

# Commodity News

Friday, January 04, 2019



## Gold

### Technical

Gold markets have clearly broken out to the upside, slicing through the top of the up trending channel. That's a very strong sign, but it appears that it is probably going to run into a bit of trouble at the \$1300 level as it is psychologically important. The gold market goes higher but it would like to see a little bit of a pullback, perhaps down to the top of the previous channel, or even the 20 day EMA, pictured in green on the chart. Gold markets have been consolidating and longer-term trading between the \$1200 level on the bottom and the \$1400 level on the top. Because of this, it may eventually go looking towards the \$1400 level, and that makes \$1300 important because it is essentially "fair value. If it turn around and slice right through the \$1300 level without pulling back, then it probably will see the \$1400 level hit rather quickly.

Pivot:	1,289		
Support	1,289	1,284	1,278
Resistance	1,306	1,303	1,298

Source: FX EMPIRE

### Highlights

- Recent market volatility has confirmed that gold remains a safe-haven asset
- Gold is highly sensitive to rising interest rates, which lift the opportunity cost of holding non-yielding bullion
- Volatile global markets always add to the charm of buying gold
- A weaker dollar makes gold cheaper for holders of other currencies
- Gold market in a longer-term recovery, driven by weakening U.S dollar and returning investment demand

### 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 scaled a more than six-month peak yesterday as fears of a global economic slowdown embellished safe-haven demand for bullion, with a weaker dollar adding further support.
- Gold briefly pared some gains earlier in the session. Spot gold was up 0.3 percent at \$1,288.49 an ounce, having touched its highest since June 15 at \$1,292.32. U.S gold futures traded up 0.5 percent at \$1,290.40.
- Fears of an economic slowdown are one source of the equity market volatility, thus contributing to the covering of short positions in the futures market and investors' renewed interest in gold.
- The news from the technology giant also weighed on the dollar index, which slipped by about 0.2 percent. Weakness in the currency reflects concerns over the U.S economy and a drastic shift in investor expectations for interest rate rises, with many now expecting an end to the U.S Federal Reserve's rate-raising cycle.
- Gold also hit multi-month highs in euro and sterling terms. Gold denominated in sterling peaked at 1,031.89 pounds during the day, its highest since Sept. 8, 2017, while it peaked at 1,137.47 euros, the highest since June 9, 2017.
- If the fourth quarter theme of lower dollar, stocks and yields carries on, gold is likely to break higher and set its sight on the previous high around \$1,380. It gave stocks a small lift but not enough to trigger profit taking in gold.
- Gold is overbought on most measures and needs to consolidate but with the speculative long still building, the market will be looking for \$1,300 sooner than expected.

### 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 went back and forth during the trading session yesterday, forming a rather neutral looking candle stick just below the 20 day EMA. The downtrend line that is just above also should cause resistance, just as the \$50 level is right there as well. Ultimately, the market has an extreme amount of resistance between \$50 and \$55 above, so if it get some type of rally from here it's likely that it will turn around and fall from there as it is a massive amount of resistance. If it can break above \$55, then the market could go much higher. Brent markets tried to rally during the day but ran into significant resistance in the form of the 20 day EMA and the downtrend line. By forming a resistant looking candle in that area it suggests that the market is ready to continue to drift lower. At this point, the market has a lot of resistance built into that trendline and of course the \$60 level.

Pivot:	47.00		
Support	47.00	46.45	45.75
Resistance	50.60	49.65	48.70

Source: FX EMPIRE

### Highlights

- Oil prices climbed for fourth straight session, getting their latest boost
- Members of the OPEC produced 32.68 million barrels of oil a day in December, down 460,000 barrels a day from a month earlier
- Crude prices had previously fallen after the United States followed most other major economies into a manufacturing downturn
- OPEC output down by 530,000 barrels to 32.6 million barrels a day last month
- The drop in the stock market and worries about energy demand, however, continued to fuel investor unease

### 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 inventories were expected to have fallen last week for the fifth consecutive time, while investors expected a build in refined products. Investors have been concerned about rising supply from top producers, including the United States and Russia.
- Crude stocks fell 3.1 million barrels in the week to Dec. 28. The poll took place ahead of reports from the American Petroleum Institute, an industry group, and the U.S Department of Energy's Energy Information Administration.
- Crude inventories fell by 46,000 barrels in the week to Dec. 21, a much smaller draw than the decrease of 2.9 million barrels that investors had expected. It was the fourth consecutive decrease.
- U.S West Texas Intermediate crude oil futures ended session up 55 cents, or 1.2 percent, to \$47.09 a barrel. Brent crude futures were up 91 cents, or 1.7 percent, at \$55.82 a barrel.
- Prices traded in a wide range, with Brent hitting a session high of \$56.30 a barrel and a low of \$53.93 a barrel. WTI posted a session high of \$47.49 a barrel and a low of \$45.35 a barrel.
- Oil is flip-flopping on concerns of supply and demand. It is really a battle between the supply situation, which looks to be tightening, versus the possibility that demand will drop off.
- Supporting futures were signs of reduced supply from OPEC members. OPEC oil supply fell in December by the largest amount in almost two years, as top exporter Saudi Arabia made an early start to a supply-limiting accord while Iran and Libya posted involuntary declines.

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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 continue to show signs of strength during the trading session yesterday, reaching towards the \$15.70 level. The market looks very likely to continue to be choppy, and it would say that it is a little bit overbought at this point. It would not be surprised at all to see some type of pullback, but the \$15 level underneath should be massive support. Ultimately, that could be a nice buying opportunity. If it break down below the \$15 level that would obviously change quite a bit. On a break down below the \$15 level, then it would be testing significant support this below there as well. Silver has legs at this point, but it may have simply just got a bit ahead of ourselves and momentum probably will start to struggle a bit at these lofty levels. The \$16 level above is massive resistance, so it may take a bit of work to finally break above that level.

Pivot:	15.65		
Support	15.65	15.51	15.41
Resistance	16.01	15.87	15.79

Source: FX EMPIRE

### Highlights

- As 2018 drew to a close, the prices of Comex silver began to move higher
- U.S stocks fell back lower soon thereafter, silver regained its price advances
- Silver declined on slightly reduced orders from industrial units and coin makers
- March Comex silver was up \$0.121 at \$15.77 an ounce
- Profit-booking at prevailing levels mainly pulled down silver in futures trade but a firm trend in the overseas limited the losses to some extent

### 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 has followed suit, and both metals look like they will continue to move higher until further notice. silver will find resistance at some point. These levels would be perfect spots for the metals to take a breath and pull back a little. Another major supportive factor in 2019 is the expected slowdown of the global economy.
- There will be a pullback but that should be used as an opportunity to buy more or enter for the first time. Until further notice, both gold and silver are headed higher and are approaching bull markets.
- Silver prices are scoring modest gains and pushed to a five-month high today. U.S stock indexes rebounded a bit from their solid overnight losses which in turn prompted the silver markets to back down modestly from their early highs.
- Silver futures rose in Asian trade to July 13 highs, while the dollar index inched higher for the day, ahead of crucial US labor data later today. Silver futures due in March fell 0.46% to \$15.87 an ounce, while the dollar index rose 0.09% to 96.36.
- Now investors await the US payrolls report, with the unemployment rate expected at 3.7% for the fourth straight session near five-decade lows, while average earnings are estimated with a 0.3% increase, up from 0.2% in November.
- The economy is expected to have added 179 thousand new jobs last month, up from 155K in November. While a US government shutdown is in its second week as US President Donald Trump and Democrats fail to reach a funding agreement on the border wall with Mexico.

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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

# Commodity News

Friday, January 04, 2019



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Fri Jan 04	15:00	EUR Euro-Zone Consumer Price Index Core (YoY) (DEC A)	High	1.0%	1.0%	1.0%
Fri Jan 04	18:30	CAD Unemployment Rate (DEC)	High		5.7%	5.6%
Fri Jan 04	18:30	CAD Net Change in Employment (DEC)	High		6.0k	94.1k
Fri Jan 04	18:30	CAD Hourly Wage Rate Permanent Employees (YoY) (DEC)	Medium		1.6%	1.5%
Fri Jan 04	18:30	USD Unemployment Rate (DEC)	High		3.7%	3.7%
Fri Jan 04	18:30	USD Change in Non-farm Payrolls (DEC)	High		180k	155k
Fri Jan 04	18:30	USD Change in Private Payrolls (DEC)	Medium		185k	161k
Fri Jan 04	18:30	USD Average Hourly Earnings (YoY) (DEC)	Medium		3.0%	3.1%
Fri Jan 04	21:00	USD DOE U.S. Crude Oil Inventories (DEC 28)	Medium		-2150k	-46k

Source: Forex Factory, DailyFX

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