

Commodity News

Tuesday, March 26, 2019



Gold

Technical

Gold prices surged yesterday, as the euro gained traction following a stronger than expected German IFO report. Gold prices held up despite Friday's drop in the euro and rally in the greenback. The weaker than expected PMI figures drained the European currency. The US 10-year yield tumbled yesterday, declining down to the 2.40% level which is the lowest its been since December of 2017. The German bund yield also declined but the drop was less than the drop in US yields. The German 10-year yield is now trading below zero. This has paved the way for higher gold prices. Gold prices rallied climbing 0.7% and poised to test target resistance near a downward sloping trend line that comes in near 1,345. Supports is seen near the 10-day moving average at 1,307.

Pivot:	1,320		
Support	1,311	1,308	1,303
Resistance	1,327	1,324	1,320

Source: FX EMPIRE

Highlights

- Gold prices are higher and notched a four-week high
- The U.S dollar index weaker on a corrective pullback from solid gains late last week
- Gold continued to benefit from investors going into safe haven assets
- Gold can easily add another \$10-20 in the coming sessions before it start to move into technically challenging resistance
- Further consolidation and base building in gold may around \$1,300 in the next months

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 rose to a more than three-week high yesterday, helped by a weaker dollar and as worries over global economic growth pushed investors into safe-haven assets.
- Spot gold rose 0.7 percent to \$1,322.7 an ounce, its highest since Feb. 28. Last week it posted its third consecutive weekly gain, rising about 1 percent. U.S gold futures settled 0.8 percent higher at \$1,322.6.
- The dollar has been a bit weaker along with equities. A lot of macro numbers we have been getting have been deteriorating sharply. Central banks, which are already dovish, will be more dovish, which is good for gold.
- Equity markets hit a 12-day low on global economic worries after an inversion in the U.S bond yield curve on Friday stoked fears that the world's largest economy was headed for recession, boosting demand for assets such as gold and the yen while denting the dollar.
- Gold has not managed to rally that much in a friendly environment. It is yet to get to 2018 highs, where it had a much better macro environment. Investors have lost some risk appetite, to the benefit of safe-haven gold.
- Gold has gained more than 13% since touching more than 1-1/2 year lows last August, mainly driven by a dovish U.S Federal Reserve and global growth concerns. But prices are down from a 10-month high hit in February at \$1,346.73.
- While prices have thus far avoided closing above levels that would imply substantial buying, the bar is low for algorithmic trend followers to substantially add to their length above \$1,315.

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 initially pulled back but has turned around of form a bit of a hammer like candle. With even more interesting is that it is at the 200 day EMA, so that's obviously a very bullish sign. There seems to be a lot of technical buying in this area, and if it can turn around to make a fresh, new high that would be an extraordinarily bullish sign as it would leave the previous gap not only filled but behind us. The alternate scenario of course would be that it break down below the hammer, which of course would be very negative. At that point it could drop down to \$55. Brent markets initially fell as well but turned around to show signs of life again. At this point, it's very likely that it will continue to see a lot of volatility, but it certainly looks as it will chop overall, and perhaps consolidate. At this point, it's very likely that the \$65 level underneath would be rather supportive as well.

Pivot:	58.90		
Support	58.90	58.50	58.20
Resistance	60.40	60.05	59.70

Source: FX EMPIRE

Highlights

- Crude oil prices are near steady and traded around \$59.00 a barrel
- Libya's oil recovery, causing production to be volatile
- A reduction in the rate of global oil demand growth as becoming a larger price influencer during the next few weeks
- U.S crude inventories last week were forecast to have drawn down for a third straight week
- A combination of bullish and bearish indicators would likely keep prices steady in the near term

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 were mixed yesterday, as concerns about a slowdown in global economic growth lingered, offset by the prospect of tighter U.S crude supply. Global prices found support from ongoing cuts among major crude producers as well as tensions in Venezuela.
- Brent crude oil futures climbed 23 cents to \$67.26 a barrel, while U.S crude settled 0.4 percent lower at \$58.82 per barrel. The oil market was worried about a global recession.
- The latest data is expected to show U.S crude inventories falling for a third straight week, after having declined by nearly 10 million barrels the prior week on a near-record week for exports.
- Oil prices took a hit last week after cautious remarks by the U.S Federal Reserve and weak factory data from the United States, Europe and Asia led to the inversion of the U.S Treasury yield curve for the first time since 2007.
- Three-month Treasury bills currently yield more than 10-year notes. An inverted yield curve, where long-term rates fall below short-term ones, has historically pointed to a looming recession, as it reflects investor belief in greater short-term risk.
- Members of the OPEC and other major oil producers, including Russia, have pledged to curb crude production by around 1.2 million barrels a day from October levels for the first half of this year to prop up markets.
- Supply cuts by the Organization of the Petroleum Exporting Countries and allies such as Russia also supported prices. OPEC's de-facto leader Saudi Arabia is pushing for Brent crude prices to surpass \$70 per barrel.

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

Commodity News

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Silver

Technical

Silver markets continue to be bullish and resilient, as it is pressing the underneath of a major uptrend line, which should now offer a significant bout of resistance. This coincides with roughly \$15.58, and this is right in that neighborhood. If it can break above the couple of shooting stars from both Thursday and Friday, then the market goes looking for the \$16.00 level. On the other hand, if the market can break out above those candlesticks, that should send Silver much higher. It will be interesting to see how that plays out, but overall it should be cautious about jumping in right away. After all, a breach of a couple of shooting stars is a very significant bullish sign, and a breach of major resistance. US dollar has its usual influence on precious metals, and if it can get some softness in the greenback that should be enough to send precious metals overall to the upside.

Pivot:	15.58		
Support	15.35	15.26	15.19
Resistance	15.70	15.63	15.58

Source: FX EMPIRE

Highlights

- Silver prices silver gained 1 percent to \$15.56 per ounce
- If world stock markets continue to suffer then gold and silver prices will likely continue to trend higher
- Investors have lost some risk appetite, to the benefit of safe-haven silver markets
- Benchmark 10-year Treasury yields fell to their lowest levels since December 2017
- May Comex silver was last up \$0.163 at \$15.57 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 prices rose during today's trading, amid the dollar's decline against most major currencies as well as the decline in stock markets, and investors' tendency towards metals as a safe haven.
- Silver futures May delivery fell 0.05% to currently trade at \$15.54 per ounce, compared with the opening at \$15.55 an ounce, while the US dollar index rose 0.03% to 96.53 levels, resuming its rebound from its lowest in seven weeks compared to the opening at 96.50.
- Some safe-haven buying amid wobbly world stock markets, combined with chart-based buying interest, are lifting the two precious metals markets. While U.S stock indexes were slightly weaker.
- The markets are looking ahead to the US economy's release of housing market data with the Housing Starts and Building Permits reading, which may reflect a decline in February, where building permits are expected to drop 1.3% to 1,300 thousand permit versus a rise 1.40% at 1,345 thousand.
- For its part, the Federal Reserve lowered its forecast for growth of the world's largest economy to 2.1% this year from a previous estimate of 2.3%. the dollar index against most major currencies fell by 0.1% to 96.5 points, with a high of 96.6 points and a low of 96.4 points.
- Global markets were concerned after industrial activity data in the US, the eurozone and Japan, showed weak readings that raised concern about slowing economic growth. While the yield curve inverted further as investors evaluated last week's dovish pivot by the Federal Reserve.

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
Tues Mar 26	12:45	EUR French Gross Domestic Product (YoY) (4Q F)	Medium	1.00%	0.90%	0.90%
Tues Mar 26	17:30	USD Housing Starts (MoM) (FEB)	Medium		-0.80%	18.60%
Tues Mar 26	17:30	USD Building Permits (MoM) (FEB)	Medium		-1.30%	1.40%
Tues Mar 26	18:00	USD House Price Index (MoM) (JAN)	Medium		0.40%	0.30%
Tues Mar 26	18:00	USD S&P CoreLogic CS 20-City (MoM) SA (JAN)	Medium		0.30%	0.19%
Tues Mar 26	18:00	USD S&P/Case-Shiller US Home Price Index (YoY) (JAN)	Medium			4.72%
Tues Mar 26	19:00	USD Consumer Confidence Index (MAR)	High		132.0	131.4
Tues Mar 26	19:00	USD Conf. Board Present Situation (MAR)	Medium			173.5
Tues Mar 26	20:30	USD U.S. to Sell USD26 Bln 52-Week Bills	Low			

Source: Forex Factory, DailyFX

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