



## DAILY METALS COMMENTARY

Thursday May 18, 2017

### PRECIOUS METALS COMMENTARY

05/18/17

**Conditions remain conducive to more gains in gold & silver**

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

**GOLD +3.80, SILVER -12.10, PLATINUM -8.90**

**OUTSIDE MARKET DEVELOPMENTS:** Global markets remained under pressure in a reaction that more than likely followed the slide seen in the US markets on Wednesday. However, with US stocks showing renewed pressure again this morning the spiral looks to continue throughout the world. The Asian session started out with a first quarter reading for Japanese GDP that best expectations and in turn has extended the string of growth to the longest in 10 years. April Australian unemployment was forecast to hold steady at 5.9% but instead it declined by 0.2%. The European started out with April UK retail sales that also bested expectations and registered a gain of +2.3%. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a modest uptick from the previous 236,000 reading. The May Philly Fed survey is expected to have a modest downtick from April's 22.0 reading. The Conference Board's April leading economic index is forecast to have a minimal downtick from March's +0.4% reading. Cleveland Fed President Mester will speak during afternoon US trading hours. Earning announcements will include Alibaba Group and Wal-Mart before the Wall Street opening while Salesforce.com, Applied Materials, McKesson, Autodesk and Ross Stores report after the close.



### GOLD / SILVER

It goes without saying that gold, silver and platinum are direct beneficiaries of the ongoing disaster in Washington politics and with fresh losses in US equities again this morning gold looks to remain well bid. Adding into the distinctly bullish tilt in the precious metals market this week is ongoing and very noted weakness in the Greenback. With the biggest loss in the equity markets since March 21st it is clear that anxieties are indeed running high and money is moving toward the safe haven instruments like gold, silver, platinum, Treasuries and the Yen. Therefore it is possible that anxiety will extend at the same time that dollar action will continue to support the precious metals markets to even more gains. The most aggressive bulls think the latest US political developments could lead to the discussion of impeachment while more conservative bulls think that recent events clearly put off a June rate hike and in turn that leaves the US economy vulnerable to turmoil. About the most bearish development toward gold and silver off the events this week is that they are seeing safe haven competition from the Yen, Treasuries and even the Euro! So far, total gold derivative holdings have not increased notably in the wake of the May recovery rally in gold, and for some that might mean more upside gains are possible before weak handed buyers of gold ETF's signal the end of the rally wave with their entry into those instruments. In fact, the world's largest gold ETF have had unchanged gold holdings for the past seven sessions. On the other hand, total silver derivative holdings have continued to rise (+950,996 ounces overnight) and they have now reached 642.3 million ounces.

### PLATINUM

The platinum market this week has generally outperformed the palladium market, and that might be the result of platinum being seen as a better cheaper value play than palladium which is fresh off a key high forged earlier this month. In fact, earlier in the month the platinum market reached down to the lowest levels in at least 14 months and that would seem to make it a better near term long play. Another issue leading into the recent strength in platinum prices is forecast from an entity calling for an expanding deficit in classic platinum supply and demand measures. It should also be noted that July platinum this week has moved up to just under its 50 day moving average, and a minimal rise today would put the market in a technical upside breakout. However, in order to

sustain a bullish track today probably requires the market to hold above \$928.80. We expect platinum will continue to gain on palladium from a safe haven and physical fundamental perspective. It should be noted that platinum derivative holdings rose again overnight by 4,662 ounces and the holdings are starting to become relevant to the bull case.

**TODAY'S MARKET IDEAS:**

We have to repeat our opinion from the prior trading sessions that it is difficult to argue against the bull case in gold, silver and platinum. In fact, a distinct trade up through the 50 day moving average in gold at \$1248.70 would seem to set up the next target of \$1,272.40. While the silver market has yet to approach its 50 day moving average up at \$17.50 yesterday's bid above the \$17.00 level would seem to project follow-through to the next resistance point of \$17.18.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

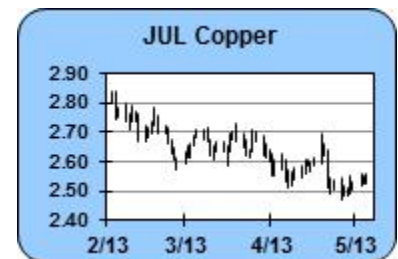
None.

**COPPER COMMENTARY**

05/18/17

**The path of least resistance remains down**

**GENERAL:** All things considered, the copper market action yesterday was fairly impressive as the copper market rejected early weakness and favored the prior session's closing level despite the meltdown in global economic expectations. Even more impressive is the fact that copper managed to discount a 17,100 tonne build in daily LME copper warehouse stocks yesterday. However, with negative economic psychology clearly extending into today's trade the market has finally thrown in the bull towel and spiked lower in a move that would seem to set the July contract up for a coming test of the May low down at \$2.4725. News from China that their April refined copper output jumped by 5.5% over year ago levels is probably seen as an additive negative for prices today but in the near term the expectation of waning demand off crushed consumer/investment psychology looks to continue to dominate the copper trade.



**MARKET IDEAS:**

Even though the technical picture in copper has tried to remain positive since the May 8th low, deteriorating demand fundamentals, fresh damage on the charts and a 2 day rise in LME copper stocks of nearly 18,000 tons clearly favors the bear camp. Fortunately for the bull camp in copper, the last COT positioning report only put the net spec and fund long at 8,674 contracts, but even a minimal spec long could be in danger in what appears to be an extension of very negative market psychology. In fact, the failure at \$2.50 and the current environment probably sets the stage for the lowest copper price since last December.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

Long July copper \$2.50/\$2.44 bear put spread for 200 looking for an objective of 320. Risk the combination to 120.

**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) 05/18/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 1279.3. The next area of resistance is around 1272.3 and 1279.3, while 1st support hits today at 1247.3 and below there at 1229.3.

COMEX SILVER (JUL) 05/18/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 17.157. The next area of resistance is around 16.999 and 17.157, while 1st support hits today at 16.720 and below there at 16.598.

COMEX PLATINUM (JUL) 05/18/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 955.07. The next area of resistance is around 950.95 and 955.07, while 1st support hits today at 941.25 and below there at 935.68.

COMEX COPPER (JUL) 05/18/2017: 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 downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 2.57. The next area of resistance is around 2.55 and 2.57, while 1st support hits today at 2.53 and below there at 2.51.

## 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	1259.8	64.36	57.50	24.85	40.92	1238.48	1229.68	1244.43	1253.12	1247.77
SIAN7	16.860	52.80	45.26	21.08	33.97	16.65	16.41	16.77	17.54	17.61
PLAN7	946.10	60.54	53.49	38.18	55.17	932.30	920.83	928.98	951.11	960.19
CPAN7	2.54	49.41	46.56	24.72	28.78	2.54	2.52	2.56	2.60	2.62

Calculations based on previous session. Data collected 05/17/2017

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	1229.3	1247.3	1254.3	1272.3	1279.3
SIAN7	COMEX Silver	16.597	16.719	16.877	16.999	17.157
PLAN7	COMEX Platinum	935.67	941.25	945.37	950.95	955.07
CPAN7	COMEX Copper	2.50	2.52	2.54	2.55	2.57

Calculations based on previous session. Data collected 05/17/2017

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