

Gold

Technical

Gold markets are awaiting the statement after the interest rate announcement during the day today. If the Federal Reserve sounds dovish, it's very likely that it will see this market rally above the \$1255 resistance barrier, and perhaps grind much higher. That being the case, the next 24 hours or so is going to be very crucial. If the Federal Reserve sounds overly hawkish, it's very likely that it could break down through that level. If it do break above the \$1255 level on a daily close, then it opens the door to the \$1400 level. That is the top of the overall consolidation that the market had been in previously, so it would make sense that it would continue to go towards that area over the longer-term. Ultimately, if it break down below the 50 day EMA, then it opens the door to the \$1200 level underneath, which breaking through that would open the door to the \$1000 level.

Pivot:	1,246		
Support	1,246	1,242	1,240
Resistance	1,262	1,258	1,254

Source: FX EMPIRE

Highlights

- Gold prices marked a modest gain, finding some support on a weaker dollar
- Gold is edging gradually higher towards a multi-months peak
- Spot gold may test a resistance at \$1,253 per ounce, a break above which could lead to a gain into a range of \$1,258-\$1,266
- It seeing \$1,240 as a good technical support and \$1,258 as the first technical resistance and on breach of that level prices would go up to \$1,270
- U.S gold futures were steady at \$1,253.80 per ounce

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 climbed to a more than five-month peak today as a softer dollar supported the bullion while investors awaited cues on the rate hike trajectory of the U.S central bank from its two-day policy meeting. Spot gold was up 0.1 percent at \$1,250.46 per ounce, after hitting its highest since July 11.
- The Federal Reserve is widely expected to raise interest rates for the fourth time this year, but weak stock markets and slowing global growth may prompt it to tone down its stance on monetary tightening.
- Lower interest rates reduce the opportunity cost of holding non-yielding bullion and weigh on the dollar, in which it is priced. The dollar index, which measures the greenback against a basket of six major currencies, was down 0.2 percent, having hit a one-week low in the previous session.
- Still, gold, considered a safe investment during times of financial, economic and political stress around the globe, is up some 7% from 19-month lows hit in mid-August. The metal is on track to post its best quarter since March 2017.
- The fourth quarter continues to shine a positive light on gold. Prices remain resilient as short covering continues to wash out negative sentiment set by speculators in previous quarters this year.
- Looking ahead to 2019, the outlook for gold appears more upbeat as an uncertain macro and geopolitical environment will likely continue potentially providing a further boon to investment demand for gold.
- The Fed is widely expected to raise interest rates for the fourth time this year at its two-day policy meeting ending today, a factor generally favorable for the dollar and negative for gold.

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 markets gapped lower to kick off the session yesterday, breaking through the \$50 handle. By doing so, it opened up the floodgates, but it had a nice bounce back towards the \$49 level so far. The \$50 level will now offer resistance, and it will continue to go lower, perhaps reaching the \$47.50 level, perhaps even the \$45 handle. Rallies at this point are not to be trusted, because quite frankly crude oil markets can't get out of their own way. There are concerns about global growth, and that of course is going to work against crude. Obviously, Brent markets have fallen as well, gapping to kick off the day and reaching a fresh, new low. If it break down below the bottom of the candle stick for the day, then it go even lower than that. Ultimately, it seems that this market will continue to see a lot of negative pressure, albeit in a choppy type of manner.

Pivot:	47.60		
Support	45.30	44.60	43.85
Resistance	49.30	48.30	47.60

Source: FX EMPIRE

Highlights

- Oil prices tumbled more than 5 percent due to fears of oversupply and deteriorating demand
- US crude futures due in January shed 4.81% to \$47.48 a barrel
- Brent February futures tumbled 3.67% to \$57.42 a barrel, as the dollar index slipped to 97.09
- OPEC cut forecasts for demand on its oil in its monthly report by 100 thousand bpd to 31.44 million bpd for next year
- Saudi Arabia said it plans to cut output to 10.2 million bpd in January, a 900 thousand bpd cut from November

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 rebounded today after falling for the past three sessions with worries about oversupply and a slowing global economy keeping markets under pressure though sentiment may be shifting as falling equity markets seemed to stabilize.
- West Texas Intermediate futures climbed 4 cents, or 0.09 percent, to \$46.28 per barrel, after plunging 7.3 percent the day before in a session when it touched its lowest since August 2017.
- Global benchmark Brent crude futures rose 0.4 percent, or 23 cents, at \$56.49 per barrel. It dropped 5.6 percent yesterday, at one point hitting a 14-month low.
- The U.S government said shale production is expected to climb to over 8 million barrels per day for the first time by the end of December. Russian oil output is so far this month at a record 11.42 million bpd.
- OPEC announced an agreement to cut total output by 1.2 million bpd in coordination with allies such as Russia, with the cuts to start in January and with Iran, Libya, and Venezuela, gaining exceptions from the required cuts.
- The Fed is expected to raise U.S interest rates for the fourth time this year though the central bank may temper the outlook for further increases in 2019 due to concerns about the economy.
- U.S crude stocks rose by 3.5 million barrels in the week to Dec. 14 to 441.3 million, API said, compared with expectations for a decrease of 2.4 million barrels. If that build is confirmed by U.S government data today, it will be the first increase in three weeks.

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	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 went back and forth during the trading session today, as it await the Federal Reserve interest rate decision, and more importantly the statement afterwards. The idea of the Federal Reserve softening its stance has started to take a bit of a hold on the market, and if they do in fact sound a bit dovish, that could pin an up move in the precious metals markets. The \$15 level is an area that is massive resistance, so at this point the market closing above there on a daily candle stick would be a very bullish sign. It should assume that the trading range between the \$14 level on the bottom and the \$15 level on the top holds. If it do break out to the upside, then the \$16 level will be targeted based upon the consolidation area that it is leaving. On a break to the downside, it suspect that the next major support level is closer to the \$12 level, based on historical charts.

Pivot:	14.58		
Support	14.58	14.52	14.47
Resistance	14.90	14.85	14.80

Source: FX EMPIRE

Highlights

- Silver prices pushing to a high of \$18 and averaging the year around \$16 an ounce
- Silver is about 1.3% more volatile than gold, so if gold prices move higher, silver should outperform
- The renewed optimism for silver comes as prices look to end the year down more than 13%
- A heavy slate of U.S economic data is also due out later this week, including the first estimate of third-quarter gross domestic product
- March Comex silver was down \$0.039 at \$14.72 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 futures prices are trading not too far from unchanged in early U.S trading yesterday. Bullish for the metals is a weakening U.S dollar index early this week.
- Silver futures tilted higher in Asian trade as the dollar index fell off June 2017 highs for the fourth consecutive session, ahead of US data and policy decisions later today.
- Silver futures due in March rose 0.33% to \$14.75 an ounce, while the dollar index shed 0.21% to 96.90. The Fed will also release three-year forecasts for growth, inflation, unemployment, and interest rates.
- Now investors await US current account data, expected with a \$125 billion deficit, up from \$101 billion in the second quarter, while existing home sales are estimated with a 0.4% drop to 5.20 million units. US housing starts rose to an annualized 1.26 million units November, beating estimates of 1.23 million, and up from October's revised 1.22 million.
- The Federal Open Market Committee is wrapping up its two-day policy meeting today, with analysts expected the fourth rate hike of the year to below 2.25%. Earlier US data showed building permits rose to an annualized 1.33 million units in November, besting estimates of 1.27 million, and compared to October's revised 1.27 million.
- Most expect the FOMC to raise interest rates by 0.25% on Wednesday afternoon, at the conclusion of their meeting. The expectations for a rate hike are despite proclamations from President Trump, his closes economic advisors and noted market analysts and traders that the Fed should leave interest rates alone.

US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
12/05/2017	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

Wednesday, December 19, 2018



Data Calendar

Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Tues Dec 18	14:30	GBP Consumer Price Index (YoY) (NOV)	High	2.3%	2.3%	2.4%
Tues Dec 18	14:30	GBP House Price Index (YoY) (OCT)	Medium	2.7%	3.3%	3.5%
Tues Dec 18	17:00	USD MBA Mortgage Applications (DEC 14)	Medium			1.6%
Tues Dec 18	18:30	USD Current Account Balance (3Q)	Low		-\$124.8b	-\$101.5b
Tues Dec 18	18:30	CAD Consumer Price Index (YoY) (NOV)	High		1.8%	2.4%
Tues Dec 18	20:00	USD Existing Home Sales (MoM) (NOV)	Medium		-0.4%	1.4%
Tues Dec 18	20:30	USD DOE U.S. Crude Oil Inventories (DEC 14)	Medium			-1208k
Tues Dec 18	20:30	USD DOE U.S. Gasoline Inventories (DEC 14)	Low			2087k
Tues Dec 18	20:30	USD DOE U.S. Distillate Inventory (DEC 14)	Low			-1475k

Source: Forex Factory, DailyFX

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