

# Commodity News

Wednesday, January 02, 2019



## Gold

### Technical

Gold markets tried to rally during New Year's Eve but rolled over to show signs of reluctance to go higher. Short-term pullbacks should have plenty of buying opportunities underneath present themselves to at least the \$1250 level. Looking at this market, it makes sense that Gold is going to rally as the US dollar is facing a bit of bearish pressure as the Federal Reserve has taken a break from its hawkish stance. At this point, the Gold markets will continue to try to reach towards the \$1300 level, perhaps even the \$1400 level over the longer-term. The longer-term charts, the \$1200 level on the bottom is support while the \$1400 level on the top. Expect a lot of volatility and expect buyers to come in and pick up value as it appears. The 50 day EMA will offer support, and there are probably a multitude of areas between here and there that could also jump in and push the market higher.

Pivot:	1,281		
Support	1,281	1,276	1,271
Resistance	1,305	1,298	1,295

Source: FX EMPIRE

### Highlights

- The stock market may largely stay sideways, which may support gold
- Demand for gold should be strong in the first quarter due to seasonal factors
- Globally, gold traded near a more than six-month peak but was headed for its first annual decline since 2015
- The world's second-largest economy, darkened the mood and erased early gains in U.S stock futures
- While economic growth may slow, it will still remain healthy overall. That will hold down any safe-haven buying

### 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 today on demand for safer investments amid falling equity markets and concerns over the outlook for global economic growth. Gold prices are set to rise in current year as the US Federal Reserve slows the pace of interest rate hikes. Yet, it is not expected that yellow metal to run away on the upside, as the economy will remain strong.
- Spot gold rose 0.1 percent to \$1,283.61 an ounce, near a six-month high of \$1,284.09 reached on Monday. U.S gold futures rose 0.3 percent to \$1,284.80 per ounce.
- It looks very optimistic and fundamentally supportive for gold as the overall mood is still very uncertain and the market confidence is still weak on global growth worries.
- There are expectations that a three-year rate-hiking cycle in the United States has come to a close. Markets currently expect no rate hikes next year. A halt in interest rate increases would be beneficial for non-interest bearing bullion.
- Trade concerns, Brexit and the U.S Government shutdown continue to provide support to precious prices, with \$1,300 acting as the major top-side resistance for gold.
- U.S President Donald Trump said on Saturday that he had a "long and very good call" with his Chinese counterpart Xi Jinping and that a possible trade deal between the United States and China was progressing well.
- Gold should benefit in many ways if US economic growth and monetary tightening slows. An end to rate hikes may stem the rise in the US dollar, which can help gold as the metal moves inversely against the greenback.

### 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 initially tried to rally during the trading session on New Year's Eve but gave back most of the gains to turn around and form a rather weak looking candle stick. Because of this, the market could roll over yet again, perhaps reaching towards the lows. However, the crude oil markets have been so negative that the buyers are going to struggle to continue to go higher. The \$50 level above is massive resistance, as it was previous support. The 50 day EMA is turning lower, yet again. Ultimately, selling rallies continues to be the best way to go. Brent markets also gave back gains once it reached towards the \$55 level, and if stay below the downtrend line, the market should continue to go much lower, perhaps down to the \$50 handle. The \$60 level above is also resistance, so given enough time is looking for signs of exhaustion that can take advantage of.

Pivot:	45.70		
Support	43.50	42.80	42.35
Resistance	46.50	46.10	45.70

Source: FX EMPIRE

### Highlights

- Oil markets reversed early gains today to fall on the back of surging U.S crude production and concerns of an economic slowdown in 2019
- U.S crude output was last reported at a record 11.7 million bpd in late December 2018
- In physical oil markets, Dubai crude averaged \$57.318 a barrel for December, the lowest since October 2017
- OPEC is committed to cut output by 3%, while independent producers will cut 2%
- Oil inventories will starting falling by the end of the first quarter in 2019

### 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 markets dropped by around 1 percent in 2019's first trading today, pulled down by surging U.S output and concerns about an economic slowdown in 2019 as factory activity in China, the world's biggest oil importer.
- International Brent crude futures for March were at \$53.27 per barrel, down 53 cents, or 1 percent, from their final close of 2018. West Texas Intermediate futures were at \$45.01 per barrel, down 40 cents, or 0.9 percent.
- Investors said futures prices fell on expectations of oversupply amid surging U.S production and concerns about a global economic slowdown. It is most likely past the peak of this long economic uptrend.
- Oil prices ended 2018 lower for the first time since 2015, after a desultory fourth quarter that saw buyers flee the market over growing worries about too much supply and mixed signals related to renewed U.S sanctions on Iran.
- Oil prices registered their first yearly decline in three years on fears of a slowing global economy and concerns of an ongoing supply glut. For the year, WTI futures slumped nearly 25 percent, while Brent tumbled nearly 20 percent.
- Oil prices are expected to trade below \$70 per barrel in 2019 as surplus production, much of it from the US, and slowing economic growth undermine efforts led by the OPEC to cut supply and prop up prices.
- U.S crude output rose to an all-time high of 11.537 million barrels per day in October, the EIA said on Monday. That makes the U.S the world's biggest oil producer ahead of Russia and Saudi Arabia.

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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 rallied a bit but found the \$15.50 level to be resistive enough. Silver markets rallied on New Year's Eve to break above the \$50.50 level. However, it did run into a bit of resistance and therefore turned around of form a bit of a shooting star. This suggests that it may get a bit of a pullback as nice opportunity. The 50 day EMA underneath there is turning higher, which of course signifies longer-term strength. A pullback is healthy though, because it has gone straight up over the last several days. The alternate scenario of course is to break above the top of the shooting star which is a very bullish sign and would be a buy signal. The US dollar has softened a bit due to the reluctance of the Federal Reserve to continue its hawkish stance, so stronger Silver pricing makes sense. The \$16 level based upon the \$1.00 consolidation area that had been in previously.

Pivot:	15.33		
Support	15.33	15.26	15.18
Resistance	15.78	15.70	15.62

Source: FX EMPIRE

### Highlights

- Silver prices were down 0.5 percent to \$15.36 an ounce
- The financial markets are not looking for any rate hikes by the Federal Reserve in 2019
- Investors are looking for an alternative investment away from stocks and bonds
- The March U.S dollar index was down 0.205 point to 95.760
- March silver was up 10.9 cents to \$15.545 and traded as high as \$15.575, its strongest level since August

### 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 slipped from late July highs for another session as the dollar index traded near October 22 lows, ahead of US manufacturing data later today. Silver futures due in March fell 0.58% to \$15.45 an ounce, while the dollar index added 0.02% to 96.17.
- If interest rates are not going to go up as much as expected, that is going to weigh on the dollar. And if US growth slows, that will weigh on the dollar too. It is not expected the dollar to decline sharply, but these factors will be key headwinds for the US currency.
- Profit-taking at existing levels and fresh losses in the white metal overseas, mainly pulled down silver prices in futures trade here. Globally, in the international market, silver traded 0.12 percent up.
- No major U.S economic reports are on the calendar but will be later in the week after investors come back from the New Year's holiday. The Institute for Supply Management's manufacturing survey is scheduled for release on tomorrow and the U.S jobs report on Friday.
- Strong economic reports tend to increase expectations for rate hikes, thus boost the dollar and undercut silver due to the strong inverse relationship between the two markets and vice-versa. One of the exceptions is weak inflation data since this reduces the possibility of rate hikes.
- Now investors await the final reading for the US manufacturing PMI by Markit, estimated at 53.9, same as the first reading and down from 55.3 in November. While a US partial government shutdown has entered its second week as President Donald Trump and the Democratic Party fail to reach a compromise on funding for the border wall with Mexico.

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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
Wed Jan 02	06:45	CNY Caixin China PMI Mfg (DEC)	Medium	49.7		50.2
Wed Jan 02	13:50	EUR Markit France Manufacturing PMI (DEC F)	Low	49.7	49.7	49.7
Wed Jan 02	13:55	EUR Markit/BME Germany Manufacturing PMI (DEC F)	Low	51.5	51.5	51.5
Wed Jan 02	14:00	EUR Markit Eurozone Manufacturing PMI (DEC F)	Low	51.4	51.4	51.4
Wed Jan 02	14:30	GBP Markit UK PMI Manufacturing s.a. (DEC)	Medium	54.2	52.5	53.6
Wed Jan 02	18:30	CAD MLI Leading Indicator (MoM) (NOV)	Low			-0.1%
Wed Jan 02	19:30	CAD RBC Canadian Manufacturing PMI (DEC)	High			54.9
Wed Jan 02	19:45	USD Markit US Manufacturing PMI (DEC F)	Low		53.9	53.9
Wed Jan 02	20:30	MXN Markit Mexico PMI Mfg (DEC)	Medium			49.7

Source: Forex Factory, DailyFX

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