

Commodity News

Friday, December 28, 2018



Gold

Technical

Gold markets tried to break to the upside, as the US dollar has been a bit of pressure applied to it, but if it pull back from here it should see buyers at the \$1255 level. The 50 day EMA underneath there should offer a lot of support as well. Gold is trying to break out to the upside, perhaps reaching towards the \$1400 level which is the top of longer-term consolidation. At this point, the market should continue to find plenty of value hunters, and the \$1200 level underneath is the bottom of massive support. That is the bottom of the longer-term consolidation that have been in for quite some time, and if it break down below there it could go down to the \$1000. Gold markets will continue to be very choppy to say the least, so it would be cautious about the amount of leverage. Buying physical gold is a good trade for the longer-term, as it have a lot of work to do in order to continue to go to the upside.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 1,274 | | |
| Support | 1,274 | 1,270 | 1,266 |
| Resistance | 1,298 | 1,291 | 1,285 |

Source: FX EMPIRE

Highlights

- Gold rose, supported by a weaker dollar and investors buying the metal to hedge against falling stock markets
- The recovery rally in stocks has not lasted long and the bearish sentiment is dominating again, which is supportive for gold
- Investors are busy profit-taking in equities, which is benefiting gold
- The world's two biggest economies advanced efforts to resolve a months-long trade war
- The weaker dollar index is supporting the buying interest in gold

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 were steady near six-month highs today, supported by worries over economic growth but pressured by gains in global equity markets. The outlook for gold is much brighter now as it broke the 200-day moving average.
- Spot gold had risen 0.1 percent to \$1,276.15 per ounce. The metal hit its highest level since June 19 at \$1,279.06. U.S gold futures inched down 0.2 percent to \$1,278.1 per ounce.
- U.S stocks roared back to end in positive territory following steep losses for much of the session, as equities rebounded for a second day. The dollar index, a gauge of its value versus six major peers, was marginally weaker at 96.57, after losing 0.5 percent.
- A measure of U.S consumer confidence posted its sharpest decline in more than three years in December, rattling investors already nervous about the prospect that a global economic slowdown was spilling over into the U.S.
- A partial U.S government shutdown was widely expected to continue after Congress reconvenes on Jan. 3, with lawmakers split over President Donald Trump's demand for \$5 billion in taxpayer funding for a Mexican border wall.
- Investor confidence in bullion was reflected in a surge in the holdings of SPDR Gold, the largest exchange traded fund. SPDR holdings rose 2.1 percent, the best one-day percentage gain since July 2016.
- There has been an extensive surge in the gold exchange traded fund holdings and there is absolutely no shortage of momentum there. Investors are just preparing themselves by buying gold as there are several uncertainties heading into 2019.

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

Crude Oil

Technical

The WTI Crude Oil market fell a bit during the trading session today, as it tested the \$45 level. If it break down below that level, then the market could probably go as low as \$43 level, an area that offered a bit of support. Rallies at this point should be selling opportunities, and the \$50 level above is a massive "ceiling" in the market. The 50 day EMA is also turning lower, which of course is a very negative sign as well. Brent markets also fell below the \$55 level after that massive rally. The \$60 level above, the 50 day EMA, and of course the downtrend line all give us pause. The \$50 level underneath is massive support, but if it gives way and the sellers can break down below there, it could open the door to the \$45 level rather quickly. If it break above the 50 day EMA, then it could go back towards the highs. OPEC will eventually jump into the market and cut back on production.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 45.05 | | |
| Support | 45.05 | 44.40 | 43.50 |
| Resistance | 47.60 | 47.00 | 46.40 |

Source: FX EMPIRE

Highlights

- Crude-oil prices settled sharply lower yesterday, fresh off the biggest one-day rally for futures in more than two years
- U.S oil is headed for a monthly drop of 12.4%, which would mark its steepest December decline since 2014
- Oil prices and the stock market have moved in tandem lately, often in violent intraday swings
- Oil rebounded sharply, rallying 8% to post the biggest one-day rise in more than two years, as equities soared
- Saudi Arabia and other major oil producers had raised production as global supplies tightened

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 jumped as much as 3 percent today to win back a chunk of the ground they lost in the previous session, but growth in U.S crude stockpiles and ongoing concerns about the global economy kept markets under pressure.
- Brent crude was up \$1.18, or 2.26 percent, at \$53.34 a barrel, having earlier risen as much as 3.1 percent. It dropped 4.24 percent, or \$2.31, the day before to settle at \$52.16 per barrel.
- U.S West Texas Intermediate crude futures, were at \$45.62 a barrel, up 2.26 percent, or \$1.01, after earlier rising 3.6 percent. They ended down 3.48 percent, or \$1.61, at \$44.61 a barrel.
- Oil prices fell to their lowest in more than a year, a day after their biggest one-day rally in two years, pulled down by worries about the global economy and a supply glut.
- U.S crude inventories for the week to Dec. 21 rose by 6.9 million barrels to 448.2 million barrels on increased refinery output, according to data released yesterday by industry group the American Petroleum Institute. The U.S Energy Information Agency releases its official report today.
- The Organization of the Petroleum Exporting Countries and its allies including Russia, agreed to curb output by 1.2 million bpd starting in January in a bid to clear a supply overhang and prop up prices.
- Brent and WTI have lost more than a third of their value since the beginning of October and are heading for declines of more than 20 percent in 2018. Concerns about slowing global economic growth have dampened investor demand for riskier asset classes and pressured crude futures.

US Commodity Futures Trading Commission (CFTC) Data

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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 markets broke above the \$15 level, and then continued the move to the upside. Because of this, it will continue to see buyers given enough time, and pullbacks should be buying opportunities, especially as it has seen the \$15 handle offer support. This market recently has just broken out of a one dollar consolidation area, between the \$14 level on the bottom and the \$15 level on the top. For the longer-term perspective, the \$17 level will probably be targeted, because it has the resistance barrier up there which is the top of the overall consolidation. This market will continue to be very noisy and erratic, as silver typically is. This pair will quite often move in concert with whatever's going on with the US dollar, as it is completely negatively correlated most of the time. The US dollar has been under a bit of pressure, so it makes sense that the silver market should rally.

| | | | |
|------------|-------|-------|-------|
| Pivot: | 15.18 | | |
| Support | 15.18 | 15.06 | 14.95 |
| Resistance | 15.70 | 15.58 | 15.43 |

Source: FX EMPIRE

Highlights

- Silver was up 1.3% at \$15.23 per ounce, after hitting its highest level since mid-August at \$15.27
- Silver futures rose in Asian trade to August 10 highs, while the dollar index dropped to December 21 lows
- The dollar index, a gauge of the greenback's value against six major currencies, fell 0.6%, making silver cheaper for buyers
- The partial U.S government shutdown, which is widely expected to continue, also supporting silver
- March silver futures last traded at \$15.30 an ounce, up more than 1% on the day

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 rose over one percent in American trade to August 13 highs while the dollar index gave up ground, following earlier labor and housing data.
- Silver futures due in March rose 0.20% to \$15.33 an ounce, while the dollar index slipped 0.12% to 96.39, marking week lows. Now investors await the Chicago PMI for December, estimated at 61.4, down from 66.4 in November, while US pending home sales are expected with a 0.9% increase in November, compared to a 2.6% drop in October.
- According to the report, U.S consumers are becoming more concerned about future economic growth. The Expectations Index dropped sharply in December to 99.1, down from November's reading of 112.3.
- Along with market conditions, the latest economic news is also weighing investor sentiment. At the start of the session the U.S Conference Board, said that is Consumer Confidence Index increased to a reading of 128.1 down from November's multi-year high at 135.7. The data was weaker than expected as economists were calling for a reading of 133.7.
- Earlier US data showed unemployment claims fell a thousand in the week ending December 22 to a total of 216 thousand, while continuing claims dropped 4 thousand in the week ending December 15 to 1.701 million.
- An index tracking US housing prices rose 0.3% as expected in November, accelerating from 0.2% in October. US President Donald Trump said in earlier remarks that the government shutdown will carry through until a funding deal for his border wall is achieved, setting for a potentially long battle with Democrats.

US Commodity Futures Trading Commission (CFTC) Data

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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

Commodity News

Friday, December 28, 2018



Data Calendar

Economic Data

| Date | Time | Event | Importance | Actual | Forecast | Previous |
|------------|-------|---|------------|--------|----------|----------|
| Fri Dec 28 | 14:30 | GBP BBA Loans for House Purchase (NOV) | Medium | 39400 | 38850 | 39697 |
| Fri Dec 28 | 18:00 | EUR German Consumer Price Index (MoM) (DEC P) | Medium | | 0.3% | 0.1% |
| Fri Dec 28 | 18:00 | EUR German Consumer Price Index (YoY) (DEC P) | High | | 1.9% | 2.3% |
| Fri Dec 28 | 18:30 | USD Advance Goods Trade Balance (NOV) | High | | -\$76.0b | -\$77.2b |
| Fri Dec 28 | 18:30 | USD Wholesale Inventories (MoM) (NOV P) | Medium | | 0.5% | 0.8% |
| Fri Dec 28 | 19:45 | USD Chicago Purchasing Manager (DEC) | Medium | | 60.3 | 66.4 |
| Fri Dec 28 | 20:00 | USD Pending Home Sales (YoY) (NOV) | Medium | | | -4.6% |
| Fri Dec 28 | 21:00 | USD DOE U.S. Crude Oil Inventories (DEC 21) | Medium | | | -497k |
| Fri Dec 28 | 23:00 | USD Baker Hughes U.S. Rig Count (DEC 28) | Medium | | | 1080 |

Source: Forex Factory, DailyFX

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