



## DAILY METALS COMMENTARY Wednesday May 24, 2017

### PRECIOUS METALS COMMENTARY

05/24/17

**Corrective tilt in place as the Dollar is higher**

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

**GOLD -4.00, SILVER -11.40, PLATINUM -5.30**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were once again mixed even within geographical areas! The European session was highlighted by a June reading on the Gfk survey of German consumer climate which managed an uptick of +0.2 compared with May's 10.2 reading. The North American session will start out with the FHFA house price index, followed by April existing home sales that are expected to have a modest downtick from March's 5.71 million annualized rate. The Bank of Canada will have the results of their latest monetary policy meeting which is forecast to have no changes to either rates or policy. During the early afternoon, the FOMC will release the meeting minutes of their last monetary policy gathering which will be scrutinized for clues to their upcoming policy moves. Dallas Fed President Kaplan and Minneapolis Fed President Kashkari will speak during late afternoon US trading hours. Earnings announcements will include Lowe's before the Wall Street opening with Hewitt-Packard and Copart reporting after the close.



### GOLD / SILVER

Both gold and silver saw two-sided trade yesterday with the main catalyst behind the sloppy two-sided action more than likely the result of a bounce in the dollar, but the setback might also have been the result of both gold and silver markets short term overbought condition. Gold and silver prices to start this morning appear to be under some pressure as a result of the Chinese downgrade by Moody's. However Moody's downgraded China because of rising regional debt levels amid uncertainty on the track of the Chinese recovery. An issue that might produce some temporary volatility in the gold and silver markets is the Federal Reserve's release of the minutes from their policy meeting on May 2nd-3rd. It should be noted that open interest in gold has generally been on the rise since the May lows, and that would seem to suggest that gold enjoys a measure of residual buying fuel. However the world's largest gold ETF saw their holdings fall by 5.03 tonnes on Tuesday and reach their lowest level since April 12th. Unfortunately, the silver market has seen open interest decline since the May lows and that might take away from the bull case. In the silver bull's defense, it should also be noted that the net spec and fund long in silver has probably been reduced by more than half since the record long was registered in the week of April 18th. It should also be noted that Chinese April silver imports rose by nearly 25% versus year ago levels and on the year, Chinese silver imports were up 24% compared to year ago figures.

### PLATINUM

While July platinum forged a noted range up extension and the highest price since April 26th yesterday it was unable to hold those gains yesterday and it has started out with a further probe lower early today. However, the PGM markets should draft some support from news that Chinese platinum imports for April were higher with Chinese platinum imports year to date versus year ago levels also higher. Palladium also saw an increase in April palladium imports relative to year ago levels, but that news was counter-veiled by a year to date import decline of 31% relative to year ago levels. An issue that might serve to pressure platinum prices today is news yesterday that Swiss exports of platinum reached up to the highest level in 11 months. Fortunately for the bull camp, Chinese imports of platinum from Switzerland registered the highest levels since February of 2014. Unfortunately for the palladium bulls palladium ETF holdings have continued to decline but platinum holdings have continue to rise and that action would seem to mirror price action in both markets over the last month. With palladium bouncing sharply off this month's lows and posting extremely high volume yesterday of 18,121 contracts, it could be destined to return to a range bounded by \$775 and \$820. Conversely, the platinum market saw average

volume and declining open interest on recent action and that hence at a temporary top around the \$950 level.

**TODAY'S MARKET IDEAS:**

While the trend in gold and silver generally remains up, the bull camp will have to show added resolve to quickly throw off a developing corrective tilt on the charts today. In fact without continued breakaway declines in the dollar, we suspect a portion of the longs will either bank profits and move to the sidelines today or place sell stops just under the market to protect their profits. We see a very important pivot point support zone in June gold at the \$1,245.70 level with similar close in pivot point support in July silver seen at \$16.84. Pushed into the market today, we would be a seller with very tight stops. The biggest risk to the short side play is an unforeseen geopolitical anxiety event.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

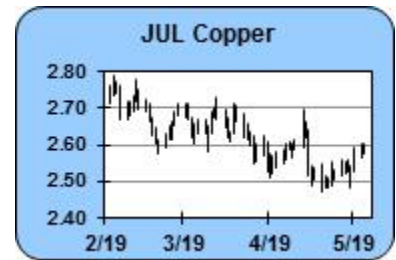
None.

**COPPER COMMENTARY**

05/24/17

**The market is short term vulnerable to selling**

**GENERAL:** While Copper yesterday managed to reject its classic physical commodity fundamentals and hold up impressively in the wake of a damaging contraction in Chinese refined copper imports, it has showing noted weakness this morning as if it is playing catch-up to the bear news flow yesterday. However, the sharp decline in Chinese refined copper imports was at least partially offset by expansions in both scrap and copper concentrate imports into China in the month of April. Counter-vailing the upward track in copper prices this week is slack US schedule data, the threat of more terrorism and a temporary recovery bounce in the Dollar. Clearly the credit downgrade of China overnight has also prompted a number of longs to bank profits and exit particularly because the ratings agency expressed concern toward the debt levels and the anemic recovery pace in the Chinese economy. Fortunately for the bull camp the pattern of declining LME copper stocks continues in the background but that information has been largely discounted by the trade over the last two weeks.



**MARKET IDEAS:**

With a negative flow of Chinese economic information overnight, a slight bounce in the dollar and fresh chart damage the bear camp enters the Wednesday trade with the edge. It does seem as if the 50 day moving average at \$2.6010 is presenting somewhat credible overhead resistance especially since that level coincides with the psychologically key \$2.60 level. Fortunately for the bull camp July copper has been able to bounce 2.2 cents from the initial overnight low and that should leave a critical pivot point support level of \$2.5660. A normal retracement of the May rally could allow for a 50% retracement down to \$2.5380. The bear camp will also note that July copper overnight failed to take out the prior two trading session's highs.

**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) 05/24/2017: The major trend has turned down with the cross over back below the 40-day moving average. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. A negative signal was given by the outside day down. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 1267.4. The next area of resistance is around 1257.8 and 1267.4, while 1st support hits today at 1244.6 and below there at 1240.9.

COMEX SILVER (JUL) 05/24/2017: 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. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 17.396. The next area of resistance is around 17.212 and 17.396, while 1st support hits today at 16.938 and below there at 16.847.

COMEX PLATINUM (JUL) 05/24/2017: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next upside objective is 963.55. The next area of resistance is around 952.90 and 963.55, while 1st support hits today at 938.10 and below there at 933.95.

COMEX COPPER (JUL) 05/24/2017: The upside crossover of the 9 and 18 bar moving average is a positive signal. 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. The market has a slightly positive tilt with the close over the swing pivot. 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 2.59 and below there at 2.57.

## 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	1251.2	53.73	51.67	56.53	69.66	1254.75	1244.00	1241.27	1255.64	1247.83
SIAN7	17.075	57.80	51.44	52.24	69.17	16.93	16.74	16.62	17.51	17.51
PLAN7	945.50	57.32	52.75	66.39	77.40	943.18	935.52	926.63	949.52	954.80
CPAN7	2.59	62.38	55.37	43.34	59.20	2.58	2.55	2.55	2.59	2.61

Calculations based on previous session. Data collected 05/23/2017

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	1240.8	1244.5	1254.1	1257.8	1267.4
SIAN7	COMEX Silver	16.846	16.937	17.121	17.212	17.396
PLAN7	COMEX Platinum	933.95	938.09	948.75	952.90	963.55
CPAN7	COMEX Copper	2.56	2.58	2.59	2.61	2.62

Calculations based on previous session. Data collected 05/23/2017

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