



DAILY METALS COMMENTARY Wednesday February 08, 2017

PRECIOUS METALS COMMENTARY

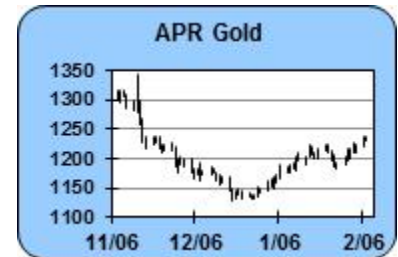
02/08/17

The bulls retain an edge as the Court decides on Travel ban

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +2.70, SILVER -0.60, PLATINUM +4.50

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly higher overnight with the exceptions being the RTS Index and the MICEX. The Asian session featured the January Japanese Eco Watchers survey which came in weaker than expected. The European session will be relatively quiet, while the North American session will start with a weekly reading on mortgage applications but will ultimately offer little information on the US economy. January Canadian housing starts are forecast to see a modest downtick from December's 207,000 annualized rate. Earnings announcement will include Rio Tinto, Allergan, Time Warner and Exelon before the Wall Street opening while Suncor Energy and Prudential Financial report after the close.



GOLD / SILVER

For April gold to have held near the Monday highs in the face of noted dollar strength yesterday that would seem to suggest that the safe haven argument is gaining traction again. The whole safe haven argument was given a significant boost following complaints against US trade and currency policies from an ECB official and the German Economic Minister. Another issue adding into the upward tilt in gold and silver this week is suggestions from several money managers touting gold as a hedge against the expanding incendiary Trade/Immigration policies of the new administration. In fact, the world's largest gold ETF saw their holdings rise by 8.3 tonnes on Tuesday and they have now risen by nearly 28 tonnes since the end of January in a possible sign that the safe haven environment is indeed attracting money. While the dollar at times Tuesday was undermining gold and silver prices, it once again failed to hold the brunt of the large gains and we think that calls into question the bull case for the greenback. We think the risk of pressure on gold and silver prices from currency market action will be mostly kept in check as the Dollar is showing strength this morning and that has not prevented gold from trading in positive ground. From a safe haven perspective, a potentially important junction might be seen from an appellate court ruling on new visa rules implemented by the Trump administration. In other words, uncertainty and safe haven interest might rise considerably if the administration order is struck down and the administration decides to battle beyond the current court decision to the Supreme Court. We assume that those looking to prevent the new policies will take the case to the Supreme Court if they see the lower court ruling overturned.

PLATINUM

While some in the trade are focused on gold and platinum trading within relative proximity in price, we doubt that PGM prices will be able to keep up with gold prices in the event of a continuation of the safe haven rally. In other words safe haven from trade fears and geopolitical anxiety might lift platinum and palladium but not at the anticipated rate seen in gold and silver. However, the PGM markets should get some interest from a forecast from the World Platinum Investment Council that predicted industrial demand was likely to extend the world deficit into a 6th year Uptrend channel support in April platinum today comes in at \$1,009.90, with similar uptrend channel support in March palladium today seen at \$762.90.

TODAY'S MARKET IDEAS:

As we indicated in the prior trading session, there is still no reason to throw off the bullish track in gold and silver prices. In fact, we doubt the dollar will maintain the strength seen at times earlier in the week and we also suspect that support flowing from Washington uncertainty will continue in the headlines. Uptrend channel support in April gold is now seen at \$1,231.50 with uptrend channel support in March silver seen at \$17.62. Given a simple

extension of current conditions in the marketplace, we can't rule out a trade in April gold above \$1,250 before the end of the week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

02/08/17

Supply side threats give the bull camp control again

GENERAL: The outlook for copper has shifted 180 degrees from earlier in the week in the wake of news of a strike vote at a Chilean mine, a labor stoppage at an Indonesian mine and from news that 2 top mining facilities have decided to reduce output. With another potential strike action looming in Chile there would seem to be plenty of supply side concerns to add to the ongoing recovery wave in prices. As if the threats against supply in Indonesia and Chile weren't enough to fuel the bull case, the copper market also saw evidence overnight of lower Russian copper exports from 2016. About the only negatives facing copper to start today is a trend breaking modest rise in daily LME copper stocks, a slightly softer than expected Japanese economic reading overnight and modest strength in the Dollar.



MARKET IDEAS:

With the copper market forging a high to low correction of 12 cents last week the market probably entered this week is a less overbought condition and therefore it was probably capable of getting a full lift off distinct supply threats. With the March copper contract recently justified in trading above the \$2.70 level without the current and distinct supply threats, we have to think that the market is poised for an upside extension in the coming trading sessions back above that level. Near term support moves up to \$2.6460 and initial resistance is seen up at \$2.6940.

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 (APR) 02/08/2017: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 1242.7. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1239.6 and 1242.7, while 1st support hits today at 1231.4 and below there at 1226.2.

COMEX SILVER (MAR) 02/08/2017: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 17.931. The

market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 17.832 and 17.931, while 1st support hits today at 17.598 and below there at 17.462.

COMEX PLATINUM (APR) 02/08/2017: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 1022.40. The next area of resistance is around 1015.00 and 1022.40, while 1st support hits today at 1003.20 and below there at 998.80.

COMEX COPPER (MAR) 02/08/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. 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 lower than the pivot swing number. The next downside target is now at 2.61. The next area of resistance is around 2.65 and 2.67, while 1st support hits today at 2.62 and below there at 2.61.

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										
GCAJ7	1235.5	73.02	67.20	75.88	85.59	1226.95	1211.90	1210.26	1181.44	1189.06
SIAH7	17.715	71.97	65.94	81.27	86.18	17.58	17.38	17.21	16.80	16.83
PLAJ7	1009.10	68.90	64.43	81.48	86.89	1008.33	998.68	989.78	956.94	951.73
CPAH7	2.63	46.44	50.01	59.68	47.46	2.65	2.67	2.66	2.61	2.60

Calculations based on previous session. Data collected 02/07/2017

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						
GCAJ7	COMEX Gold	1226.1	1231.3	1234.4	1239.6	1242.7
SIAH7	COMEX Silver	17.461	17.597	17.696	17.832	17.931
PLAJ7	COMEX Platinum	998.80	1003.20	1010.60	1015.00	1022.40
CPAH7	COMEX Copper	2.60	2.61	2.63	2.65	2.67

Calculations based on previous session. Data collected 02/07/2017

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