

Commodity News

Thursday, February 21, 2019



Gold

Technical

Gold prices moved lower in late trading after hitting a fresh high for 2019. The Fed minutes were bearish for the dollar and bullish for riskier assets, which should pave the way for higher gold prices. Gold prices hit a fresh high for 2019, moving up to 1,346 as resistance is seen near the 2018 highs at 1,365, while support is seen near the 10-day moving average at 1,318. Short-term pullbacks should have plenty of support underneath at the \$1325 level, which of course was massive resistance. If it break down below \$1300, than there is even more support at the \$1275 level. The US dollar is relatively high against many other currencies is that there are so many issues in the European Union and of course the whole nonsense going back and forth with the Brexit.

Pivot:	1,343		
Support	1,330	1,327	1,322
Resistance	1,350	1,346	1,343

Source: FX EMPIRE

Highlights

- Gold prices were rising again as scared investors seek refuge from paltry bonds yields
- Gold prices rallied more than 14% since the low of \$1,174 in August
- The dollar rebounded after the minutes and gold investors are now taking profits
- Negative-yield bonds make gold look better than it would otherwise
- If the economy gets weak then the Fed could cut interest rates later this year, which makes gold more attractive

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 below the previous session's 10-month peak as the dollar inched up after minutes from the last U.S Federal Reserve meeting rekindled expectations of another rate hike this year.
- Spot gold had inched up 0.1 percent to \$1,340.14 per ounce, having touched \$1,346.73 per ounce in the previous session, its highest level since April 19. U.S gold futures were down 0.5 percent at \$1,340.90 an ounce.
- The Fed, in the minutes of its latest meeting in January, said the U.S economy and its labour market remained strong, prompting some expectations of at least one more interest rate hike this year.
- Spot gold may retrace into a range of \$1,321-\$1,331 per ounce and could have peaked around resistance at \$1,351 per ounce. Higher interest rates make gold less attractive since it does not pay interest and costs to store and insure.
- After finding major support at the \$1,300 per ounce mark, gold prices have witnessed an upthrust, and moved past the invincible \$1,326 per ounce mark. This has set the upwards path for gold towards \$1,365 per ounce in the near-term.
- The metal recently fetched \$1,344 a troy ounce, a level it hadn't seen since April 2018, or 10 months ago. Gold is highly exposed to the emerging markets, which make up more than half of its global demand.
- Markets were still on the lookout for signs of progress in the latest round of trade negotiations between the US and China, amid expectations that U.S President Trump will meet Chinese President next month to strike a deal.

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

The WTI Crude Oil market has shown itself to be a bit sluggish as it initially pulled back but rallied enough to get back to somewhat flat. There is a significant amount of resistance at the \$57.50 level, and if it can break above there it would be a very bullish sign. A significant amount of resistance at the \$57.50 level is a very bullish sign. A trade below the previous main top at \$56.05 will be a sign of weakness. The minor trend is also up. A move through \$53.51 will change the minor trend to down. This will also shift momentum to the downside. Brent markets also went back as it continue to see a lot of trouble. The market will show bullish pressure eventually, but it may get the occasional pullback. Although the market has recovered all of its earlier losses, the buying looks a little tentative. The next major upside target is a 50% level at \$59.51.

Pivot:	56.75		
Support	56.75	56.10	55.65
Resistance	58.40	58.00	57.60

Source: FX EMPIRE

Highlights

- Oil marked highest as signs of tighter global crude supplies outweigh pressure from a continued rise in U.S production
- The oil market is supported by the OPEC and non-OPEC cuts from countries that are determined to see higher prices and supply disruptions
- The market this week has pushed to three-month highs on expectations of tightened supplies
- The OPEC and other producers, agreed to reduce oil supply by 1.2 million bpd from Jan. 1 this year
- Nigeria is willing to reduce oil output to help secure higher prices

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

- Crude prices rose more than 1 percent today to their highest level this year on hopes that oil markets will balance later this year, helped by output cuts from top producers as well as U.S sanctions on OPEC members Iran and Venezuela.
- Market fears over trade talks between the United States and China had helped push oil prices lower in early trade, but the market reversed after signs of progress emerged and strengthened equity markets.
- Prices had already found support from growing optimism that the U.S and China could strike a trade deal, as well as evidence of shrinking global supply because of OPEC-led production cuts.
- The supply side of the market continues to focus on output cuts by OPEC and its allies and continued growth for U.S shale production, which has stalled a bit of late after a strong start to the year.
- The U.S Energy Information Administration said in monthly report that it expects oil production from seven major U.S shale plays to climb by 84,000 barrels a day in March to 8.398 million barrels a day.
- The EIA to report an increase of 3.5 million barrels in crude stockpiles for the week ended Feb. 15. They also forecast supply declines of 1.1 million barrels for gasoline and 1.4 million barrels for distillates, which include heating oil.
- Brent futures rose 63 cents, or 0.95 percent, to settle at \$67.08 a barrel. U.S. West Texas Intermediate crude for delivery in March settled at \$56.92 a barrel, up 83 cents, or 1.48 percent.

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 have rallied significantly during the trading session yesterday, breaking above the \$16 level. If the greenback continues to soften, then it makes a lot of sense that Silver will pick up against that, especially as gold has been doing the same thing. If it break down below those moving averages, then things change. The strength of US dollar will be a bit of an obvious move to the downside and silver, gold, and other currencies around the world against the US dollar. Ultimately, a short-term pullback should offer a nice buying opportunity as the greenback will continue to get hammered over the next several sessions. The uptrend line underneath should continue to offer support, and so far it continue to make “higher highs” as it go to the upside. There is a lot of noise that will be difficult to overcome, but once it do it might towards the \$17 level eventually.

Pivot:	16.10		
Support	15.86	15.77	15.72
Resistance	16.21	16.14	16.10

Source: FX EMPIRE

Highlights

- Silver prices stood little changed at \$16.03 an ounce
- Silver have a lot of industrial applications but can also serve as stores of wealth
- The Fed had surprised markets late last month when it abruptly put future rate moves on hold
- The U.S stock indexes remain in near-term price uptrends and they are near their recent 2.5-month highs
- March Comex silver was last up \$0.033 at \$16.00 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 rose for the fifth straight session, while dollar weakened. Silver rose 0.55% to \$16.05 an ounce, with the highest since January 31 at \$16.07. The recent change in Fed policy stance to one of more accommodative monetary conditions has been a significantly bullish underlying factor for several commodity markets, including the precious metals.
- The white metal rose 1% yesterday, the fourth profit in a row and the longest such streak this year. The dollar index is trading at two-week lows after marking the fourth daily loss in a row with a drop in 10-year treasury yields.
- Silver prices are modestly up and chart-based buying is featured this week in silver markets, as white metal has seen its technical postures improve just recently. More accommodative monetary policies from the world's major central banks are also working in favor of the commodity market bulls.
- Market conditions have made a big improvement this year for precious metals as silver prices have made an interesting run which keeps rising up 15 percent since summer. Investors are bidding up the greenback and pushing yields at the short-end a little bit higher.
- The January minutes revealed that the Fed officials discussed concerns around slower global economic growth, especially in China, noting that some downside risks have increased since the December meeting.
- Now investors await the Federal Reserve's meeting minutes for the January 29-30 meeting, at which policymakers voted to hold rates unchanged below 2.50%.

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
Thurs Feb 21	18:30	USD Initial Jobless Claims (FEB 16)	Medium		230k	239k
Thurs Feb 21	18:30	USD Continuing Claims (FEB 09)	Medium		1740k	1773k
Thurs Feb 21	18:30	USD Durable Goods Orders (DEC P)	High		1.80%	0.70%
Thurs Feb 21	18:30	USD Durables Ex Transportation (DEC P)	Medium		0.30%	-0.40%
Thurs Feb 21	19:45	USD Markit US Manufacturing PMI (FEB P)	Medium		55.0	54.9
Thurs Feb 21	20:00	USD Leading Index (JAN)	Medium		0.20%	-0.10%
Thurs Feb 21	20:00	USD Existing Home Sales (MoM) (JAN)	Medium		0.20%	-6.40%
Thurs Feb 21	21:00	USD DOE U.S. Crude Oil Inventories (FEB 15)	Medium			3633k
Thurs Feb 21	22:35	CAD Bank of Canada Governor Stephen Poloz Speech	High			

Source: *Forex Factory, DailyFX*

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