



PRECIOUS METALS COMMENTARY
05/16/17

The bull camp holds a minor edge again today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD +3.80, SILVER +9.20, PLATINUM +7.00



OUTSIDE MARKET DEVELOPMENTS: Global equity markets were generally higher overnight with weakness generally seen in European bourses. The Asian session was highlighted by a March reading on a Japanese tertiary industry index which posted an "as expected" downtick from February's 0.2% gain but that result was offset by a sharp rise in machine tool orders for the month. The European session started out with and unchanged April French CPI and that was joined by a flat first quarter Italian GDP result on a quarter over quarter basis. However, the Euro zone posted records in both trade surplus and exports for the month of March. April UK CPI was released overnight and was expected to see a moderate increase from March's 2.3% year-over-year rate and that was achieved with a bump of.1. The May ZEW survey of German economic sentiment was forecast to have a moderate uptick from April's 19.5 reading and it saw a rise of 1.1 points from the prior result. First quarter Euro zone GDP was expected to hold steady with the previous 1.7% year-over-year reading but instead it managed a rise of +0.1%. The North American session will start out with April readings for housing starts and building permits, both of which are forecast to see modest upticks in their March annualized readings. April industrial production is expected to have a minimal downtick from March's 0.5% reading. Earnings announcement will include Home Depot and TJX Companies before the Wall Street opening.

GOLD / SILVER

In addition to revived safe haven interest off the latest North Korean missile test and uncertainty from the cyber-attacks over the weekend, the gold market saw support from news Monday that April Indian gold imports were up sharply from year ago levels. While the sharp rise in Indian gold imports was at least partially the result of restrictive government import policies and de-monetization efforts last year, the magnitude of the increase in physical imports (+211% in dollar value) should not be discounted. It is also highly likely that ongoing weakness in the dollar (which is primarily the result of a developing pattern of disappointing US data) is set to contribute to more near term gains in gold, silver and platinum ahead. With only moderate gains in gold prices since last week's lows, it is not surprising to see short-term technical indicators remaining in "buy" modes. Following disappointment from the New York Fed manufacturing readings yesterday, that should make US housing data due out later this morning even more critical to the Dollar and therefore important to precious metals. The gold market might be drawing some fresh support from the latest Washington flap flowing from a Washington Post story suggesting that the US President revealed classified information to visiting Russian officials. Gold derivative holdings declined overnight by 20,513 ounces.

PLATINUM

With some divergence between platinum and palladium prices to start the trading week, a portion of the bull case is discounted. However, platinum had become undervalued relative to palladium and a round of new all-time highs in US equities, favorable NAHB housing readings and ongoing recent gains in platinum derivative holdings helps to improve platinum demand prospects. Going forward, more new all-time highs in certain US equity market measures could leave platinum with a near term edge over palladium as it plays catch-up to the gains forged by palladium over the prior two quarters. Short-term technical indicators in platinum remain in "buy" modes, and there might be little in the way of resistance in the July platinum contract until the \$950 level.

TODAY'S MARKET IDEAS:

Pushed into the market, we continue to favor the bull case as the prospect of fresh geopolitical buying off North Korea seems high in the wake of their actions over the last weekend. The prospect of ongoing declines in the dollar and strength in energy prices simply creates a positive environment for both gold and silver going forward. With short-term technical measures also favoring the bull camp, it is possible that June gold prices will retest the \$1,250 level later this week. Uptrend channel support in June gold today rises to \$1,231.70 with the 50 day moving average seen up at \$1,247.70. As in the gold market the silver market remains in short-term technical buy mode with little in the way of resistance seen until the \$16.89 level. Close in support in the July, silver contract today comes in at \$16.41.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

05/16/17

A minimal edge remains with the bull camp

GENERAL: While the talking heads played down Chinese industrial production and retail sales "growth rates" yesterday as being softer than prior month's growth rate readings, we would note both those readings still registered significant absolute growth over the same levels one year ago. In other words the Press and Trade sees "lower growth rates" as negative when in reality the Chinese economy continues to grow relative to prior results. However, the markets this morning are showing some concern that Chinese regulation (capital market rules) and air pollution control could increase headwinds for the crucial Chinese copper demand market. On the other hand, it also goes without saying that improvement in the US NAHB housing market index figures yesterday and new all-time highs in a number of US stock market measures serves to keep global copper demand expectations strong. One could also point to an extending pattern of declines in daily LME copper warehouse stocks as a supportive issue for copper prices as copper stocks overnight fell again by 2,650 tons.



MARKET IDEAS:

A recent pattern of higher lows on the charts leaves the copper market in a technical uptrend and we also suspect that a weaker Dollar and generally positive demand fundamentals will continue to support more measured gains directly ahead. While US New York Fed manufacturing readings were soft yesterday, that news was clearly more than counter-vailed by strength in the NAHB index and by residual new all-time highs in certain equity market measures. Uptrend channel support in July copper today moves up to \$2.5300 but more critical support is seen down at \$2.5140.

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) 05/16/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. 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

next upside objective is 1241.8. The next area of resistance is around 1235.6 and 1241.8, while 1st support hits today at 1225.0 and below there at 1220.6.

COMEX SILVER (JUL) 05/16/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside objective is at 17.021. The next area of resistance is around 16.822 and 17.021, while 1st support hits today at 16.418 and below there at 16.212.

COMEX PLATINUM (JUL) 05/16/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 948.92. The next area of resistance is around 939.74 and 948.92, while 1st support hits today at 921.25 and below there at 911.93.

COMEX COPPER (JUL) 05/16/2017: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 2.57. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 2.56 and 2.57, while 1st support hits today at 2.53 and below there at 2.50.

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	1230.3	38.19	39.72	13.48	17.23	1225.28	1227.59	1248.71	1251.26	1247.58
SIAN7	16.620	42.43	37.95	9.73	16.55	16.37	16.33	16.90	17.55	17.65
PLAN7	930.50	51.11	46.79	23.55	32.41	918.93	913.17	933.29	951.23	962.49
CPAN7	2.54	47.35	45.18	20.79	22.12	2.52	2.52	2.56	2.61	2.63

Calculations based on previous session. Data collected 05/15/2017

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	1220.6	1225.0	1231.2	1235.6	1241.8
SIAN7	COMEX Silver	16.211	16.417	16.616	16.822	17.021
PLAN7	COMEX Platinum	911.92	921.24	930.42	939.74	948.92
CPAN7	COMEX Copper	2.50	2.52	2.53	2.56	2.57

Calculations based on previous session. Data collected 05/15/2017

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