

Commodity Trading Strategies: Gold & Crude Oil

Gold Trading Strategies

- Trend Following: Use moving averages (e.g., 50-day & 200-day) to identify bullish or bearish trends.
- Breakout Trading: Watch for gold breaking key resistance or support levels to enter trades.
- Range Trading: Buy at support and sell at resistance when gold is trading sideways in a range.
- Fundamental Analysis: Monitor U.S. Dollar Index (DXY), inflation data, and central bank policies.
- Safe Haven Demand: Buy gold during periods of geopolitical tension or stock market volatility.
- Seasonality: Recognize seasonal trends; gold tends to perform well during Q1 & Q4.
- RSI/Momentum: Use RSI to identify overbought (>70) or oversold (<30) conditions.
- COT Reports: Analyze Commitment of Traders reports to gauge large speculator positions.
- Hedging: Institutions and traders use gold futures to hedge against currency or inflation risks.
- ETF & Options: Trade gold ETFs or use options strategies (like straddles) to manage risk.

Crude Oil Trading Strategies

- Supply & Demand Analysis: Track OPEC decisions, U.S. shale production, and inventory data.
- Geopolitical Risk Premium: Buy crude during Middle East conflicts, sanctions, or supply disruptions.
- Seasonality: Recognize strong summer demand (driving season) and weaker demand in spring/fall.
- Trend Following: Use moving averages to ride long-term trends.
- Mean Reversion: Identify when crude deviates significantly from its average price and trade reversals.
- API/EIA Reports: Trade around weekly inventory releases from API and EIA.
- Contango/Backwardation: Watch futures curve; trade based on market structure.
- Currency Correlation: Crude often moves inversely to USD; hedge accordingly.
- Technical Indicators: Use MACD, Bollinger Bands, and RSI for entry and exit signals.
- News Trading: React quickly to headlines about pipeline outages, strikes, hurricanes, or demand shocks.