



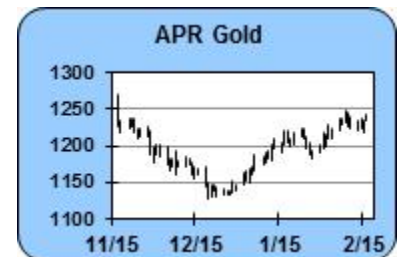
DAILY METALS COMMENTARY Friday February 17, 2017

PRECIOUS METALS COMMENTARY 02/17/17

The path of least resistance remains up despite \$ action

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD +2.80, SILVER -3.40, PLATINUM +2.30**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets saw a negative shift in risk appetites overnight but the weakness seemed to be mere profit taking/technical balancing instead of some disconcerting story line. The Asian session was relatively quiet while the European session was highlighted by January UK retail sales that showed a 0.3% downtick from December's +4.3% year-over-year reading. The North American session will feature the January leading indicator report which is forecast to see a minimal downtick from December's +0.5% reading. Earnings announcements will include Enbridge, Deere & Co. Campbell Soup and J M Smucker before the Wall Street opening.



GOLD / SILVER

For the first time in five trading sessions, April gold appears as if it is poised to throw off the downtrend pattern in place from February 8th to February 15th. We suspect a large measure of the recovery action in April gold off this week's low is the direct result of the reversal and poor performance in the US dollar, but that windfall is tempered to start today by early strength in the Dollar. Other issues that provided support to the gold market Thursday was strength in Barrick Gold shares which apparently hit a six-month high and that bullish news was joined overnight by reports that scrap gold prices were rising along with futures this week. While silver prices rose in-sync with gold yesterday, they underperformed relative to gold over the last 36 hours but they still remain in a very well defined bullish chart formation. We also think that silver is forging some of the last two month's gains off the theme of better industrial/physical demand because of the positive action in global equities and from generally improving economic expectations. Unfortunately for gold the trade is being confronted with strength in the Dollar. However, a rise above the prior high early on could easily project a return to the February high. Gold derivative holdings overnight rose by 63,603 ounces to stand at 52 million ounces. Silver derivative holdings were unchanged at 551.9 million ounces.

PLATINUM

Like the rest of the precious metals complex, the platinum group metals look very good from a technical perspective but also because of residual economic optimism and talk of improving auto-catalyst demand from Europe. So far the bull camp has not seen a noticeable change in PGM derivative holdings like the gold market and that could confirm that the bull-run is largely an industrial demand driven move. Like the silver market, the palladium market has a much more impressive chart than the platinum market with very uniform higher lows and higher highs. Adding into the bullish track in the palladium market is the fact that the gains of the last 4 weeks have largely taken place in the face of rising open interest. As in other industrial commodities, it might take a decided downshift in economic psychology to trip up the uptrend.

TODAY'S MARKET IDEAS:

Uptrend channel support in April gold this morning is way down at \$1,214.30 but a closer in pivot point is seen at \$1,233.30. As indicated already, we see a critical upside pivot point today up at \$1,246.20. Uptrend channel support in March silver is seen at \$17.92 and the next significant cluster of resistance is seen at a series of closes around \$18.49. In conclusion, technical signals are positive, currency influences are mixed and investors are starting to show interest.

NEW RECOMMENDATIONS:

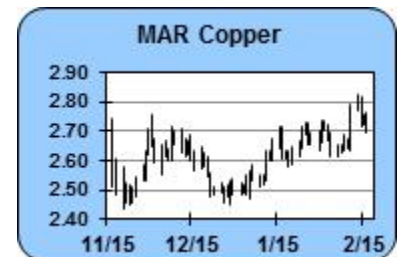
None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY**02/17/17****Vulnerable status but value isn't far away**

GENERAL: All things considered, the performance in the copper market yesterday was very discouraging as the market saw noted weakness in the US dollar, news of some fresh mining permit problems in Chile (not Indonesia!) and the market also saw strong US housing permits/strong Philly Fed manufacturing results but prices fell sharply a forged a temporary failure at the \$2.70 level. News of declining foreign direct investment from China, an undeterminable economic threat from bird flu in China, damaged charts and another 5 digit build in weekly Shanghai copper stocks leaves the trend pointing downward today. However cushioning copper to start today is favorable new loan data from China, residual supply issues in Chile and Peru and a moderate decline in LME copper warehouse stocks.

**MARKET IDEAS:**

While we have respect for the bull case in the copper market, we also respect the market's need to correct its overbought condition and we also take note of the first two-sided volatility in the US equity markets in a couple weeks. We also can't discount the threat of bird flu issues in China undermining demand expectations in copper. Given the range down action yesterday, there might not be significant support in the March copper contract until the \$2.6910 level. In order to turn the bias around today might require a rally back above \$2.7450 and or a distinct return to risk-on in US equities.

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) 02/17/2017: The daily stochastics gave a bullish indicator with a crossover up. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 1249.9. The next area of resistance is around 1245.8 and 1249.9, while 1st support hits today at 1235.4 and below there at 1229.2.

COMEX SILVER (MAR) 02/17/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 18.263. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 18.182 and 18.263, while 1st support hits today at 17.978 and below there at 17.854.

COMEX PLATINUM (APR) 02/17/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 next downside objective is now at 1005.85. The next area of resistance is around 1021.20 and 1026.65, while 1st support hits today at 1010.80 and below there at 1005.85.

COMEX COPPER (MAR) 02/17/2017: A bearish signal was triggered on a crossover down in the daily stochastics. 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 outside day down and close below the previous day's low is a negative signal. The close below the 1st swing support could weigh on the market. The next downside target is now at 2.66. The next area of resistance is around 2.74 and 2.79, while 1st support hits today at 2.68 and below there at 2.66.

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	1240.6	68.27	65.22	78.99	80.27	1231.20	1233.91	1219.93	1190.66	1189.25
SIAH7	18.080	75.48	69.77	88.71	90.40	17.94	17.84	17.54	16.93	16.90
PLAJ7	1016.00	62.42	61.28	71.11	67.75	1007.10	1012.08	1003.29	968.39	959.25
CPAH7	2.71	53.63	55.07	60.84	58.12	2.74	2.71	2.70	2.62	2.62

Calculations based on previous session. Data collected 02/16/2017

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	1229.1	1235.4	1239.5	1245.8	1249.9
SIAH7	COMEX Silver	17.853	17.977	18.058	18.182	18.263
PLAJ7	COMEX Platinum	1005.85	1010.80	1016.25	1021.20	1026.65
CPAH7	COMEX Copper	2.65	2.67	2.72	2.74	2.79

Calculations based on previous session. Data collected 02/16/2017

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