term basis which is inviting technical-based buying interest. Probably some new speculative fund money coming into the market combined to push gold prices higher despite the stronger dollar.
- 2019 is already getting off to a volatile start and it is expected to see the political and economic uncertainty of 2018 continue and deepen, which will support gold.
- Global equities were reacting negatively to more weak economic data coming out of China, the world's second-largest economy. While U.S benchmark stock indexes were trading higher as gold futures settled.
- There is some fading optimism for the euro zone area which is giving gold quite a good lift. It is a continuing trend of what have seen in the latter part of last year.

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

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Crude Oil

Technical

The WTI Crude Oil market initially fell during the trading yesterday but found enough support under the \$45 level to turn around and send things towards the 20 day EMA above. There is a significant amount of resistance built into that area, because it is just below the previous support level and of course the psychologically important \$50 handle. With that, any signs of exhaustion should probably be sold, as it anticipated that there is going to be a huge barrier extending from \$50 all the way to the \$55 handle above there. If it clear the \$55 level, then the market could go much higher. Brent market participant sold but then turned around to push towards the 20 day EMA above. The downtrend line continues to offer resistance, so it is only a matter of time before the sellers return. Beyond that, it could see a lot of resistance near the \$60 level above as well.

Pivot:	46.20		
Support	44.40	43.50	42.50
Resistance	47.80	47.20	46.20

Source: FX EMPIRE

Highlights

- Oil prices rose about 2% in choppy trading yesterday, supported by a slight recovery on Wall Street
- Crude futures ended 2018 down for the first year since 2015, with WTI slumping 25 percent and Brent tumbling 21 percent
- A slowdown in the world's second-largest economy, and biggest oil importer, can translate to slack in appetite for oil
- U.S oil production broke its 1970 record of 10.04 million bpd in November 2017
- The United States has become the world's leading crude producer, surpassing Russia and Saudi Arabia

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 fell by 1 to 2 percent today amid volatile currency and stock markets, and on concerns that an economic slowdown in 2019 will cut into fuel demand just as crude supplies are surging.
- U.S West Texas Intermediate crude oil futures dropped by 1.8 percent, or 82 cents, from their last settlement to \$45.72. International Brent crude futures were down 1 percent, or 53 cents, at \$54.38 a barrel.
- Top exporter Saudi Arabia is expected to cut February prices for heavier crude grades sold to Asia by up to 50 cents a barrel due to weaker fuel oil margins.
- The slowdown in China and turmoil in stock and currency markets is making investors nervous, including in oil markets. Slowing economic growth would have a negative effect on oil prices as markets eye the potential for softer petroleum demand.
- Oil markets are also under pressure from a surge in supply just as demand growth is expected to slow amid the market turmoil. U.S crude production stood at a record 11.7 million barrels per day in late 2018, making America the world's biggest oil producer.
- Supply from Iraq, the number two producer in the Organization of the Petroleum Exporting Countries, is also up, with December exports at 3.73 million bpd, up from 3.37 million bpd in November.
- Crude production rose 79,000 bpd in October to 11.537 million bpd, the U.S EIA said in a monthly report. The EIA revised its September oil production figure down by 17,000 bpd to 11.458 million bpd.

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 got a little bit of a boost during the trading session yesterday as there was a global "risk off" attitude to markets in general, thereby increasing the demand for precious metals for a safe haven trade. It has just broken over the 50 day EMA, which of course is a bullish sign as well. Both the 50 day EMA and the 20 day EMA are starting to turn higher, which also is a bullish sign. Over the last couple of sessions, it has broken out of major consolidation between the \$14 level and the \$15 level, which of course measures for a \$1.00 level move, leading to the \$16 level above. I might also breaking above there could send this market reaching towards the \$17 level above, which has been major resistance in the past. Beyond that, it had consolidated between \$14 level and \$17 above. At this point, buying short-term pullbacks as the \$15 level should be supported.

Pivot:	15.46		
Support	15.46	15.34	15.27
Resistance	15.85	15.78	15.70

Source: FX EMPIRE

Highlights

- Silver stayed flat at \$15.45, having earlier touched its highest since July 31 at \$15.61
- The financial markets are not looking for any rate hikes by the Federal Reserve in 2019
- Metals Focus also pointed out that the election of U.S President Donald Trump has tampered with demand as well
- March Comex silver was up \$0.07 at \$15.61 an ounce
- There was also some weaker economic data coming out of the European Union, to also unnerve investors

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 tilted lower in Asian trade off July 26 highs for another session, while the dollar index fell off June 2017 highs for the ninth session out of 15, ahead of US labor and services data later today.
- Silver futures due in March dipped 0.19% to \$15.62 an ounce, while the dollar index declined 0.19% to 96.53 off 1-1/5 year highs. November was a disappointing month for the precious metals market, with silver prices struggling not to incur more losses.
- US unemployment claims are estimated with a 4 thousand increase in the week ending December 29 to 220 thousand, while continuing claims are expected with a 12K drop to 1.689 million in the week ending December 22.
- The ISM manufacturing PMI is expected with a decline to 57.7 from 59.3, while ISM manufacturing prices are expected to have declined to 57.9 in December from 60.7.
- A US partial government shutdown is in its second week as President Donald Trump and the Democratic Party fail to reach a compromise on funding for the border wall with Mexico. Global equities reacted negatively today to more weak economic data coming out of China, the world's second-largest economy.
- President Trump has expressed readiness to make a deal with Democrat to end the shutdown, but he asserted he won't budge on the border issue. Meanwhile, the volume of silver ounces transferred in November rose by 4.2% month-on-month to 220.2 million, with the value transferred up 2.6% at \$3.16 billion. There were 985 transfers in November, which was 17% higher than the prior month.

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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Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Jan 03	13:30	CHF PMI Manufacturing (DEC)	Medium	57.8	56.9	57.7
Thurs Jan 03	14:30	GBP Markit/CIPS UK Construction PMI (DEC)	Medium	52.8	52.9	53.4
Thurs Jan 03	17:00	USD MBA Mortgage Applications (DEC 28)	Medium			
Thurs Jan 03	18:15	USD ADP Employment Change (DEC)	Medium		180k	179k
Thurs Jan 03	18:30	USD Initial Jobless Claims (DEC 29)	Medium		220k	216k
Thurs Jan 03	18:30	USD Continuing Claims (DEC 22)	Medium		1689k	1701k
Thurs Jan 03	20:00	USD ISM Manufacturing (DEC)	High		57.5	59.3
Thurs Jan 03	20:00	USD ISM Employment (DEC)	High			58.4
Thurs Jan 03	20:00	USD ISM Prices Paid (DEC)	Medium		57.7	60.7

Source: Forex Factory, DailyFX

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