



DAILY METALS COMMENTARY

Thursday March 16, 2017

PRECIOUS METALS COMMENTARY

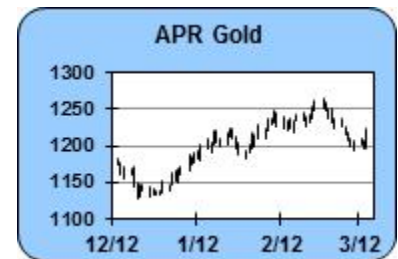
03/16/17

Bulls appear in control after FOMC and dollar weakness.

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +22.90, SILVER +50.70, PLATINUM +25.40

OUTSIDE MARKET DEVELOPMENTS: Global markets saw an abrupt shift in tone following events on Wednesday afternoon. While the FOMC meeting resulted in a 0.25% rate hike that was fully expected, the Fed's post-meeting guidance was seen to be more dovish than expected, as their forecasts project only 2 more hikes this year instead of the 3 that had been priced into the market. US equities turned sharply to the upside with the NASDAQ able to post a new record high, while Treasuries extended their recovery move and reached a new 1-week high. However, the Dollar went into a nosedive that resulted in a new 1-month low, while the Eurocurrency found additional benefit from Dutch election results that showed Geert Wilders and the Party of Freedom receiving a lower seat total than forecast. A February reading on Australian unemployment made a surprising uptick to 5.9%, while the Bank of Japan and Swiss National Bank monetary policy meetings had no change in their rates or policy. The People's Bank of China made a modest rate hike, but it also said that this did not reflect a change in Chinese monetary policy. Euro zone CPI came in at a 2.0% year-over-year rate that was in-line with forecasts. The Bank of England will conclude their latest Monetary Policy Committee meeting today, and they are not expected to have any change with UK rates or policy. This morning will start out with a weekly reading on initial jobless claims that are expected to have a modest downtick from the previous 243,000 reading. February housing starts are forecast to have a modest increase from January's annualized reading while February building permits are expected to see a moderate annualized decline. The March Philly Fed manufacturing survey is forecast to have a notable decline from February's 43.3 reading. The January job openings and labor turnover (JOLTS) survey will be released later during morning US trading hours. Earning announcements will include Dollar General before the Wall Street opening while Adobe Systems report after the close.



GOLD / SILVER

Gold bulls have to be pleased with the market's strong performance in the wake of the FOMC meeting results and with the victory of mainstream politicians in The Netherlands. The FOMC raised rates as expected, and the dollar promptly declined and both gold and silver quickly rallied. Fed Chair Janet Yellen's comment that she wants confidence in the economy before shrinking the balance sheet may have had something to do with gold's persistent strength after the initial announcement. Overall, the Fed's statements were less hawkish than feared as metals, bonds and the stock market all rallied in the wake of the announcement. While results of the Dutch parliamentary elections helped to ease risk concerns both in Europe and around the globe, they further added to pressure on the dollar that in turn provided additional support to gold and silver. We also have to think that the sharp recovery in crude oil prices is supportive, as it feeds the stronger economy/inflation them that should be supportive to the metals over the long run. The release of President Trump's budget plans may also have boosted economic optimism, as it demonstrates an initial move in the administration's aggressive infrastructure spending plans. Holdings in the world's largest gold ETF rose by over 14 tonnes during Monday, Tuesday and Wednesday (a 1.7% increase), which indicates how strongly investment interest in gold has recovered this week.

PLATINUM

Platinum and palladium have also been major beneficiaries of the Fed's "less hawkish" stance as both metals have seen sharp upside moves over the past 24 hours. Improved risk appetites and a potentially extended period of weakness for the Dollar should provide a source of underlying support going forward. They are likely to see

strong inflows to their ETF's if risk sentiment continues to improve. Auto catalyst demand may see some tangible benefit from lower risk concerns in the Euro zone as well.

TODAY'S MARKET IDEAS:

Gold's ability to rally sharply off an "as-expected" FOMC meeting result should be encouraging to the bulls. April gold appears to have rejected the \$1,200 level and could be on the way towards a resumption of its rally off the December lows. Bullish traders could look to buy April gold on a pullback to the \$1,212.30-\$1,210.90 zone. An initial target would be \$1,238.00, then \$1,264.90. More aggressive traders could buy at \$1,221.40. Buying support for May silver comes in at \$17.48, and the next target is \$17.885. Near-term support for April platinum comes in at \$954.00, while support for June palladium is at \$758.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

03/16/17

On-course for a fifth straight daily gain

GENERAL: Copper prices continue to gain ground this week, and in the wake of Wednesday afternoon's events, they remain on-track for a fifth straight daily gains, having already seen a significant advance overnight. Ongoing supply issues remain a source of support, particularly the continued difficulties in resolving a strike at the Escandida mine in Chile. There is talk that a major Peruvian mine currently out on strike may have its situation resolved next week, and could create some headwinds for the market. LME exchange copper stocks fell 1,500 tonnes this morning, only the second daily draw in the past nine sessions. LME stocks have not seen the sharp daily increases they did last week, they are still showing a 140,000-tonne plus gain over the past two weeks.



MARKET IDEAS:

Copper still has strong Chinese demand prospects, a weaker Dollar and ongoing supply issues working in its favor, but anticipation for tomorrow's Shanghai exchange stocks reading could leave the market vulnerable to profit-taking today. Near-term support is at \$2.6640, while resistance is at \$2.7110.

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) 03/16/2017: The market now above the 60-day moving average suggests the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. 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 short-term trend is positive on the close above the 9-day moving average. The outside day up is somewhat positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing

resistance. The near-term upside objective is at 1240.2. The next area of resistance is around 1233.2 and 1240.2, while 1st support hits today at 1208.0 and below there at 1189.8.

COMEX SILVER (MAY) 03/16/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive signal was given by the outside day up. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 17.763. The next area of resistance is around 17.612 and 17.763, while 1st support hits today at 17.068 and below there at 16.674.

COMEX PLATINUM (APR) 03/16/2017: The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up and close above the previous day's high is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside target is 972.87. The next area of resistance is around 966.65 and 972.87, while 1st support hits today at 943.55 and below there at 926.68.

COMEX COPPER (MAY) 03/16/2017: The major trend could be turning up with the close back above the 60-day moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 2.70. The next area of resistance is around 2.68 and 2.70, while 1st support hits today at 2.65 and below there at 2.63.

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	1220.6	50.23	49.68	18.32	20.65	1206.93	1212.04	1229.17	1220.81	1204.08
SIK7	17.340	44.04	44.83	14.05	14.88	17.04	17.28	17.75	17.55	17.23
PLAJ7	955.10	39.06	40.35	8.83	9.55	943.35	954.83	984.86	990.76	975.41
CPAK7	2.66	50.13	49.04	24.48	32.59	2.63	2.63	2.67	2.68	2.64

Calculations based on previous session. Data collected 03/15/2017

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	1189.8	1208.0	1215.0	1233.2	1240.2
SIK7	COMEX Silver	16.673	17.067	17.218	17.612	17.763
PLAJ7	COMEX Platinum	926.67	943.55	949.77	966.65	972.87
CPAK7	COMEX Copper	2.62	2.64	2.66	2.68	2.70

Calculations based on previous session. Data collected 03/15/2017

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