

# Commodity News

Friday, February 08, 2019



## Gold

### Technical

Gold prices rebounded from session lows despite a rising dollar. The dollar gained traction despite a selloff in US yields as yields in both European and the UK declined. Sellers hit the gold market hard earlier in the session on concerns over the weakening global economy. This news helped drive up the U.S Dollar which led to a drop in demand for dollar-denominated gold. Prices were unable to recapture resistance near the 10-day moving average which was former support near 1,311. Support is seen near the January lows at 1,280. A trade through \$1331.10 will signal a resumption of the uptrend. A trade through \$1281.50 will change the main trend to down. The short-term range is \$1281.50 to \$1331.10. Its retracement zone at \$1306.30 to \$1300.40 is support.

Pivot:	1,308		
Support	1,308	1,305	1,302
Resistance	1,319	1,317	1,314

Source: FX EMPIRE

### Highlights

- Gold prices traded close to a more than one-week low on yesterday after pressured by a stronger dollar
- The U.S dollar's strength was also capping gold's gains
- There is still a lot of uncertainty in the market and that is keeping gold above \$1,300
- Gold should remain in good demand, after all the political risks appear to be increasing again
- SPDR gold holdings fell for a fifth straight session, shedding over 1% for the week in what could be their worst fall since the week ended Oct. 7

### 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 was trading close to a more than one-week low yesterday, pressured by a stronger dollar, though concern over the Sino-U.S trade conflict and the global economy kept prices above a \$1,300 support level.
- Spot gold was steady at \$1,306.21 an ounce after touching its lowest since Jan. 29 at \$1,302.11. Prices fell 0.7 percent in the previous session in their biggest one-day drop since Jan. 18. U.S gold futures were down 0.3 percent at \$1,310.70.
- The dollar index, which tracks the greenback against major currencies, was on course for a sixth session of gains and trading close to a two-week high, making bullion more expensive for holders of other currencies.
- Uncertainty over U.S–China trade relations and the potential for another U.S government shutdown continue to underpin interest toward \$1,300 and should see supportive price action remain over the near term.
- Some of our growth indicators are clearly seeing easing global activity and trade volumes are being hit. That makes people cautious and could derive support for gold around \$1,300-\$1,330 range.
- U.S unemployment benefits dropped from near a 1-1/2-year high last week to 234,000, while it had forecast claims falling to 221,000. The negative trade talk headlines saw some safe-haven buying re-emerge.
- Gold rose to its highest since late April last week after the U.S Federal Reserve kept interest rates steady, but it has since lost ground as the dollar has firmed. Mounting global growth worries dragged on equity markets.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
01/03/2019	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
01/10/2019	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
01/17/2019	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
01/24/2019	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

Crude oil markets broke down, showing signs of momentum running out. Based on the current price at \$51.85, the direction of the March WTI crude oil market the rest of the session is likely to be determined by trader reaction to the short-term pivot at \$53.21. Lower demand for risk is also helping to accelerate the selling. The main trend will officially change to down on a trade through \$51.33. A move through \$55.75 will signal a resumption of the uptrend. The market is also trading lower for the week, putting the market in a position to post a potentially bearish closing price reversal top. The short-term range is \$50.66 to \$55.75. Its 50% level or pivot is \$53.21. Trading on the weak side of this level is also contributing to the downside momentum. If the trend changes to down then its retracement zone at \$49.21 to \$47.67 will become the primary downside target.

Pivot:	52.75		
Support	51.80	51.35	50.95
Resistance	53.75	53.10	52.75

Source: FX EMPIRE

### Highlights

- Oil prices declined sharply as it pressured by worries about energy demand and a stronger dollar
- The oil price is showing a 20 percent gain so far this year
- Price support is provided by supply cuts led by the OPEC to tighten the market
- The market is worried about whether demand is sufficient to absorb growing crude production from the U.S
- A firmer greenback tends to weigh on sentiment for all commodities

### 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 fell about 2 percent as the market weighed down by concerns that global demand growth would lag in the coming year. A richer dollar makes commodities priced less attractive to investors using another currency.
- The market also contended with the possibility that oil producers would not adhere strictly to cuts agreed to last year. Brent crude futures fell \$1.06 a barrel, or 1.7 percent, to settle at \$61.63. U.S crude futures fell \$1.37 a barrel, or 2.5 percent, to settle at \$52.64.
- A rebound from late December lows seemed to stall amid worries that a trade war between the U.S and China would continue, weighing on demand. U.S sanctions against Venezuela's oil industry are expected to freeze sales proceeds of Venezuelan crude exports to the United States.
- The oil price also came under pressure as weekly data published by the U.S Energy Information Administration on Wednesday showed an unwelcome increase in stocks of crude oil.
- A decline in OPEC production and a squeeze on supply from Iran and Venezuela because of U.S sanctions have led it to forecast that the market will be balanced in 2019.
- Saudi Arabia, the world's top oil exporter, told OPEC it had pumped 10.24 million bpd in January, a deeper cut than targeted in the supply pact. The kingdom pumped 10.643 million bpd in December.
- Lower oil prices between 14 percent and 18 percent lower in January than their 2018 average, likely to stimulate economic activity and oil demand, particularly in emerging markets.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/27/2018	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
01/03/2019	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
01/10/2019	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
01/17/2019	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
01/24/2019	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

Silver markets tried to rally a bit during the trading session yesterday but got rolled over again as it continue to hover around the \$15.70 region. This is an area that should begin support, so it could get investors at this point but the 20 day EMA is starting to roll over a bit. It could very well drift a little bit lower. It may need to test the \$50.50 level underneath to find more investors. It's not a huge surprise that it struggled just above the \$16 level considering that it is a large, round, psychologically significant figure and an area that where it had seen a lot of action in the past. The 200 day EMA underneath of course will offer support, so there is enough to believe that the investors will continue to go into this market and look for value as the Federal Reserve looks to be a bit soft. It seems lower levels to take advantage of just as other precious metals like platinum and gold.

Pivot:	15.68		
Support	15.68	15.62	15.57
Resistance	15.93	15.90	15.83

Source: FX EMPIRE

### Highlights

- Silver prices were up 0.1 percent at \$15.68 per ounce
- Silver futures fell in Asian trade off July 9 highs for the sixth session out of seven
- The dollar index traded mostly flat for the day, amid renewed concerns about trade talks and global growth
- The BoE cut growth estimates for the UK to 1.2% from 1.7% previously
- The Fed will probably a rate hike as the global economy slows down and weighs on the US

### 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 have erased modest early losses and have moved to slightly higher levels and at their session highs in morning dealings yesterday. Once again, investors have stepped in to "buy the dip" in the metals prices, which is a bullish phenomenon that occurs when prices are in an uptrend and the charts are bullish.
- Silver futures rose after four sessions of losses, as the dollar index rose against major rivals for six sessions, in turn hurting the white metal and other commodities.
- The U.S dollar index has also backed down from its daily high, which is encouraging a bit of buying interest in the precious metals markets. Silver is trading at about 83 times less than the price of Gold.
- The institute expects a positive year for the silver industry. The start of 2019 has already proven to be good for silver investors. Silver imports reached nearly 225 million oz. last year, which was over 35% higher compared to 2017.
- Silver was boosted by haven demand today amid global growth concerns and amid the ongoing US-China trade dispute and with Brexit uncertainty. Silver March futures inched up 0.1% to \$15.731 an ounce, with an intraday high at \$15.735, and a low at \$15.635.
- This year, the average price of silver is expected to rise around 7%, to \$16.75/toz. The volatility in the equity markets is motivating investors to look for alternative options such as precious metals, which will boost silver investment.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2018	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
12/12/2018	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
12/19/2018	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
12/29/2018	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
01/02/2019	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
Fri Feb 08	01:00	USD Consumer Credit (DEC)	Medium	\$16.554B	\$15.300b	\$22.408b
Fri Feb 08	04:50	JPY Housing Loans (YoY) (4Q)	Medium	2.4%		2.5%
Fri Feb 08	11:45	CHF Unemployment Rate (JAN)	Medium	2.4%	2.7%	2.7%
Fri Feb 08	12:00	EUR German Trade Balance (DEC)	Medium	13.9B	17.3b	20.4b
Fri Feb 08	14:00	EUR Italian Industrial Production (MoM) (DEC)	Medium	-0.8%	0.4%	-1.6%
Fri Feb 08	18:30	CAD Unemployment Rate (JAN)	High		5.7%	5.6%
Fri Feb 08	18:30	CAD Net Change in Employment (JAN)	High		5.0k	9.3k
Fri Feb 08	18:30	CAD Hourly Wage Rate Permanent Employees (YoY) (JAN)	Medium		1.6%	1.5%
Fri Feb 08	23:00	USD Baker Hughes U.S. Rig Count (FEB 8)	Medium			1045

Source: Forex Factory, DailyFX

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