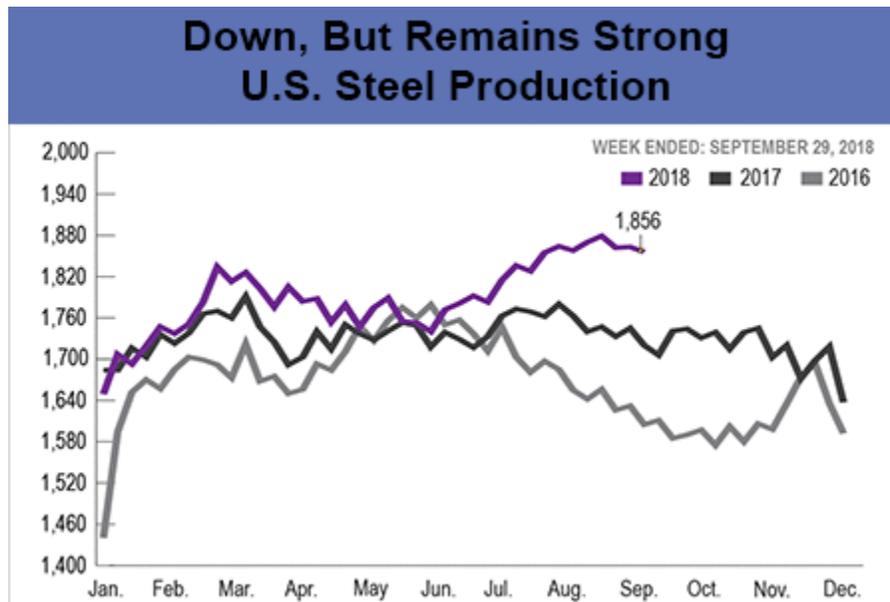


Last week commodity prices and economic reports were mostly mixed.



U.S. steel production fell slightly, but remaining strong, supported by tariff protection and a good economy.



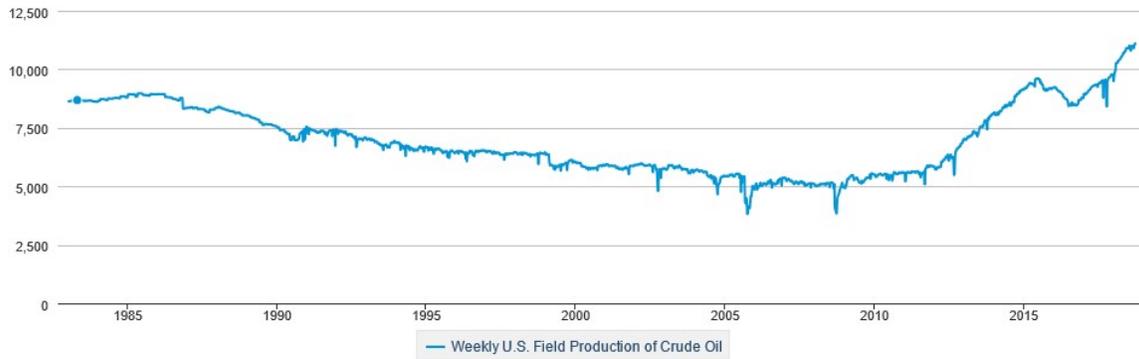
Oil rose about 75 cents to \$74.34/barrel on a good economy and Iranian oil mostly coming out of the market. Note that China's slowing economy could help reduce global demand and prices.

## Remains At Record High

### Weekly U.S. Field Production of Crude Oil

DOWNLOAD

Thousand Barrels per Day



Source: U.S. Energy Information Administration

U.S. weekly oil production remained steady at its recent all time high of 11.1M barrels a day. The U.S. is considering not retaliating against some countries that will continue to buy Iranian oil after the November 4<sup>th</sup> sanctions deadline. There is not enough global oil production to make up for Iranian losses so prices would climb further. India, a major U.S. ally has already committed to Iranian deliveries for November.

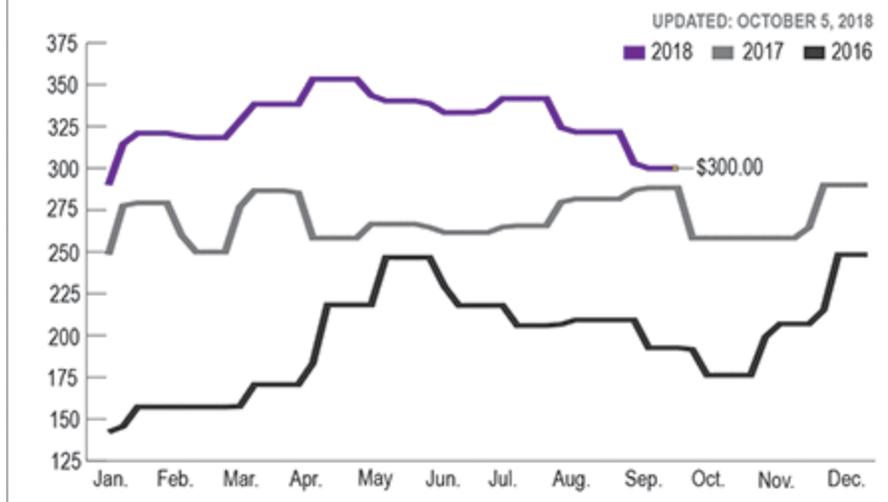
## Steady; Balanced Supply/Demand



SOURCE: TRADINGECONOMICS.COM | OTC

Iron ore was steady, remaining at \$69.50/Ton on limited economic news other than China tariffs.

## Rose About \$20/GT, Will Show Next Week Scrap Steel #1 Heavy Melt



Scrap steel #1 Heavy Melt remained at \$300/GT on this chart. Next week it will show the about \$20/GT rise we saw in recent days on good demand and soft supply.

## Down On Softening Hot Roll Coil Steel



Hot dipped galvanized steel fell \$40/ton to \$1,105/Ton on good supply and reduced demand from markets such as automotive.

## Down Slightly, China Slowing

Published on TradingView.com, October 08, 2018 05:42 EST

COMEX:HGZ2018, D 2.7525 ▼ -0.0105 (-0.38%) O:2.7685 H:2.7740 L:2.7350 C:2.7525



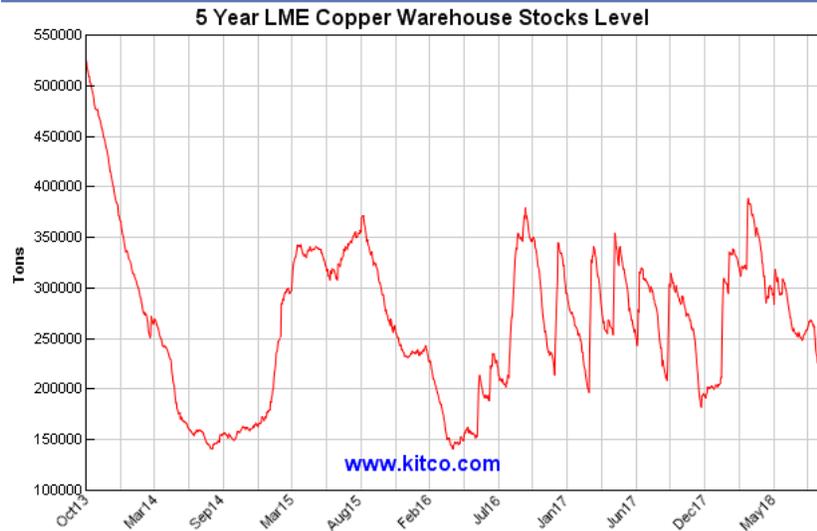
Copper fell 4 cents to 2.76/lb. as U.S. tariffs are slowing China's economy which consumes about 50% of the world's copper. Copper fell a penny this morning to \$2.75.

## Remains Above Recent Low



The 5-year copper chart shows prices remain above the 1 year low from about 6 weeks ago on nervous markets.

## Fell, Near Multi-Year Low



Copper inventories fell to near multi-year lows as markets remain under downward pressure.

## Rose; Good Demand



Aluminum rose about 5 cents to 96.7 cents, near a multi-month high, on good demand from transportation and construction markets.

## Nine Year Low



Aluminum LME inventories fell to a 9 year low supporting stable to higher prices and increased production and mining.

## Highest In 7 Years



The yield on the U.S. 10-Year Bond hit 3.22%, the highest in over 7 years, due to the strong economy. This will raise mortgage and other bank rates.

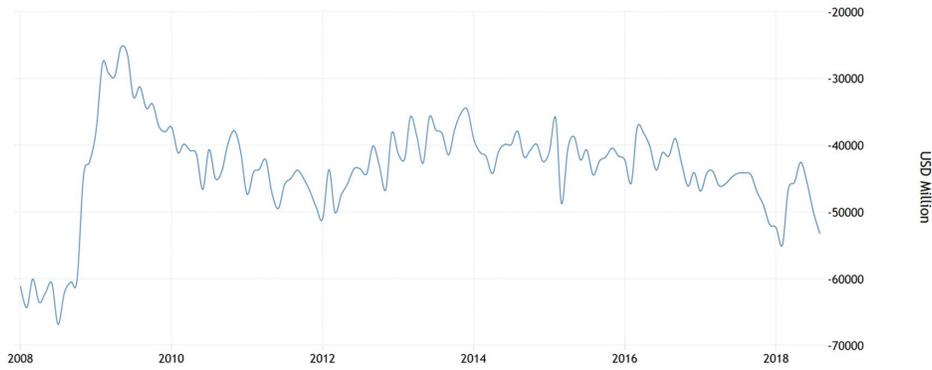
## Record High Into The U.S



The strong economy is great news. It has people buying, buying, buying, which led to September imports into the U.S. being the highest on record, with strong demand for imported Cars and consumer products.

## Worst In Almost 10 Years

US BALANCE OF TRADE



SOURCE: TRADINGECONOMICS.COM | U.S. CENSUS BUREAU

The U.S. September Trade Balance was the worst in almost 10 years, with imports being up as we just discussed and U.S. Exports to the rest of the world being down, with Soybeans to China being a huge problem due to tariffs.

## U.S. Vehicle Sales vs. Last Year September Down 7%, Quarter Down 4%

### 2018 Q3 vs. Last Year

**GM -11% to 694,638**

**Toyota -6% to 634,923**

**Ford, -4% to 606,939**

**Fiat Chrysler, +10% to 564,507.**

**Honda -5% to 419,173.**

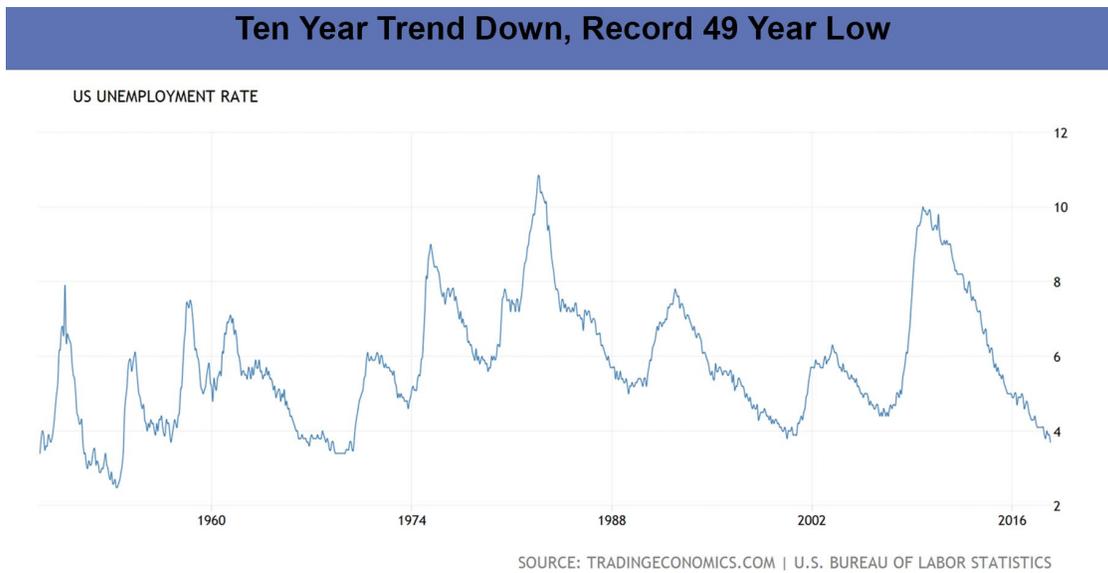
**Nissan -9% to 343,987**

September sales of U.S. Vehicles were down 7% from last year and down 4% for the quarter. Of the largest companies, only Chrysler was up over last year.

## U.S. Manufacturing Purchasing Index



September's U.S. Manufacturing Purchasing Managers Index rose to 55.6, the highest in 4 months driven by sharper rises in output and new orders, though business from abroad expanded at a marginal pace.



September's U.S. Unemployment rate continued its 9-year improvement hitting a 49 year low of 3.7%. Great news. Related it is bringing much needed wage inflation, as Amazon the United State's second largest employer, announced a new Minimum wage of \$15/hour.

### Top 5 Oil Importers 2017

1. **China: US\$162.2 billion (18.6% of total crude oil imports)**
2. **United States: \$139.1 billion (15.9%)**
3. **Japan: \$63.7 billion (7.3%)**
4. **India: \$60.2 billion (6.9%)**
5. **South Korea: \$59.6 billion (6.8%)**

Many believe the U.S. no longer imports oil, due to as we discussed 2 minutes ago, the U.S. is pumping record amounts of oil. The U.S. is the second largest importer of oil after China. Crazy, but due to global dynamics we are also an exporter of oil in small, but larger amounts.

### Top 5 Oil Suppliers to the U.S. 2017

1. **Canada: US\$53.3 billion (down -32.1% from 2013)**
2. **Saudi Arabia: \$18.2 billion (down -64.7%)**
3. **Iraq: \$11.1 billion (down -18.1%)**
4. **Venezuela: \$10.7 billion (down -61.8%)**
5. **Mexico: \$10 billion (down -69%)**

Many also believe Saudi Arabia is our major supplier. Our largest supplier by far is Canada, with Mexico at #5. Iraq is about to drop out due to the new sanctions.

## Hit New High, Fell Hard Thursday/Friday

DOW JONES INDUSTRIAL AVERAGE



SOURCE: TRADINGECONOMICS.COM | OTC/CFD

Wall Street's Dow Jones Industrial average hit a new record and fell days later on interest rate fears, finishing up 17 points to 26,475. Overall things remain very good, but China remains a global slowdown risk.

As always, feel free to call or email me with any questions and we hope all have a Safe and Profitable week.