



DAILY METALS COMMENTARY

Thursday March 02, 2017

PRECIOUS METALS COMMENTARY

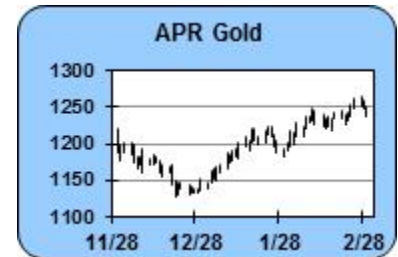
03/02/17

Short term bias in prices has shifted to the downside

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -8.20, SILVER -12.40, PLATINUM -7.00

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight but the losers outnumbered the winners. The Asian session was relatively quiet with January Australian trade balance data which showed a narrowing of the Australian trade surplus. The European session started out with a fourth quarter reading on Swiss GDP which grew more slowly than was anticipated. The Swiss data was followed by January Italian unemployment which bested expectations with a decline from 12.0% to 11.9%. The February UK construction PMI was expected to hold steady but instead it managed a slight improvement. January Euro zone unemployment was expected to hold steady at 9.6% and it did while PPI was stronger than expected and CPI also showed an expansion over the prior month. The North American session will start out with the February Challenger jobs cuts reading, followed by a weekly reading on initial jobless claims that are expected to see a modest decline from the previous 244,000 reading. Fourth quarter Canadian GDP is expected to see a notable decline from the third quarter's 3.5% annualized rate. Cleveland Fed President Mester will speak during late afternoon hours. Earnings announcements will include Anheuser Busch Inbev and Canadian National Resource before the Wall Street opening while Costco Wholesale reports after the close.



GOLD / SILVER

On one hand, the gold market came under aggressive compacted liquidation selling pressure early yesterday, but it was also able to reject that washout and at times was trading as much as \$10 above its lows. The silver market yesterday impressively avoided noted selling and that suggests it is probably benefiting from the hope for better industrial demand in the event the world economy is lifted by upcoming US policies. However strength in the Dollar continues to be the nemesis of gold, silver and platinum even though the Dollar index failed to hold all of its early gains yesterday it has made another higher high for the move this morning. While we are concerned about the potential negative influence of action in the currency markets, the bull camp has to be cheered by the news in the prior trading session that Indian gold imports picked up as the fear of slumping Indian demand was a major factor behind the second half slide in gold prices last year. We also think that gold, silver and platinum are capable of deriving some investment interest if global economic conditions improve and inflation prospects are given some credibility. The world's largest gold ETF saw their holding rise by 2.37 tonnes on Wednesday and reach their highest level since February 16th. Unfortunately for the bull camp, open interest fell off on the rally at the end of last week and at the beginning of this week, and that might suggest pricing above the \$1,250 level is seen as a little expensive. As suggested already, a continuation of an extremely uniform uptrend channel pattern in silver would seem to speak to its awareness of improving physical demand conditions throughout the globe. Uptrend channel support in April gold today comes in at \$1233.20 while uptrend channel support in May silver today is seen at \$18.27.

PLATINUM

The palladium market continues to outperform the platinum market on the charts, and that is more than likely the result of favorable auto catalyst benefits to palladium relative to platinum. It should also be noted that platinum derivative holdings have risen to the highest level since November 2015 while palladium derivative holdings remain mired around multiyear lows. The trade might garner some minor support from news that The World Platinum Investment Council is preparing a Chinese ETF for retail bars. Critical support in June palladium is seen at \$766.05 while April platinum may not have support until the \$1,002.90 level. If there is a positive from the

technical side of the platinum market, it is the noted increase in open interest since the February 21st spike low as that might suggest the trade sees a value zone around \$1,000.

TODAY'S MARKET IDEAS:

If the bear camp can't keep prices down in the face of significant assistance from a soaring US Dollar, that could increase the resolve of the bulls (who have been paid well for their positions since the December lows). While gold at times has been undermined as a result of the definitive risk on environment, it is possible that such significant optimism could begin to fuel inflationary psychology and that in turn could cushion prices against what has become a mild downward track on the charts. Pushed into the market, we have to favor the bull tilt in the silver market which might continue to benefit more from the current upbeat environment than the gold market. The top of the uptrend channel in May silver is seen today at \$18.68 and that resistance rises to \$18.72 on Friday. Renewed inflows into gold and silver derivative holdings are important for the bulls if they expect prices to stand up to the current flare in the Dollar.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

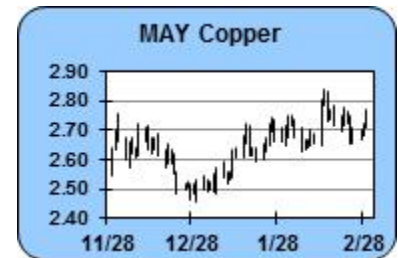
None.

COPPER COMMENTARY

03/02/17

Short term overbought but fundamentals should underpin

GENERAL: The copper market ranged up sharply yesterday and at one point was 10 1/2 cents a pound above last week's lows. However, the copper market wasn't initially able to hold the brunt of the rally perhaps because some traders viewed the magnitude of the run up as short-term overdone. On the other hand, news that violence had broken out at the Escondida mine earlier this week would seem to increase the potential duration of that production issue. In fact strikers even battled authorities in the area which probably strengthens the resolve of both parties to achieve their demands and that probably reduces the prospect of an agreement. Just to add to the supply-side support in the market is news that Freeport also expects a further extension of disrupted production at its Grasberg mine. At least part of the gains in the copper market yesterday were justified by the dramatic improvement in macroeconomic psychology in the wake of the State of the Union address, but that improvement in sentiment was also backed up by favorable international PMI data.



MARKET IDEAS:

The question for the copper trade is whether or not current disruptions in supply will continue unabated as the market is currently factoring into prices. We do think that critical support has been raised to \$2.6780 and there might not be much in the way of resistance until the \$2.77 level. Significant long-term uptrend channel support in May copper today is seen down at \$2.6790 which is right on the other critical support level mentioned this morning which was derived from standard retracement analysis.

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) 03/02/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 1232.9. The next area of resistance is around 1256.9 and 1261.2, while 1st support hits today at 1242.7 and below there at 1232.9.

COMEX SILVER (MAY) 03/02/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 18.660. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 18.570 and 18.660, while 1st support hits today at 18.330 and below there at 18.180.

COMEX PLATINUM (APR) 03/02/2017: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 1004.30. The next area of resistance is around 1025.20 and 1035.50, while 1st support hits today at 1009.60 and below there at 1004.30.

COMEX COPPER (MAY) 03/02/2017: 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 2.68. The next area of resistance is around 2.76 and 2.79, while 1st support hits today at 2.71 and below there at 2.68.

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	1249.8	61.71	62.51	82.35	78.44	1255.20	1247.23	1239.48	1209.17	1196.45
SIK7	18.450	79.87	73.81	89.58	91.25	18.45	18.26	18.05	17.33	17.17
PLAJ7	1017.40	53.09	55.68	64.41	62.48	1028.98	1017.58	1014.31	985.13	971.44
CPAK7	2.73	55.02	54.91	41.12	39.38	2.71	2.72	2.71	2.66	2.64

Calculations based on previous session. Data collected 03/01/2017

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	1232.8	1242.7	1247.0	1256.9	1261.2
SIK7	COMEX Silver	18.180	18.330	18.420	18.570	18.660
PLAJ7	COMEX Platinum	1004.30	1009.60	1019.90	1025.20	1035.50
CPAK7	COMEX Copper	2.67	2.70	2.73	2.76	2.79

Calculations based on previous session. Data collected 03/01/2017

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