



DAILY METALS COMMENTARY Tuesday May 30, 2017

PRECIOUS METALS COMMENTARY

05/30/17

Temporary corrective action in place early today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -4.70, SILVER -2.80, PLATINUM -17.60

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed even within geographical areas. Overnight the market was presented with Eurozone Consumer Confidence readings that weren't as bad as feared while May Eurozone Industrial Confidence improved. The markets also saw French April Consumer Spending come in weaker than expected but that was offset by news that French Consumer confidence reached the highest level in 10 years. The North American session will begin with an April look at personal income and personal spending, both of which are expected to see modest upticks from their March readings. The March Case-Shiller home price index is forecast to see a modest downtick from February's +5.9% year-over-year rate. A May reading for the Conference Board's consumer confidence survey is expected to show a moderate decline from the previous 120.3 reading. The Dallas Fed's May manufacturing business index is forecast to have a modest decline from April's 16.8 reading. Earning announcements will include Bank of Nova Scotia before the Wall Street opening.



GOLD / SILVER

While gold and silver markets showed strong upside action at times last Friday morning and prices managed to add to those gains and finish last week on a very strong note, they are showing some modest weakness into the US trade. Apparently the latest missile test from North Korea has been largely discounted but a response from the US might be expected ahead as that test follows a series of other tests that resulted in more US military assets being sent to the area. While silver reached up to a new high for the month early today it has also faltered and fell back from its highs this morning. An issue that might be pressuring gold this morning was seen from India where the government announced they would offer tranches of Gold bonds every 2 months as that could pinch off some demand for physical gold in that country. While gold and silver at times have overcome slightly adverse dollar action it would appear as if the higher Dollar this morning is prompting some long profit taking this morning. The Commitments of Traders Futures and Options report as of May 23rd for Gold showed Non-Commercial and Non-reportable combined traders held a net long position of 174,981 contracts. With the gold spec and fund long showing an increase of 36,815 contracts in the net long position last week, the market has become overbought and a measure of stop loss selling might be justified. Similarly the Commitments of Traders Futures and Options report as of May 23rd for Silver showed Non-Commercial and Non-reportable combined traders held a net long position of 64,382 contracts and therefore silver is trending toward an overbought condition.

PLATINUM

Like gold and silver platinum and palladium returned to a bullish track last week and finished on a very positive note but a large portion of that bullish windfall is lost in platinum with the very poor early action this morning. In fact, the PGM complex is displaying significant divergence with palladium showing noted positive action in the face of strong decline in platinum this morning and that in turn suggests some spread reversal action might be taking place. Initial resistance in September Palladium is seen just under even numbers of \$799 while resistance in July platinum this morning falls down to \$962. While one shouldn't rule out the prospect of new incendiary developments from the political front (especially with regard to North Korea given the latest missile test) the physical commodity market influences this morning favor the bear camp. The Commitments of Traders Futures and Options report as of May 23rd for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 20,788 contracts. The Commitments of Traders Futures and Options report as of May

23rd for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 18,070 contracts.

TODAY'S MARKET IDEAS:

With gold and silver overbought into the recent highs, a stronger Dollar and a lack of uncertainty flowing from equities the gold market has seen the short term bullish tide reverse. Uptrend channel support in August gold today is seen at \$1259.30 with similar uptrend channel support in July silver seen down at \$17.09. However July silver might have closer in and critical pivot point support at \$17.22. The gold and silver markets need some back and fill balancing action to consolidate the May gains.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

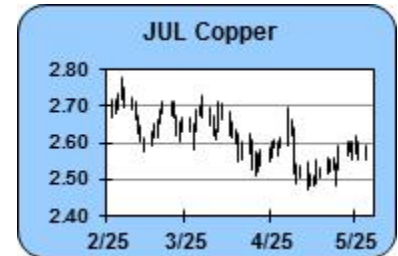
COPPER COMMENTARY

05/30/17

The bear camp has control to start the new trading week

GENERAL: With recent reports of a labor problem at a Grasberg mine and new reports of a possible strike in Argentina, one might have expected copper to have found some support just above the top of the early May consolidation zone but apparently the market is under a liquidation wave. In fact, seeing the copper market trade down to the lowest level since May 19th overnight seems to confirm a weaker pattern is in motion despite a pair of supply side issues.

Surprisingly the market has also discounted news at the end of last week that Codelco first quarter copper production declined, perhaps because the company also suggested that copper prices this year would be \$2.50 to \$2.53 this year as current copper prices are just barely above that range. Shanghai copper stocks last week increased by 2,227 tons, but LME copper stocks last week continued to post consistent stock declines in the mid-four digit range with a LME copper stocks this morning posting another decline of 3,450 tons. The Commitments of Traders Futures and Options report as of May 23rd for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 10,846 contracts. This represents an increase of 3,322 contracts in the net long position held by these traders.



MARKET IDEAS:

There are some supportive issues from the supply-side of the equation to slow or arrest the weaker bias but we can't take control away from the bear camp to start this week. In fact a minimal risk off environment, weaker equities and strength in the dollar leaves prices in a downward track. Critical pivot point support for the bull camp is seen at \$2.5370 and to turn the tide back in favor of the bull camp requires an early trade today above \$2.5650.

NEW RECOMMENDATIONS:

Buy July Copper at \$2.5105 with an objective \$2.6095. Risk the trade to \$2.5880.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/16/2017 - 5/23/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	13,130	+4,355	-10,846	-3,322	-2,284	-1,033
Gold	159,610	+39,354	-174,981	-36,815	15,371	-2,539
Palladium	17,505	-2,392	-18,070	+2,149	565	+242

Platinum	16,022	+4,303	-20,788	-3,961	4,766	-342
Silver	50,784	+7,709	-64,382	-5,752	13,598	-1,958

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 (AUG) 05/30/2017: 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. The outside day up is somewhat positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 1283.7. The next area of resistance is around 1278.3 and 1283.7, while 1st support hits today at 1261.9 and below there at 1250.8.

COMEX SILVER (JUL) 05/30/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up and close above the previous day's high is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 17.578. The next area of resistance is around 17.482 and 17.578, while 1st support hits today at 17.188 and below there at 16.989.

COMEX PLATINUM (JUL) 05/30/2017: 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. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 980.97. The next area of resistance is around 972.64 and 980.97, while 1st support hits today at 952.35 and below there at 940.38.

COMEX COPPER (JUL) 05/30/2017: 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 close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 2.62. The next area of resistance is around 2.59 and 2.62, while 1st support hits today at 2.54 and below there at 2.52.

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										
GCAQ7	1270.1	65.57	59.80	72.71	83.20	1261.33	1258.30	1244.66	1259.62	1251.73
SIAN7	17.335	66.01	57.42	73.47	86.15	17.20	17.01	16.67	17.48	17.46
PLAN7	962.50	68.16	60.14	78.57	85.56	953.03	946.94	929.95	948.60	951.74
CPAN7	2.56	49.89	49.01	61.42	68.66	2.59	2.57	2.54	2.59	2.61

Calculations based on previous session. Data collected 05/26/2017

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						
GCAQ7	COMEX Gold	1250.7	1261.8	1267.2	1278.3	1283.7
SIAN7	COMEX Silver	16.988	17.187	17.283	17.482	17.578
PLAN7	COMEX Platinum	940.37	952.34	960.67	972.64	980.97
CPAN7	COMEX Copper	2.52	2.53	2.57	2.59	2.62

Calculations based on previous session. Data collected 05/26/2017

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