



PRECIOUS METALS COMMENTARY

04/28/17

Bulls need help from US budget fight or soft numbers

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +2.30, SILVER +8.10, PLATINUM +4.60

OUTSIDE MARKET DEVELOPMENTS: Global markets were weaker overnight off slack Japanese retail sales readings and building doubt over the US tax reform volley from the US President. The Asian session was clearly undermined by misses on Japanese Core inflation and manufacturing readings. However, there were some positives sprinkled within the Japanese data that moderated economic sentiment. The European session data set today includes first quarter reading for French GDP, followed by March German retail sales that are expected to improve from February's -2.1% year-over-year reading. First quarter UK GDP is forecast to see a modest uptick from the fourth quarter's 1.9% year-over-year rate. The highlight for the European session will be the April Euro zone CPI which is expected to uptick from March's 1.5% year-over-year rate. The North American session will start out with a preliminary reading on first quarter gross domestic product which is forecast to have a sizable downtick from the fourth quarter's 2.1% annualized rate. February Canadian GDP is expected to downtick from January's 0.6% reading but are expected to remain in positive territory. The April Chicago PMI is forecast to downtick from March's 57.7 reading. A key private survey of April consumer sentiment is expected to hold steady at the previous 98 reading. Fed Governor Brainard and Philadelphia Fed President Harker will speak during afternoon US trading hours. Earnings announcements will include Exxon Mobil, Chevron, Colgate-Palmolive and General Motors before the Wall Street opening.



GOLD / SILVER

Gold's resilience in the face of a rush to risk-on assets earlier this week should be encouraging to the bulls but the market just hasn't been able to throw off a generally weak track in prices. In fact there have been eight sessions since gold put in its April high, and the market has fallen 2.8% in that period in a move that seems to be erosive in nature. With new all-time highs in the NASDAQ earlier this week, a temporary decline in anxiety in France and a 1 month low in the Australian gold index overnight may leave the bias down. Gold was relatively calm yesterday despite turbulence seen in other global markets, and perhaps it picked up some safe-haven inflows as the specter of a US government shutdown due to budget deadlines returns to the headlines and that angle might be given more credence in the event that first quarter US GDP produces a disappointing result. However, a soft GDP reading should ultimately be supportive of gold, as it would increase the chances for the Fed to delay the next rate hike and in turn put additional pressure on the dollar. GLD holdings were just down 0.89 tonnes on Thursday, but they are now at the lowest level since April 18th. July silver was sharply lower yesterday and has been off balance for eighth sessions. Silver has fallen 7.9% from its April highs and a large portion of that weakness is justified given the recent record spec and fund long readings from the COT reports.

PLATINUM

While the PGM sector continued its recent pattern of divergent price action yesterday, there is also a "convergence" trade occurring as palladium prices climb further towards platinum prices and platinum is starting to be seen as a value play. In other words if the market were to see a series of new all-time highs in the US Nasdaq and there is renewed optimism toward the US economy that could result in platinum being seen as a recovery play. July platinum bounced back to finish Thursday with a modest gain while on the other hand, June palladium remained well supported as it came within \$0.70 of a new 2-year high before closing with a sizable gain that put the platinum/palladium spread at its lowest level since 2002. Palladium will continue to have potential supply issues to provide underlying support as long as Russian/US political tensions are generating news

headlines.

TODAY'S MARKET IDEAS:

While June gold's decline off the April highs has allowed the market to correct some of its overbought status, the news flow early this morning doesn't seem to offer much in the way of support to prices. However we wouldn't be surprised to see June gold make a move back towards the gap from Monday's open (\$1,280-\$1,289), particularly if the GDP number comes in disappointing. Channel resistance comes in at \$1,281, with support at \$1,259.40. A close below \$17.292 in July silver would leave the next downside target at \$16.954. Near-term support for June palladium is at \$805.70 while resistance for July platinum will be found at \$938.50.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

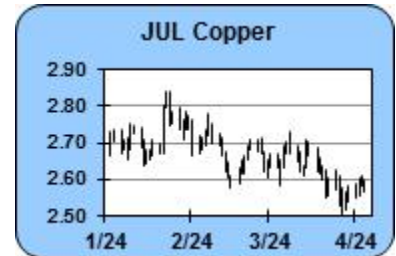
Long July gold \$1,300 call from \$19.00 with an objective of \$46.00. * Use a stop at \$9.00.

COPPER COMMENTARY

04/28/17

Technical picture is positive but US GDP sets the tone today

GENERAL: Copper prices remain generally supported going into today's trading, but will have a large hurdle to clear before it finishes the week and month on a positive note. Fortunately for the bull camp July copper might have balanced its technical condition with a break yesterday that was rejected as that could help the market absorb a disappointing US GDP result later this morning. However, concerns over upcoming Chinese demand should continue to cause headwinds for copper prices especially since the trade thinks China is destined to shift its import demand away from refined copper to raw copper. With a recent pattern of generally declining Shanghai and LME copper stocks readings we have to think that the April lows were some form of value unless of course the US economy falters ahead off renewed political battling and a decline in hopes for a quick passage of tax reform measures. Today's action will also see some positioning ahead of key Chinese manufacturing PMI numbers released early next week.



MARKET IDEAS:

July copper should find near-term support at \$2.5720 but the bull camp will have a noted test of its resolve in the wake of the US GDP release this morning as the market needs to see something positive to rekindle the risk-on vibe seen at times earlier this week. Initial resistance is seen up at \$2.6130.

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) 04/28/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 downside target is 1256.8. The next area of resistance is around 1270.3 and 1275.3, while 1st

support hits today at 1261.1 and below there at 1256.8.

COMEX SILVER (JUL) 04/28/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 17.113. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 17.434 and 17.612, while 1st support hits today at 17.185 and below there at 17.113.

COMEX PLATINUM (JUL) 04/28/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 objective is now at 935.55. The next area of resistance is around 952.59 and 959.55, while 1st support hits today at 940.60 and below there at 935.55.

COMEX COPPER (JUL) 04/28/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 2.62. The next area of resistance is around 2.61 and 2.62, while 1st support hits today at 2.58 and below there at 2.56.

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	1265.7	45.08	50.92	61.19	48.11	1268.65	1279.66	1271.28	1251.21	1246.97
SIAN7	17.310	23.06	32.33	26.54	11.85	17.59	17.95	18.13	17.93	17.93
PLAN7	946.60	36.86	40.91	46.92	32.21	953.20	967.96	965.01	971.04	981.28
CPAN7	2.59	49.56	47.08	32.03	39.58	2.59	2.57	2.60	2.64	2.66

Calculations based on previous session. Data collected 04/27/2017

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	1261.0	1266.0	1270.3	1275.3
SIAN7	COMEX Silver	17.112	17.184	17.362	17.434	17.612
PLAN7	COMEX Platinum	935.55	940.59	947.55	952.59	959.55
CPAN7	COMEX Copper	2.55	2.57	2.59	2.61	2.62

Calculations based on previous session. Data collected 04/27/2017

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