



## DAILY METALS COMMENTARY

Tuesday January 10, 2017

### PRECIOUS METALS COMMENTARY

01/10/17

**The bull camp retains an edge mostly off a weaker Dollar**

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

**GOLD -0.20, SILVER -2.80, PLATINUM -8.50**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mixed with stock prices not showing much in the way of geographical consistency. The Asian economic calendar started out with a December reading on Chinese inflation, which showed a slightly larger than expected increase. However, seeing a positive Chinese inflation reading should help to put deflationary fears in that region in the rearview mirror. December Japanese household confidence also managed an uptick from November's 40.9 reading in a minor show of forward economic progression. The European session started out with December Swiss unemployment which held steady at 3.3%. November French industrial output posted a surprisingly large jump to 2.2% from October's -0.2% reading and that should contribute to a risk-on vibe in the Euro zone. The North American session will start out with Canadian housing data as December housing starts are expected to see decent improvement on November's reading. The November job openings and labor turnover (JOLTS) survey from the US is forecast to see a modest uptick from October while November US wholesale inventories are expected to hold steady with October's +0.9% reading.



### GOLD / SILVER

The gold market is starting out on mixed track this morning despite some initial weakness in the dollar. However, the charts in gold remain mostly positive and the trend in the Dollar appears to be supportive of precious metals prices. Limiting the upside in the gold market this morning is forecasts from Morgan Stanley calling for a narrowing of the Indian trade deficit because of falling gold imports. Some might suggest that looming Trump administration uncertainty (that first surfaced around Election Day) has resurfaced again as the official transition comes into reality in the weeks ahead. However, in order to see a more significant improvement of psychology in the gold market might require an actual lower low for the move in the dollar and or a near-term rise above the 50 day moving average in February gold which comes in at \$1196.80 today. The 50 day moving average in March silver comes in up at \$16.94 while uptrend channel support in the March silver contract today is seen at \$16.40. In retrospect the rally to start the trading week was made even more impressive by the fact that the gains came despite press reports predicting a softening of Indian gold import demand due to the Indian government's removal of large currency. The world's largest gold ETF saw their holdings fall by 8.59 tonnes and reach their lowest level since late April. Near term uptrend channel support off the late December and early January up trend is seen at \$1,176.90 in February gold.

### PLATINUM

The platinum market ranged up sharply yesterday and touched the highest level since November 10th to start the trading week, and that should provide the bull camp with a technical edge going forward. It is somewhat impressive to see the platinum market manage the run up yesterday in the face of a brokerage firm stock price target reduction for Anglo American Platinum LTD. While palladium also ranged up sharply and forged a fresh new high for the move yesterday, the market was initially unable to hold that pulse up and that might cast a slightly negative technical cloud over the palladium contract to start today. However, ongoing weakness in the Dollar and positive leadership from the gold market should leave the bull camp in control of PGM prices in the near term.

**TODAY'S MARKET IDEAS:**

The upward track in gold prices looks to continue in the short term as there has been a rise in uncertainty toward the Chinese currency, renewed fears of a hard BREXIT and lastly the market yesterday saw evidence of increased tensions in the Middle East in the wake of news of a naval confrontation between the US and Iran. It also appears as if the Dollar will generally remain under pressure and that is clearly helpful of the bull's lingering case. From a technical count, we see the 50 day moving average up at \$1,198 as a near term target and we now think that the 2017 rally might be able to continue until mid-month.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

## COPPER COMMENTARY

01/10/17

### The bull camp get a lift from Chinese inflation results

**GENERAL:** The copper market waffled around both sides of unchanged to start the new trading week yesterday, but it has managed a definitive range up extension in the early going today. While some of the weakness in copper prices yesterday was the result of a slight rise in international economic headwind fears, a surprisingly large rise in Chinese inflation readings has helped to improve Chinese copper demand expectations overnight. Furthermore, the March copper contract continues to respect the 50 day moving average which comes in today at \$2.5140. However we would note that Chilean copper export revenue jumped in December relative to November, and with the price of copper in December lower than November that would seem to suggest that overall Chilean copper export volumes probably increased over the month.



**MARKET IDEAS:**

While we thought the copper market was likely to remain within a range defined by \$2.5720 and \$2.49 this week the improvement in Chinese economic expectations has clearly shifted the playing field higher. With favorable technical action early today and the prospect of further weakness in the Dollar we can't rule out a near term probe of the \$2.60 level. As usual, positive economic developments in China directly translate into positive copper price action.

**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 (FEB) 01/10/2017: The major trend could be turning up with the close back above the 40-day moving average. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 1194.7. The next area of resistance is around 1188.9 and 1194.7, while 1st support hits today at 1174.7 and below there at 1166.4.

COMEX SILVER (MAR) 01/10/2017: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 16.882. The next area of resistance is around 16.749 and 16.882, while 1st support hits today at 16.470 and below there at 16.323.

COMEX PLATINUM (JAN) 01/10/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 990.07. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 985.35 and 990.07, while 1st support hits today at 970.45 and below there at 960.28.

COMEX COPPER (MAR) 01/10/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 2.56. The next area of resistance is around 2.54 and 2.56, while 1st support hits today at 2.52 and below there at 2.51.

### 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>										
GCAG7	1181.8	64.89	56.12	70.50	82.75	1175.45	1161.48	1150.94	1189.08	1210.38
SIAH7	16.610	58.66	52.73	50.34	66.44	16.60	16.34	16.29	16.85	17.10
PLAF7	977.90	70.20	62.93	70.32	87.60	965.10	933.64	925.79	938.03	942.84
CPAH7	2.53	49.78	50.57	37.76	47.51	2.54	2.52	2.53	2.54	2.44

Calculations based on previous session. Data collected 01/09/2017

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>						
GCAG7	COMEX Gold	1166.3	1174.7	1180.5	1188.9	1194.7
SIAH7	COMEX Silver	16.322	16.470	16.602	16.749	16.882
PLAF7	COMEX Platinum	960.27	970.45	975.17	985.35	990.07
CPAH7	COMEX Copper	2.50	2.51	2.53	2.54	2.56

Calculations based on previous session. Data collected 01/09/2017

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