



DAILY METALS COMMENTARY Tuesday June 06, 2017

PRECIOUS METALS COMMENTARY

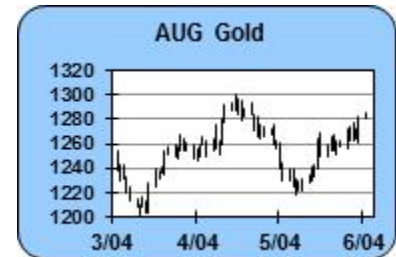
06/06/17

The bull camp retains definitive control over prices

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +11.10, SILVER +7.40, PLATINUM +5.60

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly lower as weakness in the Dollar suggests that the world's economic engine is chugging slower than might be necessary to justify stock prices at record levels. The Asian session was relatively quiet with the latest monetary policy meeting by the Reserve Bank of Australia that as expected had no changes to either rates or policy but the bank did remain upbeat toward economic prospects. The European session started out with the June Sentix index of Euro zone investor confidence which surprised the trade with a much stronger than expected reading. In fact the Sentix readings were the strongest in 10 years! April Euro zone retail sales were expected to hold steady but instead they managed a minimal gain. The North American session will start out with a private weekly survey of same-store sales. The April job openings and labor turnover (JOLTS) survey is expected to have a moderate decline from March's 5.743 million reading. The May Canadian Ivey PMI number is expected to have a modest downtick from the previous 62.4 reading. Earnings announcements will include HD Supply Holdings before the Wall Street opening while Keysight Technologies reports after the close.



GOLD / SILVER

With another higher high for the move overnight and the highest price in gold since April 21st, the bull camp continues to benefit from noted weakness in the Dollar. There is probably some residual buying interest flowing from the weekend terror incidents as well as from increased scrutiny of Qatar anti-terrorism efforts. Overnight Arab states turned up the heat on Qatar by halting financial/currency trade with Qatar. It is also apparent that gold and silver are benefiting from recent improvement in Indian and Chinese gold demand forecasts for the second half of 2017. Overnight the markets saw predictions of a noted pick-up in Chinese gold demand off investor nervousness inside China! In fact, news that Indian May gold imports surged significantly from year ago figures (in May) gives added credence to the talk of increase physical gold demand. One might also suggest that precious metals are pulling in some minor buying interest in the wake of confusing US and European economic information as well as from fears off the upcoming UK election. However, holding back the gold market is ongoing weakness in crude oil pricing. Another development that might hold back gold and silver this morning is the US President's efforts yesterday to revive infrastructure spending efforts in Washington, as that would lower economic uncertainty and perhaps provide the Dollar with some supportive headline flow. In the end the gold market action would appear to set the stage for a rally back up to \$1,300 with similar upside targeting in July silver seen at \$18.00.

PLATINUM

While the gains in palladium from the May lows appear to be something more than just expectations of improving demand and crimped supply, the bullish track in prices over the last three weeks appears to be mirrored by strong inflows into certain pure-play palladium ETF's and that gives the futures market a new found bullish fundamental theme. Therefore, investor interest seems to be mirroring futures price gains and in a thinly traded market like palladium a small amount of buying interest can have significant ramifications. Unfortunately, total palladium ETF holdings have continued to decline while platinum holdings have actually fallen off from last week's highs so the inflows are restricted to specific derivatives. While it is only a recent reaction, it is possible that the PGM complex is benefiting from the revived US infrastructure talks and perhaps from the added resolve of world efforts to address the world pollution threat in the wake of the disruption of the Paris Accord last week. In order to find

overhead resistance in palladium requires a look at the weekly charts and the mid-2014 highs up around \$870.75. From yesterday afternoon's action, the beginning of the next resistance zone is roughly \$25 an ounce above this week's early high. The platinum market's fortunes continue to be counter to those of palladium, but we suspect ongoing breakneck gains in palladium will translate into some bargain-hunting buying in platinum. Near term resistance in July platinum is seen at \$969.

TODAY'S MARKET IDEAS:

As indicated already, it is difficult to take control away from the bull camp in gold and silver. While one can't predict additional geopolitical uncertainties, one should expect to see further dollar declines ahead because of slack US scheduled data, and that in turn should continue to provide currency-related buying of gold and silver. In the end there might be little in the way of resistance in August gold until the \$1,325 level and key support moves up to \$1,283. In July silver, there might be little in the way of resistance until \$18 and key support moves up to \$17.54.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

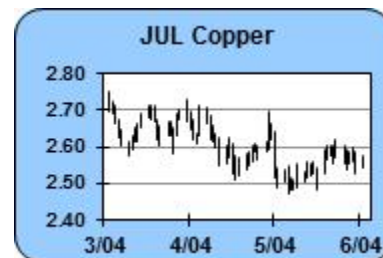
None.

COPPER COMMENTARY

06/06/17

The bear camp extends control in the action today

GENERAL: With July copper prices spending the majority of Monday's trade in negative territory and breaking out this morning to a fresh lower low it is clear that slackening global copper demand views are controlling prices. In fact, weak action in prices this week in the wake of favorable Chinese economic data earlier this week, makes it clear that the last two week's downtrend bias remains in place. So far, an ongoing pattern of declining LME copper stocks has been discounted in favor of the recent rise in Shanghai copper stocks and that also leans bearish. Fortunately for the bull camp, the latest net spec and fund long positioning in copper was already below 10,000 contracts and with prices since that report was measured posting a high to low slide of 8 cents, the net spec and fund long should be coming down very quickly. Other evidence of a bearish bias in copper is the lack of a definitive recovery action in copper prices in the prior trading session in the face of news that the Trump administration was putting infrastructure spending in a front and center standing.



MARKET IDEAS:

As we indicated in the prior session's coverage, disappointing US economic data has apparently more than offset a slight improvement in Chinese economic data and also it appears this morning that economic sentiment worldwide continues to erode. With an ongoing pattern of lower highs and now another lower low, the technical edge remains with the bear camp despite the market getting closer to a "mostly" liquidated spec positioning. Near term downside targeting in July copper is seen at \$2.50 and then again down at \$2.4960. In order to turn the tide around probably requires a rally and close back above \$2.5875 in the July contract.

NEW RECOMMENDATIONS:

* Buy July Copper down at \$2.5005 with an objective \$2.6095. Risking the trade to \$2.4820.

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) 06/06/2017: 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. The close over the pivot swing is a somewhat positive setup. The next upside target is 1288.2. The next area of resistance is around 1284.7 and 1288.2, while 1st support hits today at 1278.9 and below there at 1276.7.

COMEX SILVER (JUL) 06/06/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 17.708. The next area of resistance is around 17.612 and 17.708, while 1st support hits today at 17.458 and below there at 17.399.

COMEX PLATINUM (JUL) 06/06/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 943.45. The next area of resistance is around 961.80 and 969.05, while 1st support hits today at 949.00 and below there at 943.45.

COMEX COPPER (JUL) 06/06/2017: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market tilt is slightly negative with the close under the pivot. The next downside objective is 2.53. The next area of resistance is around 2.57 and 2.59, while 1st support hits today at 2.54 and below there at 2.53.

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	1281.8	67.59	62.74	87.58	91.19	1276.88	1268.87	1256.32	1261.48	1256.08
SIAN7	17.535	68.01	60.65	88.46	91.01	17.44	17.33	16.99	17.40	17.45
PLAN7	955.40	56.63	54.45	66.36	63.64	947.03	949.08	940.33	946.68	949.95
CPAN7	2.55	45.50	46.93	66.17	64.13	2.57	2.58	2.56	2.58	2.60

Calculations based on previous session. Data collected 06/05/2017

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	1276.6	1278.9	1282.4	1284.7	1288.2
SIAN7	COMEX Silver	17.398	17.457	17.553	17.612	17.708
PLAN7	COMEX Platinum	943.45	949.00	956.25	961.80	969.05
CPAN7	COMEX Copper	2.52	2.54	2.55	2.57	2.59

Calculations based on previous session. Data collected 06/05/2017

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