



DAILY METALS COMMENTARY

Thursday March 23, 2017

PRECIOUS METALS COMMENTARY

03/23/17

A slight loss of momentum is seen but the \$ remains paramount

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -2.30, SILVER +2.70, PLATINUM +2.90

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with the Asian markets generally stronger and the European markets weaker. The Asian session was relatively quiet while the European session started out with the April Gfk survey of German consumer confidence that declined to 9 from March's reading of 10. February UK retail sales were forecast to see a notable uptick from January's +1.5% year-over-year rate. The North American session will start out with a weekly reading on initial jobless claims that are expected to see a slight downtick from the previous 241,000 reading. February new home sales are forecast to see a modest uptick from January's 555,000 annualized rate. The March KC Fed manufacturing index is expected to hold steady with February's 11 reading. Fed Chair Yellen will speak during morning US trading hours while Minneapolis Fed President Kashkari and Dallas Fed President Kaplan will speak during the afternoon. Earnings announcements will include Accenture and ConAgra Brands before the Wall Street opening while Micron Technology reports after the close.



GOLD / SILVER

The precious metals were able to shake off early pressure yesterday and closed impressively, and that highlights ongoing control by the bull camp. However, silver could not hold its ground in positive territory, and that probably highlights that market's focus on classic physical fundamentals instead of classic safe haven factors. Fortunately for the bull camp in silver Chinese February silver imports increased by 80% over year ago levels and they are now up 16% for the first two months of 2017 relative to 2016. While gold was able to post a moderate gain and reach a new monthly high which leaves the technical structure favoring the bull camp the market seems to have discounted or ignored news that a Harmony Mine has seen an illegal labor action from the AMCU in the form of a "go slow" maneuver. With the Dollar slowing its descent and managing to avoid a fresh lower low overnight that has gold off balance but the Greenback generally remains on the defensive and should continue to provide the precious metals with a source of underlying support ahead. In fact, it is possible that the Dollar will fall to and perhaps below the early February lows in the days ahead and that could set the gold market up for a possible test of the \$1,275 level. In addition, friction between the US and North Korea and a terror incident outside the UK Parliament, there is clearly the potential for more safe-haven inflows to gold and perhaps to a lesser degree silver in the wake of an important US vote on Health care reform later this morning. In other words if the bill fails to pass that could continue the removal of the Trump Premium from a number of markets and that could also create geopolitical and economic uncertainty.

PLATINUM

The PGM sector continued a recent pattern of divergent price action yesterday with palladium climbing up to a 1-month high while platinum stayed within an inside day range while posting a moderate loss. Like the silver market, the platinum market was at a loss in gaining safe haven interest on Wednesday. In fact, the platinum market appears to have stalled on its charts while the palladium market extended its bullish track with another higher high for the move and the highest price since February 17th. Unfortunately for the bull camp in palladium Chinese February imports were down nearly 50% from year ago levels and the year to date imports relative to 2016 were down 47%. The platinum market fared better from the Chinese import news with February platinum imports rising by 30% but the first two months of 2017 imports were down by 28.5% versus last year. We suspect the Russian situation continues to underpin palladium, but that is probably a leap of faith unless intelligence emerges that

directly implicates Russia in US election tampering which in turn would have to result in a chorus of calls for a Russian embargo. Critical support in June palladium rises to \$785.75 and the next resistance point is seen at \$796.20. The failure to hold \$963.60 in July platinum today could set that market up for a quick slide down to \$956.70.

TODAY'S MARKET IDEAS:

While it could be a double edged sword, the latest terrorist incident in London might provide some fresh geopolitical support for gold but the primary ongoing bull factor for gold will likely be weakness in the dollar. Unfortunately the Dollar has managed to avoid a lower low for the move over the last 24 hours and that has gold and silver off balance and under pressure to start today. However, weak US schedule data yesterday and a failure to pass health care reform later this morning could leave the greenback in a downward track. Uptrend channel support in April gold today rises to \$1,234.00 and there might be little in the way of resistance until the \$1,259.30 level. The 50 day moving average in gold sits all the way down at \$1,234, and therefore it would appear that the intermediate trend is set to remain up.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

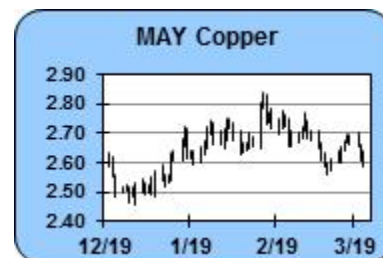
None.

COPPER COMMENTARY

03/23/17

Chances of a moderate low ahead are improving

GENERAL: Copper prices were able to put some brakes on this week's selloff yesterday by rebounding from early pressure and they have also been able to claw out a minimal higher high for the move overnight. Apparently an inability to resolve the Escandida work stoppage after 6 weeks has rekindled supply anxiety in the copper market, and it is possible that the reversal on the charts has many bears poised to bank profits and stand aside. BHP is apparently moving to suspend other operations that are related to the Escandida mine and the trade takes that as a sign that the company is preparing for a sustained work stoppage. In addition, a sixth straight daily decline in LME exchange stocks has given copper a modest boost to its demand outlook and that in turn is tempering the talk of a big build in Shanghai exchange stocks at the end of this week. Unfortunately for the bull camp Chinese February copper refined copper imports were down 28.8% versus year ago levels. However, that negative news was offset by news that Chinese "Scrap" copper, copper alloy and anode copper imports were higher.



MARKET IDEAS:

With the rejection of the sub \$2.60 level again, the May copper contract has once again managed to respect a level that has seen a significant amount of consolidation trade over the last five months and that might hint at some value at the level. As we indicated in yesterday's coverage, it is possible that the copper market has now shifted into a net spec and fund short and that's another issue that may allow May copper to respect and hold above the March low of \$2.5580. However, a quasi-triple top up at the \$2.70 level combined with the 50 day moving average up at \$2.6779 level would seem to restrict the market on the upside. While we think the key low has been put in place, suspect macroeconomic psychology makes a buy at current levels a risky proposition.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

METALS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COMEX GOLD (APR) 03/23/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 1255.5. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1251.8 and 1255.5, while 1st support hits today at 1244.2 and below there at 1240.2.

COMEX SILVER (MAY) 03/23/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 17.676. The next area of resistance is around 17.602 and 17.676, while 1st support hits today at 17.458 and below there at 17.387.

COMEX PLATINUM (APR) 03/23/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 979.30. The next area of resistance is around 970.09 and 979.30, while 1st support hits today at 956.10 and below there at 951.30.

COMEX COPPER (MAY) 03/23/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 2.68. The next area of resistance is around 2.66 and 2.68, while 1st support hits today at 2.61 and below there at 2.58.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
METALS COMPLEX										
GCAJ7	1248.0	70.38	63.70	49.69	69.93	1239.68	1221.51	1226.11	1224.36	1212.00
SIK7	17.530	55.83	52.15	29.35	40.89	17.50	17.23	17.53	17.60	17.34
PLAJ7	963.10	45.42	44.64	24.14	32.60	967.18	953.58	971.17	988.43	978.75
CPAK7	2.63	45.70	46.65	43.20	46.25	2.65	2.64	2.66	2.68	2.65

Calculations based on previous session. Data collected 03/22/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
METALS COMPLEX						
GCAJ7	COMEX Gold	1240.1	1244.1	1247.8	1251.8	1255.5
SIK7	COMEX Silver	17.386	17.457	17.531	17.602	17.676
PLAJ7	COMEX Platinum	951.30	956.09	965.30	970.09	979.30
CPAK7	COMEX Copper	2.57	2.61	2.62	2.66	2.68

Calculations based on previous session. Data collected 03/22/2017

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