

# Commodity News

Thursday, December 27, 2018



## Gold

### Technical

Gold markets initially dipped a little bit, but then broke above the top of the up trending channel, which of course is a very bullish sign. It suspect that pullbacks should be buying opportunities, especially considering that the Federal Reserve now looks like it's going to be a little less likely to raise hikes three times. The 50 day EMA underneath should continue to offer support, just as the \$1255 level will. This market should continue to reach towards the \$14 level over the longer-term, as it had been consolidating for some time. If it break down below the 50 day EMA, then the market would probably go looking towards the bottom of the channel, perhaps even the \$1200 level. If it break down below the \$1200 level, that could send this market much lower, perhaps reaching down to the \$1000 handle. It makes more sense to simply buy dips and ride out the volatility.

Pivot:	1,272		
Support	1,263	1,257	1,253
Resistance	1,279	1,275	1,272

Source: FX EMPIRE

### Highlights

- Gold rose to six-month highs yesterday as investors kept purchasing the precious metal as a safe haven against an uncertain global economy
- Gold prices traded as high as \$1,282.30 in earlier action
- The downdraft in global equity markets has firmed up gold's major support level to \$1,250
- Gold price is printing day's highs as the U.S dollar dips with markets continuing to scale a wall of worry
- Gold looks like it's breaking out higher with a short term target of \$1,300 and medium term target of \$1,360-\$1,370

### 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 inched higher today amid concerns about global economic growth and a partial U.S government shutdown, although a rebound in investor risk-appetite in the previous session limited gains.
- Spot gold rose 0.4 percent to \$1,271.85 per ounce. In the previous session, the metal hit \$1,279.06 an ounce, its highest since June 19. U.S gold futures inched up 0.1 percent to \$1,273.9 per ounce.
- Investors were unnerved by the partial U.S federal government shutdown and President Donald Trump's hostile stance towards the Federal Reserve chairman.
- With geopolitical uncertainty, investor interest in gold could push prices up to as much as \$1,280-\$1,300 in the coming year. Spot gold is up about 4.1% for the month, putting it on track to register its best December in about 10 years.
- Interest in gold, which is seen as a hedge against political and economic worries, has reflected in holdings of SPDR Gold, the largest gold exchange-traded fund. SPDR holdings are at their highest point since August and have risen about 6 percent since touching more than 2-1/2-year lows in October.
- Gold prices are testing the key resistance at \$1,274.60, and breaching this level will push the price towards \$1,286.70 on the near term basis. The dollar held its overnight gains versus its peers today, bolstered by a surge in U.S stocks and rising treasury yields.
- There are concerns about global growth in 2019, global geo-political uncertainties and Trump's continued attack on the Federal Reserve and how long the government shutdown will continue in the U.S.

### 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

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## Crude Oil

### Technical

The WTI Crude Oil market rallied, showing signs of life again. However, there is a lot of noise above and it's only a matter of time before the sellers come back. The \$50 level above should offer resistance as it was support, and of course the 50 day EMA is turned firmly down. A rally is probably a bit overdue, so the next couple of days could be positive, but quite frankly it's not until it clear \$55 that significant bullish technicals come back into play. Brent markets tested the \$50 level, showing signs of life during the day as well. However, in the WTI Crude Oil market, there is massive resistance above, in this situation it can be found at the \$60 handle. If it break down below the \$50 level that would obviously be a very significant turn of events and could send this market much lower. Ultimately, it will get an opportunity to sell this market at higher levels.

Pivot:	45.20		
Support	45.20	44.40	43.50
Resistance	48.30	47.50	47.00

Source: FX EMPIRE

### Highlights

- Crude-oil futures snapped back by some 8% yesterday, to break a string of three straight declines
- Crude inventories would drop 2.7 million barrels in the week to Dec. 21, marked fourth straight week fall
- Brent crude, the global benchmark, rose \$4, or 8 percent, to settle at \$54.47 a barrel. It earlier fell to \$49.93, lowest since July 2017
- If OPEC's cuts are fulfilled, WTI prices and Brent prices are expected to rise to \$50-60 a barrel and \$58-70 a barrel respectively next year
- Iran began selling crude oil to private companies for export in late October

### 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 surged yesterday, posting its strongest daily gain in more than two years in a partial rebound from steep losses that pushed crude benchmarks to lows not seen since 2017.
- Both U.S and Brent crude rose about 8 percent, their largest one-day increase since Nov. 30, 2016, when OPEC signed a landmark agreement to cut production. It was unclear whether follow-through buying would push prices higher again once trading desks are more fully staffed after the new year begins.
- Crude has been caught up in wider market weakness as the U.S government shutdown, higher U.S interest rates and the U.S-China trade dispute unnerved investors and exacerbated worries over global growth.
- U.S crude settled at \$46.22 a barrel, up \$3.69, or 8.7 percent. Even with the day's gains, U.S crude has still lost nearly 40 percent from its October closing high at more than \$76 a barrel.
- Recent selling has felt less fundamentally driven and more a function of the overall market meltdown as increased equity volatility and growing macro concerns have weighed on a number of asset classes.
- Funds have incurred heavy losses in oil markets this year, with the average commodity trading adviser fund, or CTA, down by 7.1 percent on the year through mid-December.
- Still, oil's outlook is not as weak as in 2016 when a supply glut built up, because the Organization of the Petroleum Exporting Countries this time is trying to prop up the market.

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	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 rallied, breaking above the \$15 level. The \$15 level of course is psychologically important, and structurally as well. Silver has been lagging the gold market which has of course broken out already. Looking at the consolidation it just got out of, it is \$1.00 think, meaning that it should go looking towards the \$16 level next. Ultimately, it break above there and go to the \$17 level as well. Ultimately, it makes sense that it rally based upon the fact that the Federal Reserve has stepped away from all but guaranteeing three interest rate hikes next year, and the first signs of fragility of course put pressure on the US dollar. The 50 day EMA is now offering dynamic support, and therefore it's not until it break down below there that could consider selling silver. Ultimately, this technical breakout looks rather good and buying dips going forward.

Pivot:	15.07		
Support	14.88	14.80	14.71
Resistance	15.17	15.12	15.07

Source: FX EMPIRE

### Highlights

- Silver slipped 0.2 percent to \$15.00 per ounce, after hitting its highest level since mid-August at \$15.17
- The criticism of the Federal Reserve makes some investors speculate the Fed won't raise rates
- The metals were up even though the U.S dollar index likewise climbed, trading up 0.278 point to 96.285
- March silver rose 25.5 cents to \$15.075 and got as high as \$15.15, its strongest level since Aug
- With the overall concern about the economy, the safe-haven play come back into vogue

### 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 off August 13 highs for another session while the dollar index moved little for the day, ahead of US housing and labor data. Silver futures fell 0.36% to \$15.06 an ounce, while the dollar index shed 0.03% to 96.89.
- The price of silver was elevated on the back of risk-off flows into gold of which silver tends to track, heading into the Christmas break. For one, it had Trump and Treasury Secretary Steven Mnuchin tweeting while at the same time, investors continued to fret over downside risks to global economic growth.
- The only problem our economy has is the Fed. They don't have a feel for the Market, they don't understand necessary Trade Wars or Strong Dollars or even Democrat Shutdowns over Borders. Lower interest rates help silver several ways. First, they undercut the U.S dollar, and precious metals tend to move inversely to the greenback.
- With the US government shutdown and pending Brexit risk on the cards in the New Year, there is likely to be plenty of volatility to come down the line for silver prices and the greenback. US nonfarm payrolls coming on in the first week of January as well.
- Now investors await US unemployment claims data, expected with a 6 thousand increase in the week ending December 22 to 220 thousand, while continuing claims is expected with a 5 thousand drop to 1.673 million.
- US housing prices are estimated with a 0.3% increase last month, down from 0.2%, while new home sales are expected with a 4% surge to 566 thousand units.

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	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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## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Thurs Dec 27	10:00	JPY Housing Starts (YoY) (NOV)	Medium	-0.6%	-0.1%	0.3%
Thurs Dec 27	10:00	JPY Construction Orders (YoY) (NOV)	Medium	-10.7%		-16.5%
Thurs Dec 27	14:00	EUR ECB Publishes Economic Bulletin (DEC 13)	Medium			
Thurs Dec 27	18:30	USD Initial Jobless Claims (DEC 22)	Medium		215k	214k
Thurs Dec 27	18:30	USD Continuing Claims (DEC 15)	Medium		1673k	1688k
Thurs Dec 27	19:00	USD House Price Index (MoM) (OCT)	Medium		0.2%	0.2%
Thurs Dec 27	20:00	USD Consumer Confidence Index (DEC)	High		133.6	135.7
Thurs Dec 27	20:00	USD Conf. Board Present Situation (DEC)	Medium			172.7
Thurs Dec 27	20:00	USD Conf. Board Expectations (DEC)	Low			111

Source: Forex Factory, DailyFX

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