



DAILY METALS COMMENTARY Monday March 06, 2017

PRECIOUS METALS COMMENTARY

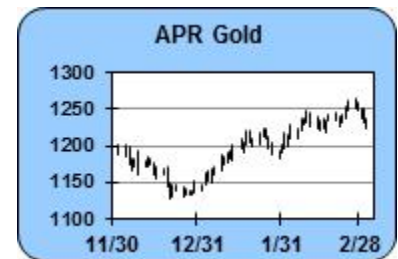
03/06/17

Dollar action critical as gold & silver remain vulnerable

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +5.00, SILVER +11.50, PLATINUM -4.50

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with Asian shares showing strength and European markets starting out on a softer tone. The markets might have seen some pressure as a result of a North Korean missile test and the markets might also have seen some pressure as a result of a negative GDP reading in Greece. The Asian economic calendar will be relatively quiet, while the European session was highlighted by the March Sentix index of Euro zone investor confidence that came in at 20.70 versus February's 17.4 reading. As we indicated already Greek GDP posted a decline of 1.2% and that might rekindle a measure of financial concern toward the EU. The North American session will feature January factory orders which are forecast to see a slight down tick from December's +1.3% reading. Minneapolis Fed President Kashkari will speak during mid-afternoon US trading hours. Earnings announcements will include Casey's General Stores and Korn/Ferry International after the Wall Street close.



GOLD / SILVER

The pattern of lower lows extended to end last week and gold derivative holdings finished last week with a decline of 4.7 tonnes to break a recently developing pattern of builds. However, seeing North Korea fire 4 missiles toward Japan in a test and residual coverage on strong Indian gold demand from last week has inspired some safe haven interest in gold and silver. Unfortunately with the Fed meeting looming on March 15th, it could be difficult to get out from underneath the threat of higher rates which in turn could keep a bid in the dollar. While Nord Gold has delayed a delisting of its GDR's by a week we think the impact from the de-listing might be slightly supportive as that minimally narrows investor avenues for gold investment. A normal retracement of the December through February rally in April gold allows for a setback to \$1,212.20 without severely damaging the recent uptrend. Other closer-in support in April gold to start the new trading week is seen at \$1,224.70 with the moving average today coming in down at \$1,205.60. In other words, the gold market looks to start the new week above several critical chart points. The Commitments of Traders Futures and Options report as of February 28th for Gold showed Non-Commercial and Non-reportable combined traders held a net long position of 184,411 contracts but that positioning is probably overstated given the high to low slide at the end of last week of \$26. The silver market also saw a decline in silver derivative holdings at the end of last week, but it was saved from the brunt of the selling at the end of last week by a low to high recovery bounce of \$0.33. Critical uptrend channel support in May silver today is seen at \$17.74 but the market will need a combination of further weakness in the dollar and/or a shift back to a definitive risk on mentality in the equity markets to garner fresh physical and investment demand buying. The Commitments of Traders Futures and Options report as of February 28th for Silver showed Non-Commercial and Non-reportable combined traders held a net long position of 107,770 contracts but that positioning is probably overstated due to the high to low slide at the end of last week of 70 cents. While we think gold and silver might have found the bottom of the recent corrective wave, it will be difficult to get out from under the shadow of the Fed over the coming 9 days.

PLATINUM

Like the gold and silver markets, April platinum finished last week with some impressive technical action but it is giving back some of those gains in the early going today. In addition to avoiding a fresh lower low for the move, the platinum market also rejected the 50 day moving average at last week's low for the second straight trading session. While we expect the PGM complex will continue to be buffeted by volatility in the dollar, lingering fears of

a rate hike and mixed macroeconomic attitudes from the stock market's indecision but the market appears to have found some value on its charts. While palladium derivative holdings have brought minor increases, platinum derivative holdings suffer from a lack of direction. As suggested in other market coverage, the PGM markets need a return to consistent risk on and a pattern of higher highs in equities to mount a return to the January through February uptrend channel. The Commitments of Traders Futures and Options report as of February 28th for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 51,011 contracts and while that positioning is overstated, it does show that the market needed last week's corrective action to balance prices. The Commitments of Traders Futures and Options report as of February 28th for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 17,528 contracts.

TODAY'S MARKET IDEAS:

While it appears as if the worst of the corrective action has run its course, the nine day outlook from outside market action leaves moderate risk to fresh longs because of potential action in the Dollar and the looming Fed meeting next week. As indicated already, the gold market looks to start the week out above a number of critical pivot point support levels and therefore early action today in gold could set the tone for gold and PGM prices for the entire trading session. In order to turn definitively upbeat toward gold and silver might require a decline in the dollar back below its 50 day moving average of 1.0119, resurgent talk of adverse trade policies from the US or a very surprising shift from the Fed regarding next week's policy decision. In addition to the before-mentioned support/pivots in April gold, to avoid a return to corrective conditions probably requires gold prices to hold above \$1,231.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

03/06/17

Failure on the charts seen off a large LME copper stock build

GENERAL: The copper market might remain off balance because of another large weekly Shanghai copper stock build at the end of last week especially since LME copper stocks overnight also saw a massive inflow! We also think that ongoing fears of rising rates in the US next week will continue to undermine bullish sentiment toward the metals. An offset to the large overnight build in LME copper stocks is the fact that the LME copper stocks have posted an extended period of daily declines with only four inflows of stocks in the last 48 days. However, there continues to be a number of potential sustainable and significant supply disruptions in the offering with a fresh supply threat seen at the end of last week in Tanzania where government officials have moved to ban exports of unprocessed copper ore in hopes of gaining value-added jobs in that country. In short, there are a number of countries imposing environmental or economic/procedural export barriers and that puts additional supply in question. The Commitments of Traders Futures and Options report as of February 28th for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 42,719 contracts and that might leave the market vulnerable to more stop loss selling.



MARKET IDEAS:

We can't rule out a return toward the late February low of \$2.6520 in the event the dollar is strong to start this week, there is a risk off mood in equities and or there are fresh hawkish Fed comments in the headlines. Part of the corrective action at the end of last week was a result of the pause in equities and strength in the dollar, but we also think some of the corrective action was the result of a lack of fresh news on the twin supply side problems. On the other hand, it does not appear as if the strike will end quickly following the violence last week but that issue apparently isn't set to provide support to prices early this morning. The 50 day moving average in May copper today is seen at \$2.6510 with uptrend channel support already violated this morning at \$2.6645.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/21/2017 - 2/28/2017						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Metals						
Copper	38,020	-4,386	-42,720	+4,769	4,699	-384
Gold	168,104	+38,851	-184,410	-39,501	16,307	+651
Palladium	16,498	-175	-17,527	+49	1,030	+128
Platinum	45,610	+5,858	-51,012	-6,428	5,401	+569
Silver	94,835	+8,052	-107,770	-6,036	12,935	-2,016

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) 03/06/2017: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 1218.9. The next area of resistance is around 1242.1 and 1246.2, while 1st support hits today at 1228.5 and below there at 1218.9.

COMEX SILVER (MAY) 03/06/2017: 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 daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 17.563. The next area of resistance is around 18.165 and 18.262, while 1st support hits today at 17.815 and below there at 17.563.

COMEX PLATINUM (APR) 03/06/2017: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 981.83. The next area of resistance is around 1007.15 and 1010.82, while 1st support hits today at 992.65 and below there at 981.83.

COMEX COPPER (MAY) 03/06/2017: 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. The upside daily closing price reversal gives the market a bullish tilt. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 2.67. The next area of resistance is around 2.72 and 2.73, while 1st support hits today at 2.70 and below there at 2.67.

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	1235.3	47.15	52.60	68.84	54.57	1243.03	1245.87	1240.34	1213.40	1198.25
SIK7	17.990	38.63	47.24	70.26	47.52	18.11	18.17	18.06	17.41	17.20

PLAJ7	999.90	44.11	48.42	50.71	36.81	1009.83	1014.17	1012.66	989.36	973.32
CPAK7	2.70	47.41	49.97	35.94	30.54	2.71	2.71	2.72	2.66	2.64

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

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	1218.8	1228.4	1232.5	1242.1	1246.2
SIK7	COMEX Silver	17.562	17.815	17.912	18.165	18.262
PLAJ7	COMEX Platinum	981.82	992.65	996.32	1007.15	1010.82
CPAK7	COMEX Copper	2.66	2.69	2.70	2.72	2.73

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

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