



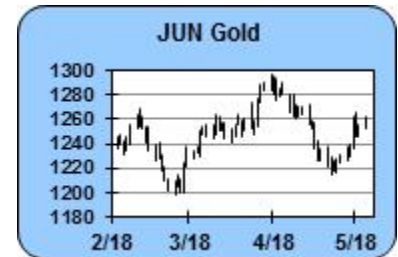
DAILY METALS COMMENTARY Tuesday May 23, 2017

PRECIOUS METALS COMMENTARY 05/23/17

The bias remains up even if the pace of gain is limited

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD -1.70, SILVER -6.10, PLATINUM +1.10**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed with European markets forging gains and Asian stocks generally weak. The European session started out with Markit "flash" manufacturing PMI numbers from around Europe, with German Ifo readings hitting a record high in May and the Euro zone manufacturing jobs reportedly adding jobs at the fastest pace in 20 years. The North American session will start out with a "flash" reading for the Markit manufacturing PMI which is expected to have a modest uptick from the previous 52.8 reading. April new home sales are forecast to have a modest downtick from March's 621,000 annualized rate. The May Richmond Fed's manufacturing index is expected to have a moderate downtick from April's 20 reading. Minneapolis Fed President Kashkari and Philadelphia Fed President Harker will speak during afternoon US trading hours. Earning announcement will include AutoZone before the Wall Street opening while Intuit reports after the close.



GOLD / SILVER

The gold market action to start the week was impressive as it managed yesterday's gains without a definitive fresh geopolitical anxiety headline from Washington. While others may interpret the Fed dialogue on Monday in a different manner, we saw the comments to be less hawkish and/or slightly more dovish than recent market expectations. Over the last two weeks, the trade at one point came to the conclusion that the Fed might hike rates three more times this year and commentary from the Fed on Monday suggested that only two more hikes would likely be seen. Therefore, less aggressive Fed policy certainly improves the speculative environment toward gold and silver. While gold and silver initially caught a bid in the wake of the UK terrorist incident overnight that news wasn't a sustained driving force for prices overnight. In physical news overnight Gold Fields Mineral Services forecast a decline in 2nd half Indian 2017 gold imports as a result of overly aggressive gold imports in the first 6 months of 2017 off efforts to avoid a tax. In other import/export news the trade was presented with news of a decline in Swiss gold imports and a sharp increase in Chinese silver imports for April of +24.6% from year ago level. Even more important from the Chinese silver import front is the fact that Chinese silver imports for the first 4 months of 2017 were also up 24.8% from the same period last year. The world's largest gold ETF saw their holdings rise by 1.77 tonnes on Monday to reach their highest level since May 5th while total silver derivative holdings showed a build of 547,109 ounces to stand at 571 million ounces. Not surprisingly some traders are starting to watch silver prices closely, and they might be justified in the wake of a recent pattern silver price gains that at times have outperformed the gains in gold.

PLATINUM

Even platinum and palladium benefited from slightly improved economic sentiment in place at the start of the trading week. Obviously positive leadership from gold and silver also played a large role in the favorable price reaction yesterday, but ongoing declines in the dollar and news of rising Chinese platinum and palladium imports should help extend the bounce off of \$750.00 in palladium and the clear rejection of last week's low of \$929.90 in July platinum. For the record the markets saw a 2.7% increase in Chinese imports for April compared to year ago levels while palladium saw a 54% increase in April imports compared to year ago levels. In order to confirm the shift into a positive track in the PGM complex probably requires confirmation of the Monday bounce with a hook up in open interest today. Other issues that might help to facilitate gains in platinum and palladium ahead are further gains in equities, positive US economic data and fresh hope from the auto sector in the wake of a

leadership change at Ford Motor Company. Critical support in June Palladium is now seen at \$755.65, with similar support in July platinum seen at \$930.s0. The platinum market looks to start the second trading session of the week right on its 50 day moving average and with a rise above \$950.40 that could be seen as a technical buy signal.

TODAY'S MARKET IDEAS:

With gold rising above its 50 day moving average recently and the silver market clawing its way toward that measure, the uptrend looks to be extending even if the gains in gold are step-wise. In fact, a runaway washout in the dollar has caught the attention of precious metals speculators and that issue alone probably justifies an extension up in the days ahead. The idea that silver may lead on the current rally is given credence by the fact that it has already broken out to the upside while gold has partially lagged behind early this week. Furthermore, as we have been mentioning over the past week, the pattern of inflows into silver derivative holdings has continued and that hints at investor optimism toward silver. Support in June gold today comes in at the 50 day moving average of \$1,251.20 with support in July silver moving up to the \$16.84 level. The top of the uptrend channel in July silver into the Friday trade this week is seen at \$17.44.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

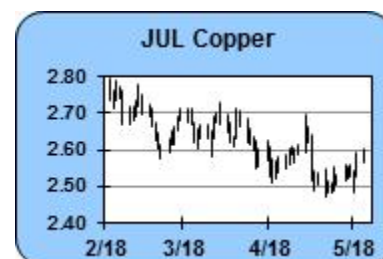
None.

COPPER COMMENTARY

05/23/17

Short term overbought conditions & fundamentals lean bearish

GENERAL: While copper managed a fresh upside breakout yesterday to reach the highest price since May 3rd and that move extends last week's impressive recovery, the market this morning seems to have faltered at its 50 day moving average. Not surprisingly the copper market was undermined as a result of Chinese news with the Chinese April refined copper import tally declining by 41% as compared to year ago levels. However, the decline in Chinese refined copper imports was partially offset by increases in scrap and concentrate copper imports. The rally in copper to start the week was made even more impressive by the fact that a private entity yesterday projected the world copper market to be in a 93,000 tonne surplus as of February. It is also possible that a lengthening string of declining daily LME copper warehouse stock reports, a recovery in equities, positive US scheduled data, reports of rising demand/prices for scrap copper and ongoing weakness in the dollar is set to provide a positive cocktail for copper going forward.



MARKET IDEAS:

The copper market climbed right up to its 50 day moving average early this morning and that has to keep the bear camp back on its heels especially since that action was seen in the wake of a WBMS world copper surplus forecast and mostly negative copper import headline news from China. While we think that copper was too cheap at \$2.50, we also think that prices above \$2.60 are too expensive unless the economic outlook from China improves and/or US equities roar back to new all-time highs in a signal that hints at an improvement in US sentiment.

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) 05/23/2017: The major trend could be turning up with the close back above the 40-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 1269.8. The next area of resistance is around 1266.0 and 1269.8, while 1st support hits today at 1255.0 and below there at 1247.8.

COMEX SILVER (JUL) 05/23/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher from mid-range, which should support 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. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 17.460. The next area of resistance is around 17.340 and 17.460, while 1st support hits today at 16.970 and below there at 16.720.

COMEX PLATINUM (JUL) 05/23/2017: The major trend could be turning up with the close back above the 40-day moving average. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 962.30. The next area of resistance is around 957.20 and 962.30, while 1st support hits today at 941.80 and below there at 931.50.

COMEX COPPER (JUL) 05/23/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. 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 2.63. The next area of resistance is around 2.62 and 2.63, while 1st support hits today at 2.59 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	1260.5	63.41	57.44	49.79	67.67	1256.40	1240.31	1242.04	1255.31	1247.99
SIAN7	17.155	62.48	54.20	43.78	63.11	16.89	16.64	16.64	17.52	17.54
PLAN7	949.50	61.14	54.81	60.74	76.40	943.15	931.49	926.77	950.18	956.41
CPAN7	2.60	63.38	56.12	35.84	48.54	2.57	2.54	2.55	2.60	2.62

Calculations based on previous session. Data collected 05/22/2017

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	1247.8	1255.0	1258.8	1266.0	1269.8
SIAN7	COMEX Silver	16.720	16.970	17.090	17.340	17.460
PLAN7	COMEX Platinum	931.50	941.80	946.90	957.20	962.30
CPAN7	COMEX Copper	2.55	2.58	2.59	2.62	2.63

Calculations based on previous session. Data collected 05/22/2017

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