



DAILY METALS COMMENTARY

Wednesday April 26, 2017

PRECIOUS METALS COMMENTARY

04/26/17

Strong equity market action gives gold bears an upper hand

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -0.40, SILVER -0.90, PLATINUM -1.20

OUTSIDE MARKET DEVELOPMENTS: Global markets were able to maintain their post-French election "risk on" mood for a second session in a row during Tuesday's trading. There were news headlines concerning fresh trade disputes between the US and Canada, but they did little to erode a positive tone for risk sentiment that was given an additional boost by Tuesday's major economic data points mostly coming in better than expected. US equities remain in an upward trajectory with the Dow Jones and S&P reaching new 5-week highs while the Nasdaq posted another new all-time high. Treasuries found moderate pressure, although Bonds reached a new low for the move. The Dollar had a subdued start but then came under pressure and reached its lowest level since mid-November, while the Yen continued to be the weakest major currency as it posted heavy losses due to safe-haven outflows. Asian stock indices were generally higher overnight as they played "catch-up" with Tuesday's US gains, with Japanese equities continuing to benefit from the weaker Yen. Most European stock markets are finding mild pressure this morning, with Italy's MIB-30 index down over 0.50%. The North American session will start out with a weekly private survey of mortgage applications, followed by March Canadian retail sales that are expected to see a hefty decline from February's 2.2% year-over-year rate.



GOLD / SILVER

Strong corporate earnings, positive US economic data and relief about the French election are boosting risk tolerance and undercutting the flight to quality demand for the precious metals. After following Europe higher on Monday, the US took the lead yesterday. An announcement that the US administration will propose cuts in US business taxes to 15% from current top rates of 35%-39.6% and cut taxes on overseas profits to 10% from 35% was supportive, but it is also possible that strong US data and corporate earnings were the real culprit, as that provided some concrete evidence that the US economy is going strong. US new home sales came in at 621,000 versus 590,000 expected. This was the highest level in eight months and was up 15.6% from a year ago. Consumer confidence fell to 120.3 this month from 124.9 in March, but that number was the highest reading since December 2000, and this month's number was only the second reading above the 120 level since that date. The dollar was higher overnight over two days of steep declines; this may put additional pressure on the metals today if that trend continues. Gold and silver both tested yesterday's lows overnight but were sitting near unchanged late in the session, down at the bottom of yesterday's range. North Korea has been relatively quiet this week, which is keeping the flight to quality impetus at bay. The world's largest gold ETF saw its holdings fall by 5.92 tonnes on Tuesday. Silver mine production is forecast to rise to 809.1 million ounces in 2017, up from 806.9 million in 2016, according to the CPM Yearbook. Total silver demand is expected to fall 1.3% to 889.6 million ounces, and investors are expected to add 121.4 million ounces to their holdings, up 11.5%. The positive US economic outlook may lend support to silver relative to gold and reverse the upward trend in the gold/silver ratio, which has recently traded to its highest level since December.

PLATINUM

In spite of a strong rebound in risk sentiment this week, the PGM sector continues to see volatile and choppy price action. Going into today's trading, however, both metals have maintained their recent form, as palladium is grinding out a modest gain while platinum is finding mild pressure. A well-respected industry analytics group forecast that US new vehicle sales during April will come slightly above last year's levels, while also lowering their full-year vehicle sales total from 17.6 million to 17.5 million. While this may signal lukewarm domestic demand,

keep in mind that the Chinese government is targeting an annual sales total of 35 million vehicles by 2025!

TODAY'S MARKET IDEAS:

We would expect the bears to continue to have the upper hand with dollar and the stock market putting in new highs. A key support level in June gold could be \$1,259.40, as a break below there could indicate that a more significant correction (of the March-April rally) is underway. July silver could be due for a correction after six straight daily losses and a decline of \$1.165. However, a key bull/bear level could be \$17.63. The market has bounced around that price for two sessions but has managed to close above it each day. A solid move below there could project a bigger correction down to \$16.95. Near-term support for June palladium is at \$789.50 while near-term resistance for July platinum is at \$963.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

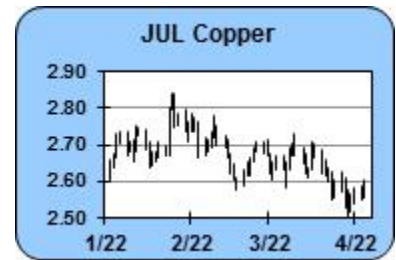
Long July gold \$1,300 call from \$19.00 with an objective of \$46.00. * Use a stop at \$9.00.

COPPER COMMENTARY

04/26/17

Stronger demand will help to underpin copper prices

GENERAL: Copper prices are finding mild pressure this morning, but they remain fairly well supported and are still close to Tuesday's high. Copper continues to stay well clear of last week's low, but it needs to see this week's "risk on" mood continue in order to extend the recovery. July copper reached a new 1-week high before posting a moderate gain for Tuesday's trading session. Copper is a commodity that clearly benefited from stronger risk appetites this week, while sharp gains in global equities provided another source of support. In addition, a third straight daily decline in LME copper stocks as of this morning indicates that global demand may be on the mend. Freeport McMoran announced disappointing quarterly earnings on Tuesday, but they did confirm that they have been extended a 6-month permit for exports from their Grasberg mine in Indonesia. While this was good news for their stock price, this "additional" supply could weigh on copper prices going forward.



MARKET IDEAS:

The demand side of the market may have to do the heavy lifting for copper prices over the rest of this week, as recent supply-side issues have been or are being resolved. If risk sentiment can improve again going into Friday's weekly Shanghai copper stocks release, copper could finish the week off by lifting clear of its recent consolidation zone. July copper will find near-term support at \$2.5720, while resistance is up at \$2.6110.

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) 04/26/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st

support number. The next downside objective is 1251.1. The next area of resistance is around 1273.5 and 1285.2, while 1st support hits today at 1256.5 and below there at 1251.1.

COMEX SILVER (JUL) 04/26/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down is a negative indicator for prices. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 17.280. The next area of resistance is around 17.890 and 18.200, while 1st support hits today at 17.430 and below there at 17.280.

COMEX PLATINUM (JUL) 04/26/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 943.28. The next area of resistance is around 965.55 and 974.27, while 1st support hits today at 950.05 and below there at 943.28.

COMEX COPPER (JUL) 04/26/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 2.63. Daily studies suggest buying dips today. The next area of resistance is around 2.62 and 2.63, while 1st support hits today at 2.58 and below there at 2.55.

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										
GCAM7	1265.0	44.27	50.56	74.07	62.85	1278.85	1283.49	1269.46	1250.03	1245.00
SIAN7	17.660	30.02	38.45	42.15	25.15	17.91	18.20	18.23	17.96	17.93
PLAN7	957.80	42.62	44.94	60.95	52.21	969.15	973.54	965.74	973.72	982.97
CPAN7	2.59	48.06	46.05	24.91	29.07	2.57	2.57	2.61	2.65	2.67

Calculations based on previous session. Data collected 04/25/2017

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						
GCAM7	COMEX Gold	1251.0	1256.4	1268.1	1273.5	1285.2
SIAN7	COMEX Silver	17.280	17.430	17.740	17.890	18.200
PLAN7	COMEX Platinum	943.27	950.05	958.77	965.55	974.27
CPAN7	COMEX Copper	2.54	2.57	2.59	2.62	2.63

Calculations based on previous session. Data collected 04/25/2017

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