

Commodity News

Wednesday, January 30, 2019



Gold

Technical

Gold prices broke out and cleared the \$1300 level as the dollar and US yields moved lower, paving the way for gold to move higher. The gold market is ready to continue going higher, as breaking above the \$1300 level. The overall consolidation between \$1275 level and the \$1300 level have broken and now it will go towards the \$1325 level. With many geopolitical issues swirling, such as trade negotiations and a shutdown again in three weeks. The Fed stepped back from its stance will go a long way to help the gold market, so it is going to have gold reflect a falling US dollar. Above that are the 2018 highs at 1,365. Support on the yellow metal is seen near the 20-day moving average at 1,290. The green 20 day EMA underneath continues offer support.

Pivot:	1,308		
Support	1,308	1,305	1,302
Resistance	1,326	1,323	1,319

Source: FX EMPIRE

Highlights

- The metal shake off pressure from some gains in global stock markets and a steady dollar
- Rising geopolitical risk factors helped to boost appetite for gold prices but they have a short life span
- The dollar's recent weakness has also been a positive for the yellow metal
- Safe-haven gold broke through \$1,310 an ounce to reach its highest since May last year
- Gold is often held as protection against inflation, which erodes the value of other assets

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 climbed to a seven-month high yesterday and stocks were back on the up too, as investors dug in for three days of political and economic drama and a blizzard of big tech earnings, starting with Apple later.
- Prices also supported by a weaker dollar and buying by global central bankers and Asian jewelry buyers. Jitters over global growth and a possible pause to U.S monetary tightening are expected to set gold prices up for gains in 2019.
- In 2018, gold saw its first annual decline in three years, with surging stock markets and higher U.S interest rates offering investors better returns elsewhere, while a stronger U.S dollar made gold more expensive for non-U.S investors.
- A slowdown in Fed interest rate hikes, possibly a weaker or at least not strengthening U.S dollar, further U.S stock corrections and ongoing geopolitical instability are building the perfect storm in favor of gold.
- The U.S dollar, which influences gold prices because the commodity tends to be priced in the currency, was holding steady. As measured by the U.S Dollar, a gauge of the buck against a half-dozen monetary units, the dollar was little changed at 95.764.
- Investors expect the U.S Fed to adopt a more cautious stance when policymakers release a statement on Wednesday after a two-day meeting. U.S economic data that came in softer than expected in December and a sharp downturn in financial markets are expected to keep the Fed from raising rates.
- In periods when world trade is growing quickly, gold prices tend to be low. The rationale behind that is high trade volumes usually mean low inflation, strong paper assets, strong dollar, strong equity markets.

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 rallied but has failed to break out yet again, as it continues to consolidate just below the \$55 level. If it can break above the \$55 level, it probably goes looking towards the \$60 level eventually, although the move higher is probably going to be rather choppy as it had fallen so significantly over the last several months. Brent markets also look as if they are trying to form an inverted head and shoulders, with the \$64 level offering resistance. If it can break above that level, then the market could continue to go much higher, perhaps all the way to the \$68 level. If it breaks down below the 20 day EMA, then it could go to the \$55 level. If it does break down the \$55 level underneath will be rather supportive. The short-term range is \$50.66 to \$54.32. Its 50% level or pivot at \$52.49 is controlling the near-term direction of the market.

Pivot:	52.95		
Support	52.95	52.65	52.30
Resistance	54.95	54.50	53.95

Source: FX EMPIRE

Highlights

- Oil prices gained more than 2% as the dollar index backed off January 3 highs for the third session
- U.S. crude oil output jumped by more than 2 million bpd in 2018 alone, to a record 11.9 million bpd
- Prices recouped much of the losses from the prior session, when both benchmark contracts ended Monday at their lowest since Jan. 14
- Non-U.S. oil trading firms with operations in the U.S. may still avoid dealing with Venezuelan oil
- Venezuela's economic turmoil has pulled down its crude oil production from a peak of around 2.5 million bpd before 2016 to little more than 1 million bpd now

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 rose today as concerns about supply disruptions following U.S. sanctions on Venezuela's oil industry outweighed pressure from a darkening outlook for the global economy.
- U.S. West Texas Intermediate crude futures were at \$53.43 per barrel, up 12 cents, or 0.2 percent, above their last settlement. International Brent crude oil futures rose 21 cents, or 0.3 percent, to \$61.53 per barrel.
- The U.S. Treasury sanctioned Venezuela's oil firm, raising the risk of disruptions to oil supply from the South American nation, home to the world's largest oil reserves.
- Venezuela is a member of the OPEC, which is implementing a supply cut deal to support prices. Venezuela's exports fell to little more than 1 million barrels per day in 2018 from 1.6 million bpd in 2017. It is estimated that Venezuelan exports will drop by about 500,000 barrels per day under current conditions.
- U.S. crude stockpiles rose by 1.1 million barrels last week compared with the expectations for an increase of 3.2 million barrels, industry group the American Petroleum Institute said yesterday after prices settled.
- If the trade war between Washington and Beijing slows global economic growth, then it can stutter the crude demand. Investors said the U.S. sanctions against Venezuela will have a limited impact on global oil markets.
- Global economic growth is slowing amid a trade dispute between the United States and China, the world's two biggest economies. Oil prices had settled at a two-week low during Monday's regular session, logging their deepest drop of the year so far.

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 right along with the gold market as it reach towards the vital \$16 level. This is a market that could cause a bit of resistance, but silver will take its cues from gold. Gold markets have been breaking out already, clearing the vital \$1300 level. Beyond that, the Fed looking very likely to be soft on interest rates, and that could continue to sink the US dollar in general. At this point, the silver market has lagged behind gold, but eventually it go to the \$17 level above. It recently have seen an explosive break out to the upside. Longer-term, the market is probably going to go to the \$17 level, an area that is massive resistance. If Jerome Powell or the FOMC specifically states that they are going to hold on interest rates, that will be the last piece to fall in the puzzle, and Silverwood of course continue to go much higher.

Pivot:	15.79		
Support	15.79	15.69	15.58
Resistance	16.35	16.19	16.05

Source: FX EMPIRE

Highlights

- Silver prices given a fundamentally sound demand-and-supply physical market
- Silver also traded with strong gains on upbeat demand for the metal by industrial units and coin makers
- Silver is used in electronics as well as for investment, and the worsening global economic outlook has weighed on prices
- Silver is undervalued relative to gold and some catch-up is likely
- Silver jewellery consumption also increased by 20% in Q4

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 is expected for an average price of \$16 an ounce this year, up from last year's average of \$15.68 but less than the \$16.40 which was predicted three months ago. It marked the fourth consecutive poll in which the 2019 silver price forecast had been downgraded
- Silver futures rose one percent in Asian trade to July 13 highs as the dollar index lost ground, ahead of US labor and housing data later today, in addition to the Federal Reserve's policy decisions and the second round of US-China trade talks.
- Silver futures due in March rose 0.76% to \$15.96 an ounce, marking six-month highs, while the dollar index slipped 0.06% to 95.77. Now investors await US data with the private sector expected to have added 180 thousand new jobs last month, down from 271 thousand in December.
- US new home sales are estimated with a 0.8% increase, compared to a 0.7% drop in November, while the Federal Reserve is expected to maintain interest rates today at below 2.50%.
- The second phase, by a weaken U.S dollar, should start around the middle of this year, followed by a third phase of returning safe-haven demand once growth and inflation concerns creep into financial markets early next decade.
- The US Congressional Budget Office cut estimates for 2019 fiscal deficit to \$897 billion from \$981 billion in previous forecasts, which translates to 4.2% from 4.6% of total GDP, while also cutting growth estimates for 2019 to 2.3% from 2.4%, estimating that the US government shutdown could weigh on growth this quarter by about 0.2%.

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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Wednesday, January 30, 2019



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Jan 30	05:30	AUD Consumer Prices Index (YoY) (4Q)	High	1.8%	1.7%	1.9%
Wed Jan 30	11:30	EUR French Gross Domestic Product (YoY) (4Q A)	Medium	0.9%	0.9%	1.3%
Wed Jan 30	14:30	GBP Net Consumer Credit (DEC)	Medium	0.687b	0.8b	0.9b
Wed Jan 30	17:00	USD MBA Mortgage Applications (JAN 25)	Medium			-2.7%
Wed Jan 30	18:00	EUR German Consumer Price Index (YoY) (JAN P)	High		1.6%	1.7%
Wed Jan 30	18:30	USD Gross Domestic Product Annualized (QoQ) (4Q A)	High		2.6%	3.4%
Wed Jan 30	18:30	USD Personal Consumption (4Q A)	Medium		3.9%	3.5%
Wed Jan 30	20:00	USD Pending Home Sales (YoY) (DEC)	Medium			-7.7%
Wed Jan 30	20:30	USD DOE U.S. Crude Oil Inventories (JAN 25)	Medium			7970k

Source: Forex Factory, DailyFX

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