



**PRECIOUS METALS COMMENTARY**  
05/19/17

**Divergent action between gold and silver today**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**GOLD -0.60, SILVER +8.50, PLATINUM +2.50**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were able to regain their footing as a lack of fresh news headlines out of Washington helped to soothe risk anxiety and investors overnight appeared to be willing to bargain hunt. Another positive factor for global markets was that economic numbers (UK retail sales, US jobless claims and the Philly Fed survey) all came in better than forecast. However the Fed's Mester said that the Fed should remain vigilant on falling behind with rate hikes, which may have taken some steam out of the markets late in the Thursday session. The Asian session was fairly quiet, while the European session started out an April reading on German PPI which showed a greater than expected jump in inflation readings. May Euro zone consumer confidence is forecast to have a modest uptick from April's -3.6% reading. The North American session will be relatively quiet data-wise from the US, and will be highlighted by key economic data from Canada. April Canadian CPI is forecast to have a minimal uptick from March's 1.6% year-over-year rate. March Canadian retail sales are expected to have a sizable increase from February's -0.6% reading and climb into positive territory. St. Louis Fed President Bullard will speak during morning US trading hours while San Francisco Fed President Williams will speak during the afternoon. Earnings announcements will include Deere and Campbell Soup before the Wall Street opening.



**GOLD / SILVER**

While the gold market might have become short-term technically overbought with the high posted on Thursday, it has managed to close above its 50 day moving average this week and while it is difficult to think US political uncertainty will remain at a mere simmer the President is leaving the country for a trip and that might reduce the prospect of fresh domestic political bombs. An issue that might step up and pressure gold in the coming weeks is news that Indian officials are set to decide on the "Tax bracket for gold in the Indian GST system" as a high bracket could discourage demand while a steady or lower tax (unlikely) would spur demand. However, the world's largest gold ETF saw their holdings fall by 1.18 tonnes on Thursday to reach their lowest level since April 18th and that suggests that instrument is somewhat ineffective as an indicator for gold prices. On the other hand, ongoing and extending weakness in the dollar again today could clearly lend some needed support to gold prices today. In a positive technical note, both volume and open interest in gold have increased on the last two weeks rally, and that might point to resolve by the bull camp. While the action in the silver market in the prior trading session was definitively negative (especially compared to gold), it is probably not nearly as vulnerable as gold from a spec and fund long perspective. Traders should also continue to monitor the amount of money flowing into silver derivative holdings (Silver holdings overnight rose +2.79 million ounces), as that particular statistic might become a headline in the near future.

**PLATINUM**

It would appear as if the near term rally in the platinum market has run its course as the market failed at its 50 day moving average of \$950.10, which makes the even number \$950 level even more significant resistance. After distinctly bullish fundamental views on the platinum deficit earlier in the week, another private consultancy group has expressed concern of a near term correction in platinum and in turn has turned bullish towards the palladium market. However we can't rule out a possible slide in July platinum back down to \$925 especially if \$929.80 is violated in the early going today and we also can't rule out a slide in June Palladium down to \$754.90 today. An issue that might provide minimal support to PGM prices is word that Northam Platinum is apparently looking for

mining asset purchases in South Africa. The technical outlook for the palladium market would appear to be even more bearish in the short term as the market has traded below its 50 day moving average on three separate days. Fortunately for the bull camp, June Palladium is nearing a longer-term consolidation low support zone around the \$750 level.

**TODAY'S MARKET IDEAS:**

The bulls will suggest the gold market has turned positive again from a technical perspective with the early rise back above the 50 day moving average. Furthermore, the gold market should get some measure of support from renewed weakness in the dollar but that influence looks to be more than offset by a recovery in equities and a slight leveling global sentiment. Since we can't in good conscience call for a quick end to the geopolitical angst being thrown off by US politics, we also can't call for an end to the upward bias in gold but we can suggest that gold is vulnerable to some modest corrective action today. On the other hand the silver market might behave like a classic physical commodity especially if global equity markets recover and the trade begins to realize that silver is seeing fairly impressive ETF inflows.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COPPER COMMENTARY**

05/19/17

**A modest recovery attempt but prices are tied to equity action**

**GENERAL:** In retrospect, the action in the copper market yesterday was very impressive as it managed to reject a sharp range down initial probe and recover by roughly 5 cents above the early low. It should also be noted that copper has managed to hold above the May lows and is showing positive early action again today. In short a clean sweep of US scheduled economic data yesterday leaves the US economic condition supportive for copper to end the week as the US doesn't have data flow today of significant. Other forces that should help to lift copper today are a decline in LME copper stocks and strength equities and crude oil prices this morning. However, a minimal rise in Shanghai copper stocks of 1,365 tons countervails some of the early bullishness toward copper.



**MARKET IDEAS:**

With a big range down washout in equities and a sharp rally in US Treasuries in the prior trading session, the fear of softening global demand for copper was clearly discounted and that should discourage the bear camp into the last trading session of the week. With the markets labeling copper as a definitive measure of the outlook for the global economy, the market should catch some fresh lift today from the positive action in stocks and firming action in crude oil. One might also suggest that copper longs are relieved with the President leaving on a foreign trip as that might extract him from the Washington caldron. It is possible that July copper will at least temporarily forge the highest prices seen since the big range down day on May 3rd.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

Long July copper \$2.50/\$2.44 bear put spread for 200. Exit at the market this morning.

**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) 05/19/2017: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 1271.1. The next area of resistance is around 1257.9 and 1271.1, while 1st support hits today at 1238.7 and below there at 1232.6.

COMEX SILVER (JUL) 05/19/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside objective is at 17.151. The next area of resistance is around 16.842 and 17.151, while 1st support hits today at 16.328 and below there at 16.122.

COMEX PLATINUM (JUL) 05/19/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 955.25. The next area of resistance is around 942.90 and 955.25, while 1st support hits today at 924.30 and below there at 918.05.

COMEX COPPER (JUL) 05/19/2017: 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 short-term trend is positive on the close above the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 2.58. The next area of resistance is around 2.56 and 2.58, while 1st support hits today at 2.51 and below there at 2.47.

## 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	1248.3	54.30	51.15	31.82	46.18	1243.35	1231.93	1242.75	1254.09	1247.95
SIAN7	16.585	45.28	41.30	27.23	38.91	16.73	16.46	16.70	17.54	17.58
PLAN7	933.60	51.32	48.16	45.14	59.02	936.38	923.46	927.51	950.97	958.99
CPAN7	2.53	44.94	44.13	25.83	28.04	2.54	2.52	2.55	2.60	2.62

Calculations based on previous session. Data collected 05/18/2017

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	1232.5	1238.6	1251.8	1257.9	1271.1
SIAN7	COMEX Silver	16.121	16.327	16.636	16.842	17.151
PLAN7	COMEX Platinum	918.05	924.30	936.65	942.90	955.25
CPAN7	COMEX Copper	2.46	2.50	2.52	2.56	2.58

Calculations based on previous session. Data collected 05/18/2017

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