



## DAILY METALS COMMENTARY

Wednesday March 08, 2017

### PRECIOUS METALS COMMENTARY

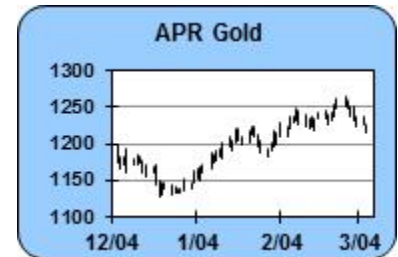
03/08/17

**No reason to take control away from the bear camp yet**

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**GOLD -1.90, SILVER -8.60, PLATINUM +0.10**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mixed overnight with Asian shares weaker, and the rest of the world trading higher. The Asian economic calendar started out with a reading on fourth quarter Japanese GDP that came in at a +1.2% annualized rate that was well below trade forecasts. A highlight for global markets was a February reading on the Chinese trade balance that showed its first deficit in 3 years. A February reading on the Japanese Eco Watchers survey showed an unexpected decline. The European session was presented February German industrial production which jumped by 2.8%. The North American session will start out with the February ADP employment survey which is expected to show a sizable decline from January's 246,000 reading. Fourth quarter readings on unit labor costs and non-farm productivity is forecast to come in roughly in-line with their third quarter results. February Canadian housing starts are expected to show a modest decline from January, while February Canadian building permits are forecast to have a sizable increase from January's -6.6% reading and climb into positive territory. January wholesale inventories are expected to hold steady with December's -0.1% reading. Earnings announcements will include Valspar, Ciena and Tech Data before the Wall Street open while United Natural Foods reports after the close.



### GOLD / SILVER

The gold market made another fresh lower low for the move overnight and it forged the lowest price since February 3rd, and that leaves the technical picture bearish going forward. Not surprisingly, the action in the dollar this week is probably the primary driving force behind the ongoing selloff, but we also think the trade is well aware of the headlines from the Press that continue to trumpet the prospect of a US Fed rate hike next week. In fact, so far this week the gold and silver trade has not seen much in the way of bargain-hunting buying and/or a pickup in trading volume as if some type of value zone has been found on the charts. Adding into the negative bias in gold is bearish comments from a noted longtime US gold analyst and weakness in South African gold shares yesterday. Lastly, both gold and silver might see fresh pressure from declining safe haven interest off comments from the US Secretary of Commerce who indicated that fixing NAFTA would help Mexico, as that might temper the threat of the trade war between two large trading partners. An issue that might lend some support to gold prices this morning is World Gold Council predictions that Indian gold demand will recover to 650-750 tons in 2017 and that comes after Indian gold demand reached a 7 year low in 2016. While the bull camp could still be saved by a fresh escalation of tensions with North Korea, a reversal in the dollar or a dovish shift from the US Fed those developments are unlikely.

### PLATINUM

With a sharp range down extension in platinum yesterday, a fresh lower low again this morning and the lowest price since January 20th, the picture in April platinum is decidedly negative. In fact, the large range down extension yesterday was seen on high-volume and while that might indicate a wave of cleansing stop loss selling by the longs, it could also indicate an increase in short side interest. Apparently seeing the prospect of ongoing investigations into Russian involvement in the US political process from the US Senate was not supportive of PGM prices, as there doesn't appear to be a near term prospect of sanctions that would disrupt exports of metals. While the palladium market avoided the type of weakness seen in the platinum market in the prior trading session, further declines in platinum could result in unfolding weakness in palladium. While the overall economic vibe throughout the globe is still positive, platinum demand expectations are probably being dented by this week's

choppy to lower global equity market action.

**TODAY'S MARKET IDEAS:**

Without a sudden change in headlines and fundamental news flow, we can't argue against additional downside action in April gold. As indicated already, the next downside targeting in April gold might be \$1208.30 and perhaps even numbers of \$1200. The May silver contract has failed at psychological support of \$17.50 overnight, and it could be dragged down to \$17.33 in the event that gold losses continue to mount. About the most positive thing that can be said about gold and silver from a technical perspective is this week's declines have come on low volume.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

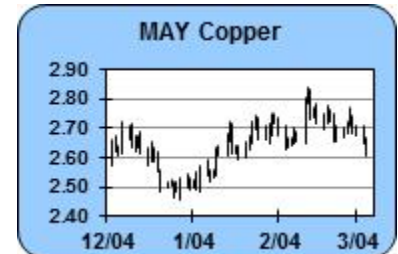
None.

**COPPER COMMENTARY**

03/08/17

**There is no reason to take control away from the bear camp**

**GENERAL:** The copper market forged a fresh downside breakout and the lowest price since January 20th yesterday but it has shown some modest recovery action early this morning. The copper market is apparently uninterested in the preexisting supply-side threats in Chile, Peru and Tanzania. However, with ongoing talk of slack Chinese/Asian copper demand off a sensational pattern of builds in LME copper stocks this week (over 92,000 tonnes in the past three sessions) there appears to be enough supply in available positions to meet any lost physical mining supply. In other words there is an offset to supply issues from the front end of the supply chain from the tail end of the supply chain. While Chinese imports of unwrought copper were down -10.5% in February Copper ore & concentrates rose by 14.4% and therefore February copper trade news from China was offsetting. Copper is also damaged as a result of ongoing strength in the dollar this week, unfolding weakness in US equities and the constant drumbeat of higher US rates. Until the strikes regain the focal point over rising exchange stockpiles and equities return to a definitive risk-on vibe, it could be difficult to arrest the slide in copper prices.



**MARKET IDEAS:**

While the \$2.60 level might offer some support to May copper today, a further support point might be tested down at \$2.5905 in the wake of yet another massive build in LME copper stocks. Therefore we would prefer to buy a deeper break as fresh longs might have to risk positions to the \$2.5030 level. In order to turn the tide around probably requires several days of declines in LME copper stocks, a rally back above a downtrend channel resistance line at \$2.7375, a sudden return to definitive risk-on and or something very positive from the Chinese economic front.

**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) 03/08/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 1205.0. The next area of resistance is around 1222.3 and 1231.5, while 1st support hits today at 1209.1 and below there at 1205.0.

COMEX SILVER (MAY) 03/08/2017: The close under the 40-day moving average indicates the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 17.262. The next area of resistance is around 17.677 and 17.911, while 1st support hits today at 17.353 and below there at 17.262.

COMEX PLATINUM (APR) 03/08/2017: The major trend has turned down with the cross over back below the 60-day moving average. A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 945.38. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 972.95 and 987.97, while 1st support hits today at 951.65 and below there at 945.38.

COMEX COPPER (MAY) 03/08/2017: The major trend has turned down with the cross over back below the 60-day moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 2.57. The next area of resistance is around 2.64 and 2.68, while 1st support hits today at 2.59 and below there at 2.57.

## 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
<b>METALS COMPLEX</b>										
GCAJ7	1215.7	32.93	42.21	46.65	25.71	1225.15	1241.44	1237.94	1216.25	1199.57
SIK7	17.515	32.38	41.84	47.16	23.65	17.69	18.08	18.04	17.48	17.22
PLAJ7	962.30	28.63	36.52	31.45	13.72	981.18	1006.01	1007.27	992.26	974.15
CPAK7	2.61	34.86	41.32	26.32	16.63	2.66	2.68	2.72	2.67	2.64

Calculations based on previous session. Data collected 03/07/2017

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCAJ7	COMEX Gold	1204.9	1209.0	1218.2	1222.3	1231.5
SIK7	COMEX Silver	17.261	17.352	17.586	17.677	17.911
PLAJ7	COMEX Platinum	945.37	951.65	966.67	972.95	987.97
CPAK7	COMEX Copper	2.56	2.58	2.62	2.64	2.68

Calculations based on previous session. Data collected 03/07/2017

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