



## DAILY METALS COMMENTARY Friday May 26, 2017

### PRECIOUS METALS COMMENTARY

05/26/17

#### Bulls find hope in weaker dollar

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

**GOLD +11.10, SILVER +11.20, PLATINUM +9.20**

**OUTSIDE MARKET DEVELOPMENTS:** Global markets benefited from lower risk concerns as they maintained a positive tone during Thursday's trading. The main event of the day was the decision by major oil producing nations to extend their current output quotas for 9 more months at present levels, which led to a severe pullback in energy prices. Better than expected results for jobless claims and wholesale inventories were balanced against weak results for the goods trade balance and KC Fed manufacturing index and leaving some doubt over a potential June rate hike. US equity markets were able to extend their recovery move as all 3 major indices posted moderate gains and reached new all-time high as retailers and tech stocks were well supported. Treasuries remain firmly inside their recent consolidation zone but were able to find a positive tone late in the day, while the Dollar was able to come through a bumpy trading session with a modest gain. Asian stocks were mixed overnight as the Nikkei posted a moderate loss while the Shanghai Composite finished the week near unchanged levels. Most European equities are finding moderate early pressure this morning, although the UK FTSE is grinding out a modest gain due to a weaker Pound. The North American session will start out with another look at first quarter gross domestic product that is expected to see a modest increase from the previous 0.7% annualized rate. April durable goods are forecast to see a notable downtick from March's 0.7% reading and fall into negative territory. A major private survey on May consumer sentiment is expected to have a minimal downtick from the previous 97.7 reading. Earning announcement will include Big Lots before the Wall Street opening.



#### GOLD / SILVER

Gold prices rallied overnight as the US dollar slipped in a delayed reaction to the selloff in crude oil on Thursday. Somewhat better than expected weekly jobless claims numbers out of the US had lent support to the dollar on Thursday, but overnight the dollar slipped back down. After a smooth start, the president's trip got a little bumpy yesterday, and this may be renewing some of the risk concerns that emerged last week. If the stock market sells off today, we could see some buying in gold on safe-haven interest. A positive note for gold is that the June contracts saw a "golden cross" in which the 50-day moving average crossed above its 200-day moving average. Silver also turned higher overnight and was close to taking out Monday's highs. US GDP and Advance Durable Goods numbers could lend this support to gold this morning if they come in disappointing. Shares in the world's largest gold ETF have held steady for two sessions after falling by 5.03 tonnes on Tuesday.

#### PLATINUM

The PGMs remain well supported this morning after both were able to finish Thursday's trading in positive territory, with palladium outgaining platinum. However, platinum has the upper hand this morning and has already reached a new monthly high. The breakout move by US equities Thursday to new high ground has provided some measure of support, but the PGM's main source of strength may have come from the downdraft in energy prices after major oil producing nations extended their quotas for 9 months at their present levels. The North American summer driving season will start this holiday weekend, and cheaper gasoline prices may provide a boost to motor vehicle sales. That in turn could improve the outlook for US auto catalyst demand.

#### TODAY'S MARKET IDEAS:

The FOMC meeting this week confirmed ideas that the Fed wants to raise rates and remove excess from its balance sheet, which is a negative for both gold and silver over the long haul, but short term technical indicators

have turned positive. June gold has held the 50-day moving average at \$1,253.30 and it has moved above \$1,265.70, the 0.618 retracement of the April-May decline. The market has been consolidating for the past six sessions, and the breakout to the upside would seem to confirm that the market is continuing its rally off the May low. This could project a move to \$1,280 or even \$1,295. Silver is attempting to break out of a 3-day consolidation. Upside targets in July silver include \$17.39 and \$17.705. Near-term support for June palladium is at \$766 while near-term support for July platinum is at the 50-day moving average of \$950.70.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

## COPPER COMMENTARY

05/26/17

### Shanghai exchange stocks build dampens Chinese demand outlook

**GENERAL:** Copper prices have had a bumpy ride over the past three sessions, but they could still finish this week on an upbeat note if there is a rebound in risk appetites. July copper fell back from a new 3-week high on Thursday but was able to find its footing to finish the session with a moderate gain. Indications that the strike at the Grasberg mine in Indonesia will continue provided underlying support. In addition, another daily draw in LME copper stocks this morning indicates that the global demand tone remains generally positive.

Today's weekly Shanghai exchange stocks reading showed a modest build for a second week in a row, but that has followed 8 draws over the previous 9 weeks and a more than 35% decline in their exchange stocks over that timeframe.



**MARKET IDEAS:**

Copper prices are finding early pressure this morning off of the Shanghai exchange stocks build, as 2 weekly builds in a row may dampen Chinese demand expectations. However, if US equities can regain upside momentum and take their rally further into new high ground again, copper could go into the weekend with a new 3-week high and a second weekly gain in a row. Near-term support is at \$2.5735 while resistance is at \$2.6245.

**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) 05/26/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 1261.7. The next area of resistance is around 1258.2 and 1261.7, while 1st support hits today at 1252.4 and below there at 1250.0.

COMEX SILVER (JUL) 05/26/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 17.306. The next area of resistance is around 17.217 and 17.306, while 1st support hits today at 17.083 and below there at 17.037.

COMEX PLATINUM (JUL) 05/26/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 962.30. The next area of resistance is around 955.80 and 962.30, while 1st support hits today at 945.20 and below there at 941.10.

COMEX COPPER (JUL) 05/26/2017: The major trend could be turning up with the close back above the 40-day moving average. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside objective is 2.64. The next area of resistance is around 2.61 and 2.64, while 1st support hits today at 2.58 and below there at 2.55.

## 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	1255.3	57.12	53.93	67.26	76.09	1256.35	1250.77	1240.66	1255.88	1247.86
SIAN7	17.150	61.74	54.17	67.13	80.64	17.16	16.93	16.64	17.49	17.47
PLAN7	950.50	60.87	55.01	74.62	81.31	949.35	942.91	927.78	948.66	952.22
CPAN7	2.59	61.05	55.09	57.79	71.84	2.59	2.57	2.55	2.59	2.61

Calculations based on previous session. Data collected 05/25/2017

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	1249.9	1252.3	1255.8	1258.2	1261.7
SIAN7	COMEX Silver	17.036	17.082	17.171	17.217	17.306
PLAN7	COMEX Platinum	941.10	945.20	951.70	955.80	962.30
CPAN7	COMEX Copper	2.54	2.57	2.59	2.61	2.64

Calculations based on previous session. Data collected 05/25/2017

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