

Commodity News

Monday, January 07, 2019



Gold

Technical

Gold markets initially rallied during the week. The \$1300 level of course is a psychologically important figure, and the fact that it turned around of form a hammer after the brutal candlestick on Friday suggests that perhaps Gold is going to continue to be very noisy. At this point, the \$1250 level underneath will be supportive, and perhaps even the top of the up trending channel that it just broke out of. At this point, the market participants will be looking for value, as gold has certainly broken out to the upside. Ultimately, it is probably going to go looking towards the \$1400 level, but if it did break down below the \$1250 level, then it could drop back down to the \$1200 level. This pullback will be looked at as a nice entry though, so be patient and look for buying opportunities this coming week, especially if the US dollar gets hammered again as it will lift the value of gold by default.

Pivot:	1,286		
Support	1,286	1,281	1,276
Resistance	1,302	1,298	1,293

Source: FX EMPIRE

Highlights

- Gold prices helped by a weaker dollar on expectations
- A relief rally in Asian equities triggered by the Fed's dovish stance and strong U.S jobs data limited the yellow metal's upward momentum
- Gold has performed well over the past few weeks, an important reason for this has been increased equity volatility
- There is potential for gold to spike to \$1,365 in 2019
- A combination of rising open interest on Comex and the gold price going up shows that new longs are coming into the market

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 edged down as equities rose on a recovery in risk appetite following comments by U.S Federal Reserve Chairman Jerome Powell that the central bank would be patient and flexible in steering the course of interest rates.
- Spot gold had dropped about 0.1 percent to \$1,284.05 per ounce. U.S gold futures were down about 0.1 percent at \$1,285.10 per ounce. The dollar index, which tracks the greenback against its major peers, inched down.
- The Fed chairman on Friday sought to ease market concerns that the U.S central bank was ignoring signs of an economic slowdown, saying he was aware of the risks and would be patient and flexible in policy decisions this year.
- Investors had expected the Fed to stay on its tightening path after three hikes last year, but the ongoing trade war and recent disappointing corporate earnings have put those expectations to rest.
- Given the uncertain financial market climate, gold should continue to flourish, and for those that have missed the boat, pullbacks could be an excellent opportunity to engage.
- US equities tumbled in December, the holdings of gold-backed exchange traded funds rose by 2.25m ounces, helping to drive the price of the metal to six-month highs of more than \$1,290 a troy ounce.
- It forced funds that had placed speculative wagers against gold in the US futures market to cover their positions, sending the market from a net short to a net long position, where bullish wagers outnumber bearish bets for the first time since June 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

Crude Oil

Technical

The WTI Crude Oil market bounced during the week but ran into trouble at the downtrend line that you see marked on the chart. Beyond that, it has the \$50 level above that could probably cause quite a bit of resistance. If it break above the \$50 level, the market could go to higher levels, perhaps as high as \$55 where it would see even more resistance. Because of this, it anticipate that it probably will get a little bit of a pullback, but it clearly have an area that if it break above, that would be a bullish turn of events. Brent markets rallied as well, breaking into a downtrend line, but giving back some of the gains. Because of this, the market will probably continue to struggle at the \$60 handle. Short-term pullbacks could be buying opportunities for those who are willing to put a stop loss just below the \$50 level. However, if \$50 gets broken to the downside, this market will go much lower.

Pivot:	48.10		
Support	48.10	47.45	46.50
Resistance	50.70	50.25	49.70

Source: FX EMPIRE

Highlights

- Oil prices surge more than 4 percent after falling by \$1 a barrel earlier in the session
- Crude futures jumped as much as 5 percent earlier in the session
- Crude oil inventories rose by 7,000 barrels in the week ending Dec. 28, to 441.42 million barrels
- Brent crude oil forecast for 2019 from \$70 per barrel to \$62.50 a barrel because of the strongest macro headwinds since 2015
- OPEC oil supply fell in December by 460,000 barrels per day to 32.68 million bpd, led by cuts from top exporter 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 jumped by more than 1 percent today, pushed up by optimism that talks in Beijing can resolve a trade war between the United States and China, while supply cuts by major producers also supported crude.
- Brent crude futures were at \$57.86 per barrel, up 80 cents, or 1.4 percent, from their last close. U.S. West Texas Intermediate crude oil futures were at \$48.77 per barrel, up 81 cents, or 1.7 percent.
- More fundamentally for oil markets, investors said crude future prices were being supported by supply cuts started late last year by a group of producers around the Middle East-dominated Organization of the Petroleum Exporting Countries (OPEC) as well as non-OPEC Russia.
- In the United States, crude oil production stayed at a record 11.7 million barrels per day in the last week of 2018, according to weekly data by the Energy Information Administration (EIA) released on Friday.
- Prior to the tit-for-tat tariffs being imposed from the middle of last year, crude oil was a success story in the U.S-China trade relationship as Beijing bought increasing volumes of booming U.S shale oil production.
- Using crude oil for politics is certainly nothing new, so the resumption of trade between China and the United States may well depend on the status of talks between the administration of President Donald Trump and its counterpart in Beijing.
- However, if the U.S-China crude trade was strictly about economics, it's likely that U.S crude prices will have to fall some more, especially relative to competing grades of West African crude.

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 rallied during most the week but ran into some trouble on Friday as it has the jobs figures stronger than anticipated. The \$16 level of course offered a certain amount of psychological resistance, the level has been important more than once. The market is on the wrong side of the trade for the most part, speaking to several commercial speculators and hedgers. Just two weeks ago, the suggested pricing for silver going forward was closer to the \$14 level. Ultimately, it had the break out and a lot of investors and commercial specs on the wrong side will continue to help the markets go to the upside. Beyond that, Jerome Powell suggested during the day on Friday that perhaps the Federal Reserve might be a bit more flexible, meaning that interest rate hikes may not be coming in 2019, or at least not as many as originally thought.

Pivot:	15.65		
Support	15.65	15.56	15.46
Resistance	16.01	15.96	15.87

Source: FX EMPIRE

Highlights

- Silver prices were up 0.5 percent at \$15.77 per ounce
- The rise in silver prices to a firming trend overseas as the weak dollar boosted demand for safe-havens
- A weak dollar means silver will appreciate as the commodity becomes cheaper in other currencies, giving rise to its demand
- Silver prices will be going higher in due time because of the Fed comments
- Silver prices are headed higher and are approaching bull markets

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 American trade, snapping the longest winning streak since June 2014 while still heading for the third weekly profit in a row, as the dollar index fell off June 2017 highs.
- Silver markets went back and forth during the trading session on Friday, something that would expect due to the volatility of that figure and of course the importance of the announcement. Silver futures due in March fell 0.52% to \$15.71 an ounce off six-month highs, as the dollar index shed 0.13% to 96.15 off 1-1/5 year highs.
- Earlier US data showed the unemployment rate rose to 3.9% in December from 3.7% in November, which was the lowest since 1969, while analysts expected no change.
- Silver prices gained 0.12 per cent to Rs 39,221 per kg in futures trade today as participants increased bets amid firm global trend. US average hourly earnings rose 0.4% in December, beating estimates of 0.3% and up from 0.2% in November.
- The US economy added 312 thousand new jobs in December, the fastest such pace since February 2018, and beating estimates of 179K, and compared to November's 176K, revised from 155K.
- Federal Reserve Chair Jerome Powell participated in a panel discussion titled "Federal Reserve chairs: Joint Interview" at the American Economic Association's Annual Meeting, in Atlanta, while Congress passed bills to end the partial government shutdown starting two weeks ago, in order to fund several federal agencies until February 8.

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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Monday, January 07, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Mon Jan 07	04:50	JPY Loans & Discounts Corp (YoY) (NOV)	Medium	3.66%		3.3%
Mon Jan 07	04:50	JPY Monetary Base End of period (DEC)	Medium	¥504.2t	¥505.8t	¥501.6t
Mon Jan 07	05:30	JPY Nikkei Japan PMI Services (DEC)	Medium	51.0		52.3
Mon Jan 07	12:00	EUR German Retail Sales (YoY) (NOV)	Medium	1.1%	-0.4%	5.0%
Mon Jan 07	12:00	EUR German Factory Orders n.s.a. (YoY) (NOV)	Medium	-4.3%	-2.7%	-2.7%
Mon Jan 07	13:30	EUR Markit Germany Construction PMI (DEC)	Medium	53.3		51.3
Mon Jan 07	15:00	EUR Euro-Zone Retail Sales (YoY) (NOV)	Medium		0.4%	1.7%
Mon Jan 07	20:00	USD ISM Non-Manufacturing/Services Composite (DEC)	High		59.0	60.7
Mon Jan 07	21:30	USD U.S. to Sell USD39 Bln 3-Month Bills	Low			

Source: Forex Factory, DailyFX

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