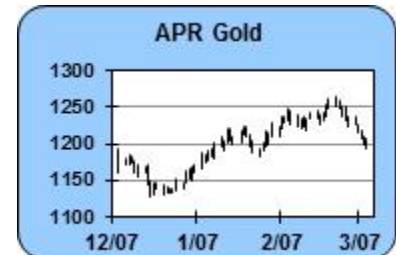


PRECIOUS METALS COMMENTARY
03/13/17

Moderate support overnight but FOMC meeting keeps trade cautious.

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD +6.60, SILVER +18.70, PLATINUM +9.20

OUTSIDE MARKET DEVELOPMENTS: Global markets were able to regain a positive tone at the end of last week's trading, although a "risk on" mood may not fully develop until this week's FOMC meeting results are in the rear-view mirror. While the eagerly-awaited non-farm payroll number came in ahead of early trade forecasts, it may have been somewhat disappointing given the blow-out ADP survey results earlier last week. In addition, a lower than expected increase in average hourly earnings helped to improve risk sentiment heading into the weekend. US equities had a bumpy ride after the US jobs numbers but ultimately finished last Friday in positive territory. The Asian session started out with a much worse than expected reading for Japanese machinery orders, but this was offset by an uptick in Japanese PPI to a 1.0% year-over-year rate. Japanese equities were able to grind out a modest gain that resulted in their highest levels since late 2015, while Chinese and Hong Kong shares posted much stronger gains. The only European economic number of note was a sluggish reading on Italian industrial output. European equities were able to shake off early pressure and climb into positive territory, although the DAX, CAC-40 and FTSE-100 have seen little upside follow-through so far. Market focus may start out this morning with a speech by ECB President Draghi given the hints of Euro zone rate hikes that came out of their meeting last week. The North American session will be fairly quiet data-wise and will be highlighted by the Fed's February labor market conditions index.



GOLD / SILVER

April gold was up overnight on apparent follow-through from potential reversal action on Friday and a weaker dollar. Recent polls in The Netherlands showed nationalist candidate Geert Wilders falling behind mainstream opponents, and this gave a lift to the euro and put pressure on the dollar. However, the dollar had moved back towards unchanged later in the session. And while the April gold contract managed to initially reject the latest new low for the move and temporarily climb back above the \$1,200 level on Friday, the view toward gold and silver looks to remain negative going forward. While both spec and fund long positioning readings have clearly declined with the March washout, those readings alone are not signaling a washed out low yet. On a positive note, the action in the US dollar following extremely bullish US economic information on Friday has to give the metals bulls some fresh confidence. The world's largest gold ETF saw their holdings fall by 8.88 tonnes and reach the lowest level since February 6th. With the threat of a US rate hike expected to loom over the market this week, the bull camps in gold and silver will probably need to see a more decisive decline in the June dollar index back below 1.0111 (rather than flirting with it like it did overnight) for the windfall off currencies to outweigh the threat of rising rates. Another angle that might provide the bull camp with the capacity to bottom would be evidence of bargain-hunting buying from India or China, but that is probably unlikely given the recent strength in the US dollar. In the end, the bull camp simply has to fret over the looming FOMC rate decision, and this week might bring about an extension of the sell the rumor before it manages to buy the fact later in the week.

The Commitments of Traders Futures and Options report as of March 7th for Gold showed Non-Commercial traders were net long 131,501 contracts, a decrease of 36,603 contracts on the week. Non-Commercial and Nonreportable combined traders held a net long position of 152,005 contracts, a decrease of 32,406. For silver, Non-Commercial traders were net long 93,740 contracts, a decrease of 1,095 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 106,538 contracts, a decrease of 1,232. India gold imports fell to 53.2 tonnes in February, down from 54.1 in December and 119.2 in November.

PLATINUM

Like gold and silver, platinum and palladium were higher overnight on a somewhat weaker dollar and on follow through from Friday's bottoming action, especially platinum. And while platinum at the end of last week was able to forge a quasi-double bottom low on its charts, the palladium market suffered a fresh downside breakout and extension, which leaves both markets vulnerable this week. It goes without saying that the potential for spillover selling from crude oil, gold and silver remains in place. At least in the near term, the PGM complex doesn't appear to be capable of benefiting from macroeconomic conditions that could signal rising demand ahead. Initial downside targeting in June palladium is seen at \$740, with similar downside targeting in April platinum seen at \$927. The Commitments of Traders Futures and Options report as of March 7th for Platinum showed Non-Commercial traders were net long 37,116 contracts, a decrease of 8,494 contracts on the week. Non-Commercial and Nonreportable combined traders held a net long position of 42,022 contracts, a decrease of 8,989. For Palladium, Non-Commercial traders were net long 17,015 contracts, an increase of 517 contracts. Non-Commercial and Nonreportable combined traders held a net long position of 17,642 contracts, an increase of 114 contracts on the week.

TODAY'S MARKET IDEAS:

At least to start this week, April gold looks to have a bull/bear line or pivot at the \$1,200 level. May silver also looks to have a critical bull/bear line or pivot point at the \$17.00 level. Pushed into the market, we favor the downside unless the June dollar index makes clear move below 1.0111. To turn the tide around in the gold market might require a rally back above \$1,215.90.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

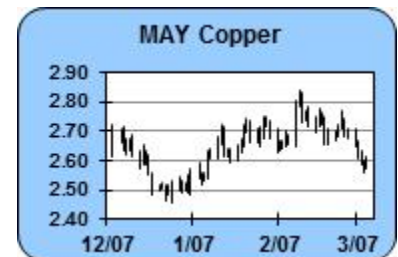
COPPER COMMENTARY

03/13/17

LME and Asia stock increases hinder recovery potential

GENERAL: March copper was higher overnight following the late week rally and strong economic data on Friday. With the May contract into last week's lows down almost 8 cents a pound and the market falling below and recovering back above the \$2.60 level at the end of the week, the market might have found value zone on the charts. Unfortunately, the net spec and fund long in the copper market recently was still at an extensively overbought level, and it remains technically vulnerable to more long liquidation. While it would seem as if some

of the supply-side threats in place over the last four weeks are set to moderate, news of a strike at a mine in Peru provides a fresh wrinkle for the bear camp. However, an issue that might continue to hang over the market in the coming week is the pattern of significant builds in LME copper stocks from last week as the most recent week saw 103,000 tons flow into LME warehouses in Asia. As we indicated a number of times last week, the rise in LME copper stocks in Asia is seen as a sign of weak demand in that region. The Commitments of Traders Futures and Options report as of March 7th for Copper showed Non-Commercial traders were net long 29,907 contracts, a decrease of 8,113 contracts on the week. Non-Commercial and Nonreportable combined traders held a net long position of 36,545 contracts. This represents a decrease of 6,174 contracts in the net long position held by these traders.



MARKET IDEAS:

A fresh strike at a Freeport McMoran copper mine in Peru serves to provide a potential bottoming force. However, seeing other supply disruptions halted could overwhelm the situation in Peru and leave the trend pointing down. In order to turn the tide away from the bear camp probably requires a rise back above \$2.6345 and/or a series of daily LME copper stock declines.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/28/2017 - 3/7/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	29,907	-8,113	-36,547	+6,173	6,638	+1,939
Gold	131,501	-36,603	-152,005	+32,405	20,504	+4,197
Palladium	17,015	+517	-17,642	-115	627	-403
Platinum	37,116	-8,494	-42,021	+8,991	4,906	-495
Silver	93,740	-1,095	-106,539	+1,231	12,798	-137

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) 03/13/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 1190.5. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1209.8 and 1213.8, while 1st support hits today at 1198.2 and below there at 1190.5.

COMEX SILVER (MAY) 03/13/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 16.760. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 17.164 and 17.259, while 1st support hits today at 16.915 and below there at 16.760.

COMEX PLATINUM (APR) 03/13/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 930.03. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 949.55 and 955.02, while 1st support hits today at 937.05 and below there at 930.03.

COMEX COPPER (MAY) 03/13/2017: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 2.56. The next area of resistance is around 2.62 and 2.64, while 1st support hits today at 2.58 and below there at 2.56.

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	1204.0	27.40	37.22	24.06	13.54	1208.18	1224.61	1233.41	1219.14	1201.37
SIK7	17.040	20.69	31.04	21.85	8.49	17.20	17.67	17.91	17.53	17.21

PLAJ7	943.30	26.76	33.40	13.98	6.30	947.73	978.11	995.83	992.96	974.58
CPAK7	2.60	34.22	39.93	16.94	13.66	2.60	2.65	2.69	2.67	2.64

Calculations based on previous session. Data collected 03/10/2017

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	1190.4	1198.1	1202.1	1209.8	1213.8
SIK7	COMEX Silver	16.759	16.914	17.009	17.164	17.259
PLAJ7	COMEX Platinum	930.02	937.05	942.52	949.55	955.02
CPAK7	COMEX Copper	2.55	2.57	2.59	2.62	2.64

Calculations based on previous session. Data collected 03/10/2017

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

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