



DAILY METALS COMMENTARY Friday January 13, 2017

PRECIOUS METALS COMMENTARY

01/13/17

The bulls control but that control seems to be less impressive

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -3.10, SILVER -3.50, PLATINUM -6.30

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly higher but weakness was seen in some Pacific Rim markets perhaps because of disappointing Chinese trade figures. The European session started with a December German wholesale price index that managed a rise of 1.2% in December. The German Price Index monthly rate was significantly higher than the 0.3% expected and this was also the strongest annual increase since October 2012. The North American session will start out with December retail sales which are expected to show a moderate increase from November's +0.1% reading. The December producer price index is forecast to show a modest uptick from November's +1.3% year-over-year rate. November business inventories are expected to see a moderate increase from October's -0.2% reading and climb into positive territory. A private survey of January consumer sentiment is forecast to see a modest uptick from December's 98.2 reading. Philadelphia Fed President Harker will speak during morning US trading hours. Earnings announcement will include JP Morgan Chase, Wells Fargo, Bank America, BlackRock and PNC Financial before the Wall Street opening.



GOLD / SILVER

While the gold market forged a two month high and reached the highest level since November 23rd yesterday, the market was unable to hold all of those gains. Obviously the gold market is locked on and hopeful of ongoing weakness in the dollar. One might suggest that improved Chinese economic/energy demand forecasts increases the prospect of better 2017 Chinese gold demand ahead but that news was tempered overnight by the revelation that overall Chinese Imports and Exports reached down to the lowest annual levels since 2009. On the other hand gold might see some support from a Barron's Asia story suggesting that Trump and China are set to provide gains in gold going forward. It should be noted that silver prices have continued to diverge with gold prices and we think that highlights the dominating focus in gold on action in the dollar. However the divergence between gold and silver would also seem to suggest that silver is a little bit disappointed with the deterioration in US economic views this week. It would seem as if the February gold contract was drawn up to the \$1200 level this week but given the fundamental and technical set up into the last trading session of the week we have to leave the edge with the bull camp but we are now a skeptical bull and we would turn bearish toward the metals if the February contract fails to hold above up-trend channel support line of \$1,185.

PLATINUM

While some European auto sales early Thursday were found to be soft, that news was offset by predictions of strong Chinese energy demand in 2017 off robust auto sales. Therefore, the platinum and palladium markets look to draft some support from the prospect of increased auto catalyst demand from China especially with China overnight showing evidence of record import demand for a host of industrial commodities. With the April platinum contract respecting the Wednesday close in the Thursday trade and extending for yet another higher-high for the move, the outlook for the platinum market remains positive but tempered slightly by the initial slide in prices this morning. Initial resistance is seen at \$987 and then again at \$1,000. Critical support for April platinum today is seen at \$973.20. Clearly March palladium failed to get the same benefit from higher gold and a weaker dollar this week as did the platinum market. Therefore, the palladium market looks to continue to lag behind the platinum market but it might also hold up better today in what would seem to be a slightly negative initial chart setup in the PGM complex. Critical support in March palladium is seen today down at \$744.25.

TODAY'S MARKET IDEAS:

We can't take control of the gold market away from the bull camp yet as the Dollar is weaker to start, there have been favorable Chinese demand stories released overnight and the February gold contract remains within a well-defined 1 1/2 month up trend pattern. However, the market might have reached a key psychological level at \$1,200 per ounce earlier this week and the bulls today might need signs of even lower Dollar action ahead to finish the week strong. Certainly the gold contract is overbought from the low to high rally of \$81 in the last 19 days. Uptrend channel support in February gold today comes in at \$1187.10 and initial resistance is seen at \$1,208.70. In a fresh bullish technical development, the February gold contract on Thursday managed to close above the 50 day moving average at \$1,182 for the first time since November 4th.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

01/13/17

Short term overbought & Chinese news might be mostly factored

GENERAL: While the copper market surprised the trade with another higher high in the face of a "risk off" environment in equities yesterday prices have settled back on the charts as if the Chinese trade information overnight was in some way discouraging. Obviously the copper market was lifted by a government inspired export glitch in Indonesia this week, noted weakness in the dollar and a pattern of declines in London metal exchange stocks and that should provide support for the market. Copper should indirectly benefit from strong Chinese energy consumption predictions for 2017 and it goes without saying that copper should benefit from news that Chinese imports of unwrought copper and copper concentrates reached fresh record levels in 2016. The copper trade was already aware of the potential for a major electrical grid infrastructure spending program from China, but seeing the record import totals for key commodities should leave the outlook for the Chinese economy and copper prices in a very good position.



MARKET IDEAS:

While we think the March copper contract has become short-term overbought following the three-week low to high rally of \$0.22 a pound, we can't rule out an eventual trade above \$2.70 and potentially a high up around \$2.7135. In fact the copper market has left the 50 day moving average behind and this week's gains were made on rising open interest which would seem to bode well for ongoing buying activity. However, sentiment in equities this morning is only partially supportive and the magnitude of the Dollar declines aren't big enough to inspire fresh buying in copper unless US retail sales figures manage to meet or exceed expectations that call for a gain of +0.7%.

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) 01/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 1214.1. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1204.5 and 1214.1, while 1st support hits today at 1188.1 and below there at 1181.2.

COMEX SILVER (MAR) 01/13/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 17.111. The next area of resistance is around 16.937 and 17.111, while 1st support hits today at 16.673 and below there at 16.582.

COMEX PLATINUM (JAN) 01/13/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. Follow through buying looks likely if the market can hold yesterday's gap on the day session chart. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 989.60. The next area of resistance is around 981.10 and 989.60, while 1st support hits today at 971.30 and below there at 970.00.

COMEX COPPER (MAR) 01/13/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 2.72. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2.70 and 2.72, while 1st support hits today at 2.63 and below there at 2.58.

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										
GCAG7	1196.3	71.38	61.54	83.93	89.12	1190.83	1177.44	1158.11	1182.02	1207.05
SIAH7	16.805	61.74	55.04	70.83	81.38	16.80	16.59	16.31	16.75	17.07
PLAF7	976.20	68.85	62.65	85.28	91.75	977.50	959.20	934.71	936.50	944.88
CPAH7	2.66	73.28	66.70	63.77	81.48	2.61	2.56	2.53	2.56	2.47

Calculations based on previous session. Data collected 01/12/2017

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						
GCAG7	COMEX Gold	1181.1	1188.0	1197.6	1204.5	1214.1
SIAH7	COMEX Silver	16.581	16.672	16.846	16.937	17.111
PLAF7	COMEX Platinum	970.00	971.30	979.80	981.10	989.60
CPAH7	COMEX Copper	2.57	2.63	2.65	2.70	2.72

Calculations based on previous session. Data collected 01/12/2017

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