

# Commodity News

Friday, March 22, 2019



## Gold

### Technical

Gold markets gapped yesterday, then reached towards the \$1323 level before rolling over. By doing so, the market has formed a relatively negative candle stick, but there is significant support underneath as well. The \$1300 level underneath should be supportive, just as the 50 day EMA that sits right underneath it should be. Gold prices whipsawed as investors took profits on their short dollar positions. US yields also whipsawed as riskier assets surged in value. The Fed delivered a dovish hold of monetary policy and reduced its growth forecasts for 2019 and 2020. In addition, the average eliminated the number of rate hikes declined from 2 in December to zero in March 2019. This is a market that will continue to see a lot of volatility, as it will move in relation to the US dollar.

Pivot:	1,314		
Support	1,303	1,298	1,293
Resistance	1,326	1,320	1,314

Source: FX EMPIRE

### Highlights

- Gold will test multi-year highs in the mid-\$1,300s again in the coming weeks
- Higher interest rates raise the opportunity costs of holding gold, which earns nothing and costs money to store and insure
- Gold is still on track for a third straight weekly gain, up about 0.6 percent so far this week
- The dollar index is pushing up and weighing on the gold market, equity markets are starting to come back
- There was lot of profit-taking in gold after yesterday's big jump and investors went into equity markets

### 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 steady today below a three-week peak hit the day before, pressured by rising stock markets but remaining on track for a third straight weekly gain after the U.S Federal Reserve said there would be no further interest rate hikes this year.
- Spot gold was steady at \$1,309.25 per ounce, while U.S gold futures gained 0.1 percent to \$1,309 an ounce. Spot prices rose to their highest since Feb. 28 at \$1,320.22, before paring gains to end the day down 0.2 percent.
- Gold is getting good support at the \$1,300 price level and fundamentally, the Fed not rising rates this year is a strong signal for gold. The dollar eased against sterling after the European Union agreed to delay Britain's exit from the organisation, and was down 0.2 percent against its key rivals.
- The Fed earlier this week brought its three-year drive to tighten monetary policy to an abrupt end, abandoning projections for any interest rate hikes this year.
- The dollar largely held onto the previous session's gains in early Asian trade today, while sterling edged up on news that Britain could leave the European Union without a Brexit deal at a slightly later date.
- The dollar was up 0.8%. A stronger dollar can dull investment interest in dollar-denominated prices of gold from investors using other currencies, and vice versa.
- The precious metals that are priced in the U.S unit continued to rise, but finished off the session's highs. Although strength in the dollar kept prices in check.

### 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 initially pulled back during the trading session yesterday, only to find buyers to push it to the upside. Ultimately, this is a market that should continue to see more momentum to the upside, but it's going to take some time to build up confidence. Brent markets went back and forth during the day, perhaps lagging the WTI market a bit. However, it is still well above the 200 day EMA and of course the \$67.50 level. This is a market that has shown the lot of bullish momentum, but it looks like the market is ready to continue to go much higher. The \$70 level above should be a target, as it is the scene of a gap in the past. The market will try to fill that gap, but obviously it's got some work to do. The market is currently trading inside this zone just above the 50% level at \$59.63. The new short-term range is \$54.87 to \$60.39.

Pivot:	60.25		
Support	59.55	59.00	58.65
Resistance	60.95	60.65	60.25

Source: FX EMPIRE

### Highlights

- Oil edged lower but held near 2019 highs, supported by a sharp tightening of global stocks
- The Fed lowered its 2019 GDP view to 2.1% from 2.3% alongside a steeper drop for 2020 to 1.9%
- The U.S oil market is no longer oversupplied, which should benefit WTI and result in further price convergence
- U.S crude oil stocks are slightly below the five-year average
- Crude prices have been pushed up by almost a third since the start of 2019 by supply cuts led by OPEC

### 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 hovered slightly below 2019 peaks today, propped up by ongoing supply cuts led by producer club OPEC and by U.S sanctions on Iran and Venezuela. U.S crude production returned to its record of 12.1 million bpd last week
- Brent crude oil futures were at \$67.90 per barrel, 4 cents above their last close. Brent hit a four-month high of \$68.69 per barrel the day before. U.S West Texas Intermediate futures were at \$59.96 per barrel, down 2 cents from their last settlement.
- Oil prices this year have been propped up by supply cuts by the Organization of the Petroleum Exporting Countries and non-affiliated allies such as Russia. Global economic growth still remains a concern.
- Iranian crude oil shipments have averaged just over 1 million bpd in March, down from 1.3 million bpd in February and a 2018 peak of at least 2.5 million bpd in April. The average 1 million bpd in Iranian exports since November seems likely to fall further.
- Venezuelan oil production has also dwindled amid U.S sanctions and an internal political and economic crisis, plunging from a high of more than 3 million bpd at the start of the century to just 1 million bpd.
- Increasing exports, which have doubled over the past year to more than 3 million bpd. The International Energy Agency estimated that the United States would become a net crude oil exporter by 2021.
- A nearly 10-million-barrel fall in U.S crude stocks last week, the largest drop since last July, boosted by strong export and refining demand, according to the U.S government's Energy Information Administration.

### 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 broke higher on the initial gap during the trading session yesterday, reached much higher but then turned around to show signs of exhaustion again. By doing so, if the silver market is probably going to drop from here, at least pulling back in the short term. Overall, it looks like the market is going to find the \$15.50 level significant, as it has seen several pullbacks from that level. However, if it can turn around and break above the top of the candle stick for the yesterday session, it could go much higher. It suspect that were going to get a pullback to roughly \$15.28 though, so having said that short-term selling will probably continue to be a major issue. The US dollar will of course have a significant influence on what happens with the precious metals market, as a stronger US dollar will typically work against both silver and gold.

Pivot:	15.56		
Support	15.35	15.24	15.10
Resistance	15.69	15.63	15.56

Source: FX EMPIRE

### Highlights

- Silver prices gained 0.1 percent to \$15.48 per ounce
- The U.S dollar and stock market are still the strongest assets even if the U.S economy is slowing down a bit
- Silver prices were modestly up but well down from their daily highs that saw three-week highs in earlier U.S trading
- May Comex silver was last up \$0.077 at \$15.39 an ounce
- U.S stocks initially were supported on the dovish Fed stance

### 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 fluctuated higher in a tight range to see their eighth session rise in 12 sessions since December 26 as the dollar index fell for the ninth session in 12 sessions from its highest since 21 of June 2017 according to the reverse relationship between them and economic data expected by the US economy, the largest economy in the world.
- Silver futures rose 0.06% to currently trade at \$15.48 an ounce, resuming its rebound from a three-month low against the opening at \$15.47 an ounce, amid a drop in the US dollar index by 0.01% to 95.31, resuming its falls from the highest in nearly two years compared to the opening at 95.32.
- Investors expect the US economy to release the preliminary reading of the PMI index for March, amid expectations of the expansion of the industrial sector to 53.5 compared to 53.0 in February, and a shrink in service sector to 55.7 versus 53.0 in February.
- The FOMC statement said the Fed would keep U.S interest rates unchanged and plans no more rate hikes this year. The statement also said the U.S labor market remains strong but U.S economic growth has slowed a bit, as evidenced by slower household spending and lower business investment.
- To the release of housing market data with the existing home sales index, which may reflect a rise of 3.2% to 5.10 million against a decline of 1.2% at 4.94 million in January.
- On Wednesday, US President Donald Trump said his administration was considering maintaining long-term tariffs until China's commitment was confirmed.

### 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 Mar 22	04:30	JPY National Consumer Price Index (YoY) (FEB)	High	0.20%	0.30%	0.20%
Fri Mar 22	17:30	CAD Consumer Price Index (YoY) (FEB)	High		1.40%	1.40%
Fri Mar 22	18:45	USD Markit US Manufacturing PMI (MAR P)	Medium		53.6	53
Fri Mar 22	18:45	USD Markit US Services PMI (MAR P)	Medium		55.8	56
Fri Mar 22	18:45	USD Markit US Composite PMI (MAR P)	Medium			55.5
Fri Mar 22	19:00	USD Wholesale Inventories (MoM) (JAN)	Medium		0.10%	1.10%
Fri Mar 22	19:00	USD Existing Home Sales (MoM) (FEB)	Medium		3.20%	-1.20%
Fri Mar 22	22:00	USD Baker Hughes U.S. Rig Count (MAR 22)	Medium			1026
Fri Mar 22	23:00	USD Monthly Budget Statement (FEB)	Medium		-\$227.0b	\$8.7b

Source: Forex Factory, DailyFX

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