



DAILY METALS COMMENTARY Tuesday March 14, 2017

PRECIOUS METALS COMMENTARY

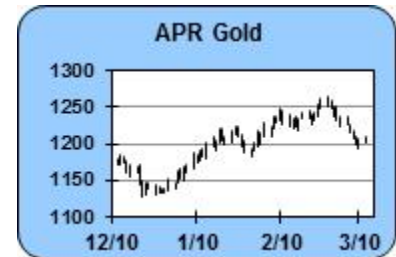
03/14/17

Cautious ahead of FOMC but main trend is still down.

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -0.10, SILVER +1.80, PLATINUM -0.70

OUTSIDE MARKET DEVELOPMENTS: Global markets appeared to be taking a breather before they faced key events later on in the week, as they remained in fairly tight trading range for most of Monday's trading session. There were few economic numbers of note from around the globe, although the Fed's labor market conditions index came in slightly below estimates but remained in positive territory. US equities ended up with mixed results, as the S&P and Dow Jones were unable to shake off mild pressure, while the NASDAQ continued to outperform as it found support from news that Intel was purchasing tech firm Mobileye for \$15 billion. Treasuries were unable to sustain early upside momentum and fell back into negative territory as they reflect concern that Fed guidance on Wednesday will take a more hawkish tone. The Dollar was able to rebound from a new monthly low to climb back towards unchanged levels late in Monday's session although it was unable to sustain upside momentum. While January Chinese industrial production came in slightly better than forecast, January Chinese retail sales at a 9.5% year-over-year rate was well below estimates. Chinese equities were able to post a moderate gain, while Japanese equities were slightly lower. February German CPI was in line with forecasts. European equities were under early pressure with German, French and UK shares posting modest losses. The North American calendar will feature the February producer price index that is forecast to have a modest uptick from January's +1.6% year-over-year rate.



GOLD / SILVER

Gold and silver prices backed off overnight after a mild rally yesterday, as the markets consolidated ahead of the FOMC meeting today and tomorrow. The markets closed higher on Monday for the first time since February 27th. The bulls can take some encouragement from the dollar's poor performance in the wake of Friday's generally positive jobs report, which indicates how much the market has already built a rate-hike into expectations. If Geert Wilders and his nationalist party perform well in the Dutch election on Wednesday, it could pressure the euro and support the dollar, which should be negative for the metals. However, it could also boost safe-haven interest in gold the same way that the Brexit vote did. Shares in the world's largest gold ETF increased by 6.81 tonnes, their first daily increase since March 2nd. They are still sitting at their second lowest level since February 7th. The COT reports on Friday suggested that the gold and silver markets haven't "washed out," which means there could be more selling ahead, especially if the FOMC commentary comes out very hawkish and/or the nationalists are soundly defeated in Wednesday's Dutch general election. The US PPI number due out this morning could inject some limited volatility into the gold market if it well outside of expectations calling for +1.9% year-over year.

PLATINUM

The PGM metals are showing divergent price action this morning with platinum holding the upper hand on palladium. Given the lukewarm tone for broad-market risk sentiment, the PGM sector has been comparatively strong. While Chinese and Indian vehicle emission measures are expected to keep auto-catalyst demand fairly strong, there has been talk that the recent slide in platinum prices may encourage catalyst manufacturers to incorporate additional platinum in their production. One drawback is that platinum is the first choice for diesel engines, which have lost popularity after recent emission scandals.

TODAY'S MARKET IDEAS:

April gold appears to have a key bull/bear line at \$1,200, while May silver's is at \$17.00. We continue to favor the

downside unless the June dollar index makes decisive move below 1.0100. The gold market might need a move back above \$1,215.90 to turn bullish.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

03/14/17

Ongoing supply issues providing underlying support

GENERAL: Copper is grinding out a modest recovery move in front of the FOMC meeting later this week, but it remains fairly subdued given the amount of supply developments that have been generating recent market headlines. May copper was able to extend its rebound from a 2-month low through the weekend with a moderate gain during Monday's trading session, and it has followed that up with early upside follow-through this morning. Exchange stocks at the LME and Shanghai continue to rise, with both reaching their highest levels since 2016. However, a brighter tone to Chinese equity markets early this week has helped improve copper's demand outlook. In addition, news of a work stoppage at a major Peruvian mine has boosted supply anxiety in the market that is already concerned about issues at the Escandida mine in Chile and the Grasberg mine in Indonesia.



MARKET IDEAS:

Although lukewarm risk appetites in front of the FOMC meeting could lead to copper having difficulty sustaining upside momentum, ongoing supply issues and stronger Chinese industrial production data should help the market to extend the recovery move. Near-term support is at \$2.5975 while resistance is at \$2.6550.

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) 03/14/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 1196.2. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 1208.1 and 1213.9, while 1st support hits today at 1199.3 and below there at 1196.2.

COMEX SILVER (MAY) 03/14/2017: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 16.829. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 17.082 and 17.218, while 1st support hits today at 16.888 and below there at 16.829.

COMEX PLATINUM (APR) 03/14/2017: 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. The close over the pivot swing is a somewhat positive setup. The next downside target is 932.28. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 946.85 and 953.27, while 1st support hits today at 936.35 and below there at 932.28.

COMEX COPPER (MAY) 03/14/2017: A bullish signal was given with an upside crossover of the daily stochastics. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 2.66. The next area of resistance is around 2.65 and 2.66, while 1st support hits today at 2.61 and below there at 2.59.

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	1203.7	28.82	37.65	19.88	12.47	1204.43	1218.74	1232.06	1219.51	1202.02
SIK7	16.985	23.62	32.73	17.20	7.91	17.06	17.50	17.85	17.53	17.21
PLAJ7	941.60	25.51	32.56	10.56	4.83	941.50	967.58	992.17	992.07	974.52
CPAK7	2.63	42.41	44.54	17.91	19.86	2.60	2.64	2.68	2.68	2.64

Calculations based on previous session. Data collected 03/13/2017

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	1196.1	1199.2	1205.0	1208.1	1213.9
SIK7	COMEX Silver	16.828	16.887	17.023	17.082	17.218
PLAJ7	COMEX Platinum	932.27	936.35	942.77	946.85	953.27
CPAK7	COMEX Copper	2.58	2.60	2.62	2.65	2.66

Calculations based on previous session. Data collected 03/13/2017

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