



## DAILY METALS COMMENTARY Wednesday March 15, 2017

### PRECIOUS METALS COMMENTARY

03/15/17

**Rate hike widely expected and oversold status seems to put bigger risk on sellers**

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

**GOLD -1.50, SILVER -1.80, PLATINUM +2.00**

**OUTSIDE MARKET DEVELOPMENTS:** For a change, most of the major economic numbers released overnight had a positive tone and were highlighted by better than expected results for Japanese industrial production, French CPI and UK unemployment that down-ticked to 4.7% while showing a larger than forecast decline in their claimant count. Asian shares showed mixed results with Japanese stocks finding moderate pressure while Chinese equities ground out a modest gain. However, major European stocks were able to find early strength this morning in front of today's events with the DAX, CAC-40 and FTSE-100 all in positive territory. The North American session will begin with the February Consumer Price Index, which is expected to show a modest uptick from January's 2.5% year-over-year rate. February Retail Sales are forecast to see a moderate downtick from January's 0.4% reading but remain in positive territory. The NY Fed's March Empire State survey, the March NAHB Housing Market Index and January Business Inventories will also be released today and are generally expected to come in around their previous readings. The main events for global markets will be during afternoon US trading hours, starting with the results of the latest FOMC monetary policy meeting. While a 0.25% rate hike is generally expected by the market, more attention may be paid towards updated forecasts and post-meeting comments by Fed Chair Yellen on the trajectory of upcoming Fed monetary policy. Around mid-afternoon, the first results of the Dutch general elections will start to come in. Earnings announcements will include Oracle, Jabil Circuits and Williams-Sonoma after the Wall Street close.



### GOLD / SILVER

The gold and silver markets are trading in a narrow, consolidative range ahead of two volatility events today, the FOMC decision and the Dutch election. An FOMC rate increase has been expected for some time, and many traders assume that it has already been factored into gold and silver prices. The trade seems to be more focused on what the post meeting comments will reveal about the Fed's attitude towards future rate hikes. Traders are wondering if there will be two or three more hikes this year. If the market senses more aggressive moves are coming, we could see further erosion in precious metals prices. The Dutch election is an interesting case. A win by Geert Wilders and his Party for Freedom (PVV) may raise anxiety about the EU and end up pressuring the euro and supporting the US dollar, which would be negative for gold. On the other hand, the boost in risk anxiety may send traders to gold as well. Political observers are commenting that it is unlikely that the PVV will gain a majority in parliament, but we saw a couple of these types of "black swan" events in 2016. The world's largest gold ETF saw their holdings rise by 2.96 tonnes on Tuesday, having risen by nearly 10 tonnes this week. The gold and silver markets are deeply oversold, suggesting there is more risk to being long than short at this point. However, the last COT report suggested that longs had not washed out of the market, leaving risk of aggressive selling on a bearish reaction to the FOMC meeting. Traders might want to consider buying an aggressive knee-jerk reaction lower off a rate-hike announcement.

### PLATINUM

While the PGM's are finding mild support early in today's trading, neither platinum nor palladium has been able to lift decisively clear of their recent lows. With risk appetites subdued at best, both metals will be paying close attention to today's major risk events. The PGM sector ended up finding moderate pressure on Tuesday, as palladium continued to lose ground to platinum, while both metals finished up in negative territory. A Fed rate hike

combined with hawkish commentary would likely boost the Dollar as well as further erode risk sentiment, both of which could put the PGMs under additional pressure. The Dutch election results could create fresh anxiety throughout the Euro zone, which in turn could diminish auto catalyst demand across that region.

**TODAY'S MARKET IDEAS:**

Look for choppy trade ahead of the FOMC meeting and Dutch election results, both of which will be coming later today. The rate hike is probably factored-in and the market is getting oversold, but the recent COT reports showed additional selling room if the trade turns bearish off of FOMC. A key support area for April gold is \$1,196.00 to \$1,179.80. Key support for May silver is \$16.79, with resistance at \$17.16 and \$17.48. Close-in support for April platinum is at \$935.50, while close-in support for June palladium is at \$740.00.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COPPER COMMENTARY**

03/15/17

**Remains well supported in front of today's risk events**

**GENERAL:** Copper prices are posting moderate gains this morning and are on-track for their fourth positive daily result in a row, but they will have to come through a volatile session today in order to hold their ground in positive territory. Even so, ongoing supply issues as well as improving Chinese demand prospect are helping copper weather fragile risk sentiment. May copper held up fairly well yesterday despite a "risk off" mood, as it posted a moderate gain for the session. Although China's retail sales figure was disappointing, a decent result for industrial production reinforced a positive tone from the world's top consumer of copper. LME copper stocks saw their seventh daily build in the past eight sessions this morning, having risen more than 140,000 tonnes during that timeframe. A major Chilean producer reported strong earnings and also projected that copper prices would rise this year.



**MARKET IDEAS:**

Copper has the advantage of unresolved supply issues and positive Chinese data this week, but it will still need to avoid seeing a further negative shift in risk appetites and a stronger dollar in order to further extend this current recovery move. Near-term support is at \$2.6260 while resistance is at \$2.6905.

**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) 03/15/2017: The close under the 60-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 market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now

at 1189.4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 1203.0 and 1210.5, while 1st support hits today at 1192.4 and below there at 1189.4.

COMEX SILVER (MAY) 03/15/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 16.738. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 16.980 and 17.117, while 1st support hits today at 16.790 and below there at 16.738.

COMEX PLATINUM (APR) 03/15/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 931.43. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 943.15 and 948.42, while 1st support hits today at 934.65 and below there at 931.43.

COMEX COPPER (MAY) 03/15/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 2.68. The next area of resistance is around 2.66 and 2.68, while 1st support hits today at 2.62 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
<b>METALS COMPLEX</b>										
GCAJ7	1197.7	24.91	34.73	16.34	9.46	1201.35	1212.87	1230.06	1219.98	1202.53
SIK7	16.885	22.67	31.89	13.64	6.51	16.96	17.33	17.79	17.54	17.21
PLAJ7	938.90	24.62	31.84	8.40	4.06	938.70	958.62	988.19	991.35	974.42
CPAK7	2.64	46.58	46.98	20.83	26.67	2.61	2.63	2.68	2.68	2.64

Calculations based on previous session. Data collected 03/14/2017

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	1189.3	1192.4	1199.9	1203.0	1210.5
SIK7	COMEX Silver	16.737	16.790	16.927	16.980	17.117
PLAJ7	COMEX Platinum	931.42	934.65	939.92	943.15	948.42
CPAK7	COMEX Copper	2.58	2.61	2.63	2.66	2.68

Calculations based on previous session. Data collected 03/14/2017

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