



DAILY METALS COMMENTARY

Thursday April 27, 2017

PRECIOUS METALS COMMENTARY

04/27/17

Fading risk-on attitude could bring about some short covering in gold

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +1.50, SILVER +4.40, PLATINUM +1.50

OUTSIDE MARKET DEVELOPMENTS: Global markets may have shook off early pressure, but sentiment turned lukewarm following events in Washington as market attention focused on events at the White House. Before an "official" announcement, there were hints that tax reform measures included a cut in the corporate rate to 15% and a special repatriation rate of 10%. When the actual details came out, however, risk sentiment deteriorated and was further rattled by reports that the White House was considering an executive order to withdraw from NAFTA. While the Nasdaq reached another new record high and the S&P and Dow Jones were within striking distance of new high ground, US stocks eventually turned lower as all 3 major indices finished lower. After finding early pressure, Bonds and Notes climbed back into positive territory by the close. The Dollar made a sizable early gain and came close to reaching Monday's chart-gap, but ended up pulling back from those highs by the close. While the Bank of Japan left policy unchanged at their latest meeting, they upgraded their outlook for the Japanese economy while cutting their core inflation forecast. Asian stocks posted mixed results as the Shanghai Composite finished the day with a moderate gain. Both the German Gfk consumer confidence survey and a set of Euro zone sentiment readings saw better than expected results. The latest European Central Bank monetary policy meeting is expected to have no change in rates or policy, but a post-meeting press conference by ECB President Draghi may hint at upcoming policy changes. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a modest downtick from the previous 243,000 reading. March durable goods are expected to see a moderate downtick from February's 1.8% reading. March pending home sales are forecast to see a sizable decline from February's 5.5% reading. The March goods trade balance, March wholesale inventories and the April KC Fed manufacturing index will also be released during morning US trading hours. Another busy day of earnings announcements will include Comcast, AbbVie, Celgene, United Parcel Service, Union Pacific, Bristol-Myers Squibb and CME Group before the Wall Street opening while Alphabet (Google), Microsoft, Amazon.com, Intel and Starbucks report after the close.



GOLD / SILVER

The risk-on attitude has faded for the moment, and this may allow gold to consolidate or possibly work higher today. The gold market tried to work lower on Wednesday, but it failed to gain much traction on the downside and reversed to move higher late in the session and into the overnight hours. The gains were modest and by the early morning hours the market was back near unchanged. The White House announced that it was going for "historic" tax cuts in its tax reform package, with a cut in the corporate rate to 15% and a special repatriation rate of 10%, but by the time the announcement came it was old news, and the press and others had already started questioning the lack of detail in what was presented and the ability to get such a plan passed. This was enough to pull the stock markets off their highs and spark some short covering in gold. North Korea engaged in its largest ever "live-fire" drills in history on Tuesday, and this may have served as a reminder to the markets of that ongoing geopolitical problem and provided a lift to gold. However, with the US administration toning-down its rhetoric and showing a willingness to "exhaust all non-military options," the flight-to-quality support off this issue has softened. July silver closed lower for the seventh straight session on Wednesday. It has declined 5.5% since April 17th, while gold has fallen 2.8%, and the gold/silver ratio has climbed to its highest level since November. Of the two, silver is more deeply oversold. Overnight the Bank of Japan was the most upbeat it had been in nine years, but it offered no timeline for lifting stimulus. The ECB meets today; no change in policy is expected at this time.

PLATINUM

The PGM sector continues its divergent price pattern, as palladium is seeing a moderate loss while platinum is grinding out a modest gain early in today's trading. On Wednesday, the platinum/palladium spread fell below \$145.00 to reach its lowest level in 15 years. Platinum's auto catalyst usage is normally directed at diesel engines, but the relatively "cheap" price levels for platinum could lead to more widespread vehicle usage. There are reports that Implats could lay off workers at their Marula complex in South Africa. That could lead to unrest and supply disruptions if labor tensions continue to fester, which may help underpin platinum prices this morning.

TODAY'S MARKET IDEAS:

The gold bears have to be getting a bit frustrated with market's failure to break hard on Wednesday. The risk-on attitude from earlier in the week seems to have faded, and we wouldn't be surprised to see June gold make an attempt to trade back to the gap from Monday's open (\$1,280-\$1,289). Channel resistance comes in at \$1,282.80 today, with support at \$1,258.80. July silver has led the way down, and has become deeply oversold basis traditional technical indicators, but there is no sign of a bottom. Downside technical targets include \$17.292 and \$16.954. Near-term support for July platinum is at \$948.00 while resistance for June palladium is at \$807.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

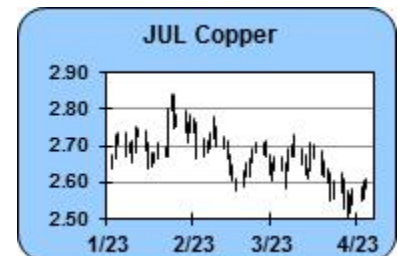
Long July gold \$1,300 call from \$19.00 with an objective of \$46.00. * Use a stop at \$9.00.

COPPER COMMENTARY

04/27/17

Ongoing supply issues help to underpin copper prices

GENERAL: Copper prices are finding mild pressure this morning, but they are holding their ground near yesterday's high. The market has been able to overcome Chinese demand concerns and volatile risk sentiment to maintain its current recovery move, as it seems the supply side of the market may not be as settled as earlier thought. July copper kept within a tight trading range on Wednesday but was still able to grind out a moderate gain by the close. Major producer BHP gave a boost to prices by providing downward production guidance in their latest earnings release. A major portion of that shortfall came from Chile's Escondida mine, where output may not reach full speed again until July. Zambia's government forecast their nation's production this year to be 10% above last year's total, but that may only have a modest impact on global copper supply.



MARKET IDEAS:

With the added market uncertainty over when exports from the Grasberg mine in Indonesia are going to reach full speed again, copper may still be able to may have enough supply-side support to help underpin prices over the rest of the week. July copper could find near-term support at \$2.5720, while resistance is up at \$2.6250.

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) 04/27/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 1256.8. The next area of resistance is around 1277.0 and 1280.9, while 1st support hits today at 1265.0 and below there at 1256.8.

COMEX SILVER (JUL) 04/27/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 17.188. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 17.700 and 17.867, while 1st support hits today at 17.360 and below there at 17.188.

COMEX PLATINUM (JUL) 04/27/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 939.50. The next area of resistance is around 958.40 and 964.70, while 1st support hits today at 945.80 and below there at 939.50.

COMEX COPPER (JUL) 04/27/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 2.62. The next area of resistance is around 2.61 and 2.62, while 1st support hits today at 2.59 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										
GCAM7	1271.0	49.38	53.86	69.20	58.53	1276.20	1282.94	1270.86	1250.72	1246.23
SIAN7	17.530	24.93	34.03	33.88	17.35	17.74	18.09	18.19	17.95	17.93
PLAN7	952.10	37.88	41.62	54.27	40.93	960.98	971.39	965.34	972.36	982.17
CPAN7	2.60	51.04	47.94	28.37	35.29	2.58	2.57	2.61	2.65	2.67

Calculations based on previous session. Data collected 04/26/2017

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	1256.7	1264.9	1268.8	1277.0	1280.9
SIAN7	COMEX Silver	17.187	17.360	17.527	17.700	17.867
PLAN7	COMEX Platinum	939.50	945.80	952.10	958.40	964.70
CPAN7	COMEX Copper	2.57	2.59	2.59	2.61	2.62

Calculations based on previous session. Data collected 04/26/2017

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