



DAILY METALS COMMENTARY

Thursday June 08, 2017

PRECIOUS METALS COMMENTARY

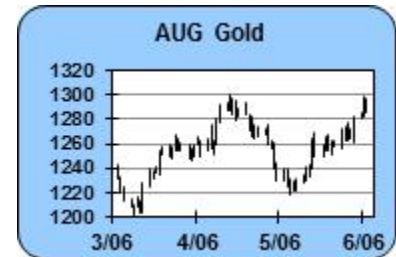
06/08/17

We are sensing shifting fortunes for gold/silver protect longs

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -6.60, SILVER -1.50, PLATINUM -2.40

OUTSIDE MARKET DEVELOPMENTS: Global equities were mostly positive overnight with the exceptions the TOPIX, RTS and MICEX trading weaker. The Asian session started out with a first quarter reading on Japanese GDP that was expected to show a modest increase but instead the measure showed a weaker growth rate. The highlight of the Asian session came from a May reading on the Chinese trade balance that showed gains for both exports and imports. The European session started with April German industrial production that bested expectations. First quarter Euro zone GDP was expected to hold steady but instead it was revised higher and weighed in at the fastest growth rate in 2 years! However, the highlight for European trading will be the results of the latest European Central Bank monetary policy meeting. While no change in rates or policy is expected, post-meeting comments by ECB President Draghi will be scrutinized by the market. The North American session will start out with May Canadian housing starts which are forecast to have a modest downtick from April's reading. A weekly reading on initial jobless claims is expected to have a moderate downtick from the previous 248,000 reading. Former FBI Director Comey will begin his congressional testimony during mid-morning US trading hours. After the close, the first exit polls for the UK Parliamentary election will be released at 4 PM CDT (9 PM GMT). Earning announcement will include J M Smucker and Vail Reports before the Wall Street opening.



GOLD / SILVER

The gold market spent the majority of the Wednesday trade in negative territory and it remains under pressure today because of a lack of definitive anxiety from the various flashpoints in the headlines. It is a little surprising for the gold market to temporarily put a number of geopolitical flashpoints on hold, but none of the key issues currently facing the markets have been fully resolved yet and therefore the bull case is not permanently injured but instead is temporarily put on pause. However, because several geopolitical flashpoints remain in place for gold, silver, Treasuries and the Yen, the end of this trading week promises to present significant volatility. We would suggest the rally in the dollar yesterday was at least partially responsible for the corrective action yesterday, but we don't think the Dollar is poised to sustain strength unless US initial jobless claims later today decline as expected. At least in the short term we would expect buyers to "try" to come into gold and silver on weakness until one or several of the geopolitical issues (UK election, Comey testimony, soft US data and lastly the Iranian terrorist attack situation) are past and resolved. However, we get the sense that the outlook for gold is shifting down as the UK election looks to unfold without a hung Parliament and it seems that some of the impact from the Comey testimony is out of the bag through Press leaks. An issue that doesn't seem to be supporting gold this morning is reports that South African gold production in March was revised even lower with a year over year decline of 9.1% and that bullish news was joined by reports that April South African production declined by -2.0% relative to year ago levels. The world's largest gold ETF saw their holdings rise by a hefty 9.77 tonnes on Wednesday, and have now reached their highest level since December 7th of 2016.

PLATINUM

Not surprisingly, the PGM complex corrected away from this week's compacted and significant run-up along with gold but the markets this morning don't appear to be completely tethered to gold. The markets might draft some support from North American Platinum which suggested there is a favorable price outlook for palladium because of ongoing global deficits which the markets continue to suggest will result because of increased auto-catalyst

demand from India and China. With stronger Chinese May imports and exports overnight one might have expected PGM prices to have benefited more from a slight improvement in Chinese economic conditions. We do expect the markets to be rather volatile through the UK election results and more so through the US testimony of the former FBI director. In other words, today's action promises to be extremely volatile and given the recent overbought condition of platinum and palladium they might need to come away from the political news today with positive spillover from gold. Critical support in September palladium today is seen at \$823 and then not until \$815. Near term downside targeting in July platinum is seen at \$938 and then again down at \$925.

TODAY'S MARKET IDEAS:

Despite the corrective action we are not ready to call for an end to the upward bid in the gold and silver markets. As mentioned already, the safe haven stories are still plentiful but it does appear as if the UK situation will die down without a major anxiety event. Therefore the gold and silver bulls have to hope that prices can benefit from the US congressional testimony of the former FBI director early on. While the questioning and testimony of the FBI director might not become a major issue, if there are claims of obstruction of justice by the President that could rekindle impeachment talk and that could spark a rather significant safe haven buying wave in gold and silver. In the end our gut tells us that safe haven sentiment is waning and that longs should consider banking profits or tightening profit stops early today. Uptrend channel support today in August gold is seen down at \$1283.80 with a potentially significant pivot point seen down at \$1279.20. Near term uptrend channel support in July silver today is seen at \$17.49, with a potentially significant pivot point seen down at \$17.39.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

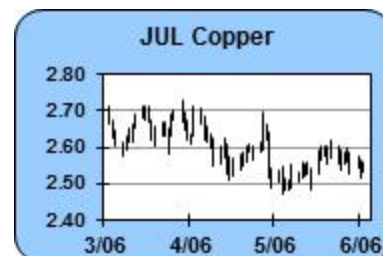
None.

COPPER COMMENTARY

06/08/17

The bull camp regains control temporarily off China news

GENERAL: While the copper market extended a recent pattern of lower highs yesterday, and spent a large portion of the Wednesday trade in negative territory it has thrown off the bearish track this morning with a noted upward thrust on its charts. Obviously the copper market is benefiting from the big picture optimism created by the news of a rise in Chinese Imports and Exports. In fact copper prices are forging the large gains this morning despite negative news that Chinese copper concentrate and copper ore imports fell down to the lowest level in 1 1/2 years! However, that news was more than offset by the fact that overall Chinese copper imports came in at 390,000 tons in May compared to just 300,000 tons in April. Copper prices are probably drafting some support from a series of mine closures in Chile where dramatic rains prompted preventative shutdowns. With one of the world's major mining facilities part of the shutdown, that should provide some short-term concern toward future supply especially since this news comes on the tail end of a very long pattern of declines in LME copper stocks. In fact LME copper stocks overnight posted a significant decline of 7,875 tons a tally that should fuel additional bullish vibes.



MARKET IDEAS:

The sharp recovery this morning is clearly the result of hope that the Chinese economy is set to improve in the wake of rising imports and exports. In fact, hope for improved Chinese copper demand has overcome somewhat mixed Chinese copper sector import figures. We also think that the copper market is benefiting from a slight tempering of global geopolitical fires. With the hook up action this morning we can't argue against a near term test of \$2.60 but we would not suggest that buyers chase this market higher with buy orders.

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) 06/08/2017: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 1303.1. The next area of resistance is around 1296.1 and 1303.1, while 1st support hits today at 1283.5 and below there at 1278.0.

COMEX SILVER (JUL) 06/08/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The next upside target is 17.817. The next area of resistance is around 17.690 and 17.817, while 1st support hits today at 17.470 and below there at 17.378.

COMEX PLATINUM (JUL) 06/08/2017: The close below the 60-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 market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 929.10. The next area of resistance is around 955.10 and 969.10, while 1st support hits today at 935.10 and below there at 929.10.

COMEX COPPER (JUL) 06/08/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is 2.53. The next area of resistance is around 2.56 and 2.57, 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	1289.8	66.53	63.33	89.94	90.16	1287.55	1276.96	1263.99	1263.18	1258.93
SIAN7	17.580	66.85	61.10	91.34	92.82	17.61	17.45	17.15	17.37	17.47
PLAN7	945.10	49.29	49.84	66.53	62.94	954.83	950.61	944.93	946.68	950.36
CPAN7	2.55	44.08	45.96	60.82	55.39	2.56	2.57	2.57	2.57	2.60

Calculations based on previous session. Data collected 06/07/2017

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	1277.9	1283.5	1290.5	1296.1	1303.1
SIAN7	COMEX Silver	17.377	17.470	17.597	17.690	17.817
PLAN7	COMEX Platinum	929.10	935.10	949.10	955.10	969.10
CPAN7	COMEX Copper	2.52	2.54	2.54	2.56	2.57

Calculations based on previous session. Data collected 06/07/2017

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