



## DAILY METALS COMMENTARY

Tuesday April 25, 2017

### PRECIOUS METALS COMMENTARY

04/25/17

**Optimism from Europe and pragmatic talk from the White House improved risk appetites and pressure metals**

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**GOLD -5.50, SILVER -5.20, PLATINUM +0.10**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets had a mostly strong start to this week as they reflected improvement in risk sentiment. News that most other candidates endorsed top vote-getter Emmanuel Macron after the results of the French Presidential first round election helped a "risk on" mood take hold around the globe. US equities could not match robust gains seen by French stocks but all 3 major indices clearly benefited from stronger risk appetites and saw gap-higher opening, while the Nasdaq once again posted a new all-time high. Treasuries put together a sizable bounce as Bonds climbed more than 1 full point above their overnight low, but prices still finished the day in negative territory. The Dollar avoided a new 5-month low but remained squarely on the defensive, while the Eurocurrency held onto a large portion of its huge overnight gains. There were few economic numbers of note overnight, although the UK's public sector net borrowing (PSNB) came in much higher than market forecasts. Asian and European stocks held onto a mostly positive tone this morning with the Nikkei continuing to lead the way due to weakness in the Yen. The North American session will start out with a February reading for the Case-Shiller home price index that is expected to hold steady with January's 5.7% year-over-year reading. March new home sales are forecast to see a modest downtick from February's 592,000 annualized rate. An April reading for the Conference Board's survey on consumer confidence is expected to have a moderate downtick from March's 125.6 reading. The April Richmond Fed manufacturing index is forecast to have a notable decline from March's 22 reading. A big day for earnings announcements will feature Coca Cola, Novartis, 3M, McDonald's, Eli Lilly, Dupont, Biogen and Caterpillar before Wall Street opening with AT&T and Texas Instruments reporting after the close.



### GOLD / SILVER

The gold bears are in the stronger position again today, as the risk-on attitude in the wake of France's election results continues for a second day. With Emmanuel Macron holding a solid lead over Marine Le Pen in the polls, the Euro is holding its gains from yesterday and the gold is back on the defensive. Adding to the risk-on mood is news that the White House is pulling back from its demand that funding for the border wall be included in the debt ceiling bill. This reduces the chance of a government shutdown this week. Talk that the administration will narrow its focus to a business tax cut as opposed to a large tax reform package as a way to "get something on the table" may add to the risk-on mood as well, as it may be viewed as something that is attainable in the short run. North Korea still looms large on the list of uncertainties, and this could spark a return to flight to quality on a moment's notice, but for the moment the markets are focused on the good news. The dollar's weakness in the wake of the French election is helping gold avoid a steeper decline. The possibility that the French election may prove to be a defining moment for the European Union may be a longer-term bearish factor for the metals, but the market still has two weeks to go before the runoff. Even though conventional wisdom has Macron defeating Le Pen, conventional wisdom has been far from wise this past year. The world's largest gold ETF saw their holdings rise by 1.48 tonnes on Monday and are close to their highest level of 2017 so far. Silver is also lower this morning, but it well above yesterday's spike low.

### PLATINUM

The PGM sector is continuing its recent pattern of divergent price action this morning, with palladium posting a modest loss while platinum is holding its ground near unchanged levels. Major producer Anglo American reported

that their first quarter refined platinum production more than doubled from last year's levels. That was due in part to a safety-related work stopped early last year, but this has added to the near-term pressure on platinum prices. Palladium continues to find underlying support from Russian supply anxiety as geopolitical tensions continue to simmer. Monday's price action took the platinum/palladium spread back below the \$165.00 level, which is within \$20 of its lowest daily closing level in the past 15 years.

**TODAY'S MARKET IDEAS:**

Despite the bounce off the 200-day moving average on Monday, June gold left a large gap and ended up \$12 lower on the day, and this gives the bulls pause. Key support is at \$1,266, and a break below there would project down to \$1,259.40. May silver held the 0.618 retracement of the March-April decline, but it probably needs a close above \$17.97 to spark a corrective rally. Near-term support for June palladium is at \$787.00 while resistance for July platinum is at \$968.20.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

Long July gold \$1,300 call from \$19.00 with an objective of \$46.00. \* Use a stop at \$9.00.

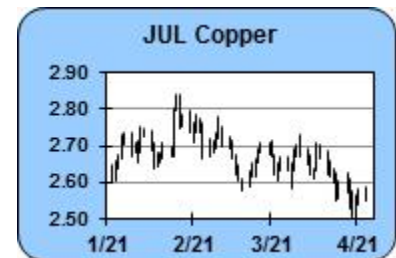
## COPPER COMMENTARY

04/25/17

### Improving risk sentiment continues to support

**GENERAL:** Copper prices have regained upside momentum early today as the market has reached a fresh 1-week high. Copper has been one commodity that is benefiting from stronger risk sentiment early this week, but the market has been unable to break out of its recent consolidation between \$2.5000 and \$2.6000. May copper stayed in positive territory for much of Monday's trading but gave back a sizable portion of its early gains by the close. There are indications that Freeport McMoran is arranging to start copper concentrate

shipments from their Grasberg mine by the end of this week, which suggests that labor tensions could be subsiding. That in turn may relieve some supply anxiety in the market. Indications that the Chinese government may crack down on speculation in their financial and commodity markets have sent a chill into Chinese equity indices, and that has been a source of headwinds for copper. However, LME copper stocks resumed their downward trajectory with sizable decline both on Monday and today, and that provides a positive reading for global demand.



**MARKET IDEAS:**

Copper has been grinding its way to the upside over the past week, and the market should continue to benefit from stronger risk appetites. It has a pattern of higher lows that stretch from last Wednesday's 3 1/2 month low. As long as risk appetites remain on the mend, copper should extend this current recovery move. Near-term support for May copper is at \$2.5475 with resistance up at \$2.5940.

**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 (JUN) 04/25/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 1261.3. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 1284.6 and 1289.3, while 1st support hits today at 1270.6 and below there at 1261.3.

COMEX SILVER (MAY) 04/25/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 17.458. The next area of resistance is around 18.085 and 18.177, while 1st support hits today at 17.725 and below there at 17.458.

COMEX PLATINUM (JUL) 04/25/2017: The major trend has turned down with the cross over back below the 40-day moving average. A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 945.05. The next area of resistance is around 973.80 and 984.25, while 1st support hits today at 954.20 and below there at 945.05.

COMEX COPPER (MAY) 04/25/2017: The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 2.59. The next area of resistance is around 2.57 and 2.59, while 1st support hits today at 2.54 and below there at 2.52.

## 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
<b>METALS COMPLEX</b>										
GCAM7	1277.6	55.20	58.46	79.70	75.32	1283.48	1284.52	1269.01	1249.53	1243.82
SIK7	17.905	38.44	44.94	49.93	35.51	17.97	18.19	18.19	17.90	17.86
PLAN7	964.00	44.03	45.91	65.31	60.81	972.33	974.87	965.67	974.87	983.46
CPAK7	2.55	41.22	41.84	23.20	23.78	2.54	2.56	2.60	2.64	2.66

Calculations based on previous session. Data collected 04/24/2017

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCAM7	COMEX Gold	1261.3	1270.6	1275.3	1284.6	1289.3
SIK7	COMEX Silver	17.457	17.725	17.817	18.085	18.177
PLAN7	COMEX Platinum	945.05	954.20	964.65	973.80	984.25
CPAK7	COMEX Copper	2.51	2.53	2.55	2.57	2.59

Calculations based on previous session. Data collected 04/24/2017

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice.

*Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*