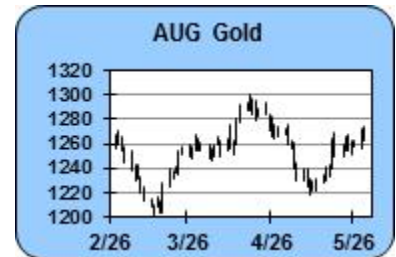




**PRECIOUS METALS COMMENTARY**  
05/31/17

**Tight ranges ahead with mkts trying to respect chart support**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**GOLD +1.50, SILVER -10.20, PLATINUM +4.40**



**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mixed again with Pacific Rim markets generally positive but European bourses mixed. The Asian session started out with an April reading on Japanese industrial production which posted a sizable uptick from March's -1.9% reading and that reading was the highest reading in over 8 years! "Official" (NBS) Chinese PMI numbers were released, with the May manufacturing PMI forecast to have a slight downtick from April's 51.2 reading but instead the measure "held up" with a better than expected result. Furthermore while April Japanese housing starts were expected to decline from March's 0.2% reading and fall into negative territory they instead managed an unexpected gain. However, the European session started out with April German retail sales that posted an unexpected decline despite expectations to hold steady with March's rate. A preliminary look at May French CPI posted an as expected moderate decline from April's 1.4% year-over-year rate. May German unemployment was forecast to have a minimal downtick from April's 5.8% reading and that was achieved with a 5.7% result. The Bank of England released April readings on UK mortgage approvals which fell to a 7 month low and consumer credit which showed a rise from the prior month. April Euro zone unemployment was expected to downtick from March's 9.5% reading but the figure came in at 9.3% which is the lowest reading since 2009! The European session culminated its active report flow with May Euro zone CPI that ticked down from April's 1.9% year-over-year rate to the lowest level this year. The North American session will start out with private weekly surveys on mortgage applications and same-store sales. First quarter Canadian GDP is expected to have a sizable increase from the previous 2.6% annualized rate. April pending home sales is forecast to see a moderate improvement from March's -0.8% reading. The latest Fed Beige Book will be released during afternoon US trading hours and will be scrutinized for clues on upcoming Fed policy. Fed Governor Powell will speak during morning US trading hours.

**GOLD / SILVER**

While the gold market managed a higher high and the highest price since May 1st early yesterday, it was unable to hold onto those gains and at times was trading as much as \$11 an ounce below its Tuesday highs. This morning the August gold contract remains just above the Tuesday lows in a manner that suggests the bias in prices remains down again today. In fact, with strength in the dollar to start, increased fears of a US rate hike next month and generally positive international economic news flow overnight the bear camp looks to retain control. Apparently geopolitical anxiety in both the US and Europe isn't enough to support precious metals prices without fresh story lines and that is surprising with the Press tossing around the idea that the UK might be headed toward a "hung" parliament. While some might blame the resolution of a gold miner's strike for the sharp slide yesterday, the gold market was not necessarily lifted from the initial word of that strike at the Barrick Argentine facility last week and therefore we don't think that development inspired the selling yesterday. In the end, given the action to start this week, the onus is on the bull camp to prove they can support prices and that probably requires expanded weakness in equities, more severe political fires (Washington, Greece or the UK) and/or a September Dollar Index trade back below 96.75 today. Clearly the silver market diverged with the gold market yesterday and that combined with recent investment inflows into silver and more industrial commodity sensitivity in silver could mean it is set to hold up in a liquidation wave better than gold.

**PLATINUM**

While platinum derivative holdings posted another new high the platinum market sits just above the prior low (after

making a lower low overnight) and therefore the technical condition favors the bear camp to start today. However, the technical picture in palladium remains impressive especially since some of the recent gains were done on higher trading volume. Given the divergent action between the two PGM markets, it would appear as if traders are currently playing the long side of palladium against the short side of platinum and that action might be expected to continue until the palladium market reaches up to \$817.20 or the platinum market reaches down to \$921.10. While some might think the outlook for the global economy is driving palladium higher in the current move, that type of reasoning is not confirmed by other industrial commodities.

**TODAY'S MARKET IDEAS:**

Until August gold fails to hold uptrend channel support at \$1,262.50, we will maintain a guarded bullish view. With recent volume stats (last Friday and Tuesday) showing significant activity and that activity some of the most significant since last November, the bull camp might have numbers on its side. As for the silver market, it traded right up to its 50 day moving average yesterday at \$17.49 and it remains significantly above its uptrend channel support line down at \$16.85. In conclusion, silver looks more bullishly inclined than gold but both markets look to continue to claw out minor gains even without definitive geopolitical flashpoints in the headlines.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

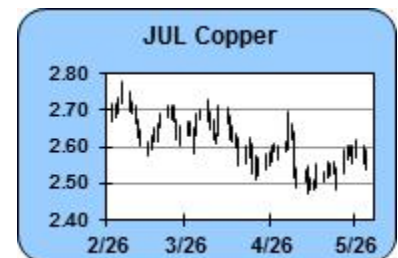
## COPPER COMMENTARY

05/31/17

### A weaker bias remains despite favorable international data

**GENERAL:** While July copper managed to waffle around both sides of unchanged throughout the Tuesday trading session, it eventually forged a fresh six day low and that would seem to leave last week's negative bias in place.

Apparently copper traders were not cheered yesterday by the news that Chilean April copper production was down by 1.8% nor did the market find support from news that a private US home price survey showed more gains. In fact, the copper also seemed to discount news that a Texas manufacturing reading reached a three year high. Perhaps the copper market was anticipating weak data from Chinese industrial growth figures but that reading actually held up and bested expectations. Unfortunately for the bull camp the copper market remains in negative ground this morning despite a wave of positive economic results overnight. In the bull camp's defense, the declines of the last three trading sessions were accomplished on declining volume and open interest which could mean the trade lacks interest in pressing prices sharply lower.



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**MARKET IDEAS:**

In short we have to leave the edge with the bear camp with a pattern of lower highs and prices generally remaining below the 50 day moving average. While near term downside targeting is seen at \$2.5285 and then again down at even numbers of \$2.50 favorable economic data overnight should cushion the copper market against aggressive downside work. Downtrend channel resistance off the February and May highs offers resistance at \$2.6370 but that resistance line falls down to \$2.6310 on Friday. In conclusion, without a sudden return to global risk on psychology, a weaker dollar or an upgrade on the Chinese economic view, it could be difficult to avert a return back toward the early May consolidation lows.

**NEW RECOMMENDATIONS:**

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

**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 (AUG) 05/31/2017: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 1278.1. The next area of resistance is around 1271.3 and 1278.1, while 1st support hits today at 1259.7 and below there at 1255.0.

COMEX SILVER (JUL) 05/31/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 17.622. The next area of resistance is around 17.520 and 17.622, while 1st support hits today at 17.260 and below there at 17.103.

COMEX PLATINUM (JUL) 05/31/2017: The market back below the 60-day moving average suggests the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 921.65. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 953.50 and 971.65, while 1st support hits today at 928.50 and below there at 921.65.

COMEX COPPER (JUL) 05/31/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside target 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
<b>METALS COMPLEX</b>										
GCAQ7	1265.5	59.76	56.52	76.80	84.44	1263.35	1261.33	1245.49	1259.89	1252.30
SIAN7	17.390	68.61	59.44	78.80	89.68	17.27	17.08	16.72	17.47	17.45
PLAN7	941.00	49.15	49.10	77.74	75.95	950.95	947.40	931.99	947.94	950.80
CPAN7	2.56	50.54	49.39	63.14	66.59	2.58	2.57	2.55	2.59	2.60

Calculations based on previous session. Data collected 05/30/2017

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>						
GCAQ7	COMEX Gold	1254.9	1259.7	1266.5	1271.3	1278.1
SIAN7	COMEX Silver	17.102	17.260	17.362	17.520	17.622
PLAN7	COMEX Platinum	921.65	928.50	946.65	953.50	971.65
CPAN7	COMEX Copper	2.51	2.54	2.56	2.59	2.62

Calculations based on previous session. Data collected 05/30/2017

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