



DAILY METALS COMMENTARY Tuesday March 21, 2017

PRECIOUS METALS COMMENTARY

03/21/17

Lower Dollar = more gains in gold, silver and platinum

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -1.40, SILVER -0.30, PLATINUM -5.80

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed with the losers spread out around the globe. The biggest overnight news was probably the action in the Dollar which forged yet another lower low for the move and the lowest price since February 6th. The Asian session had a quiet economic calendar again, while the European session started out with February Swiss trade balance data that showed a decline in their monthly surplus. The highlight of European trading will be the latest look at UK inflation as their February CPI is forecast to show a moderate increase from January's +1.8% year-over-year rate. February UK public sector net borrowing (PSNB) is expected to see a sizable increase from January's -9.8 billion pound reading. The North American session will feature January Canadian retail sales that are forecast to have significant improvement from December's -0.5% reading and climb into positive territory. A busy day of Fed speakers will include NY Fed President Dudley speaking during early morning US trading hours while KC Fed President George, Cleveland Fed President Mester and Boston Fed President Rosengren will speak later in the day. Earnings announcements will include General Mills and Lennar before the Wall Street opening while Nike, Fedex Corp and Silver Wheaton report after the close.



GOLD / SILVER

While some will suggest that the increased anxiety from the events at the G20 meeting this last weekend were mostly responsible for the gain in gold and silver prices yesterday, we would also suggest that weakness in the dollar was really the primary driving force. It is also likely that fear of protectionism from the G20 meeting in turn drove the dollar down and that in turn lifted precious metals prices and helped prices extended into yet another higher high for the move. We also think that indications of firmer inflation measures from the euro zone, a definitive date for the beginning of the BREXIT and tensions in Washington off the wiretap situation adds to the modest bull case in the metals. However, early action today is very disappointing to the bull camp as a fresh downside breakout in the Dollar has failed to translate into higher precious metals prices. In fact with the weakness in the Dollar overnight partially attributable to foreign talk that the Fed doesn't appear to be as aggressive as was expected that should have been an added benefit to physical commodities like gold and silver. April gold contract enters today's action trading above the 50 day moving average of \$1,220 while the May silver contract sits right on its 50 day moving average of \$17.51. Holding back both gold and silver are reports from the prior trading session that specs were seen liquidating recently, but that bearish psychology is mitigated by the gains of the last four trading sessions which could bring buyers back in the event that April gold forges another higher high today.

PLATINUM

News that a Russian concern had purchased palladium from the Russian Central Bank to meet customer demand adds to the bullish tilt in the market over the past two weeks. With the June palladium contract ranging up sharply after spiking above its 50 day moving average last week and the market tracking right under the recent high there might not be much in the way of resistance until the \$789.70 level. The platinum market continues to lag behind the palladium market, but it also remains in an upward bias from its charts and from positive spillover from the action in gold. A near term upside objective in April platinum could be the 50 day moving average at \$989 with close in critical pivot point support seen at \$958.20.

TODAY'S MARKET IDEAS:

While there might be a thin layer of resistance in April gold up at the \$1,238 level, really significant resistance might not be seen until the \$1,250 level. There does appear to be an effort by gold to respect the \$1,230 level but the failure to hold above a critical pivot point of \$1,224 might shift control back to the bear camp. Initial resistance in May silver today is seen up at last week's high of \$17.58 but silver looks to have a very critical pivot point at \$17.23. While traders need to keep a close watch on US schedule data for its impact on the dollar, the dollar charts look to remain in favor of the bull camp in gold and silver.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

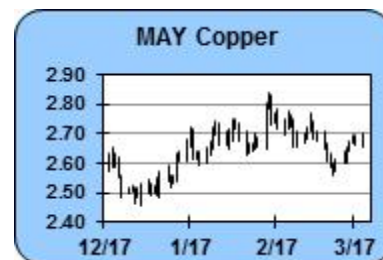
None.

COPPER COMMENTARY

03/21/17

The bears control as a supply threat is moderating

GENERAL: The media suggested that the weakness in copper to start the trading week was the result of expectations of a resumption of supply inflows into the London Metals Exchange (LME) warehouses but that evidence has been anything but true over the last week. In fact LME copper stocks overnight fell again and the string of declines have been extended. However, it does appear as if the \$2.70 level has become a resistance level in the form of a quasi-triple top and the trade is embracing the idea that labor tensions in Chile appear to be moderating. Adding into the bear case this morning is news of softer Japanese wire cable sales for the month of February. One might also point to the fact that May copper fell back below its 50 day moving average yesterday at \$2.6750 as an indication of a technical reversal and breakdown.



MARKET IDEAS:

As long as May copper holds below its 50 day moving average and as long as the trade maintains closes below the \$2.70 level, we give the edge to the bear camp. Initial downside targeting today is seen at \$2.6370.

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) 03/21/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 1239.6. The next area of resistance is around 1237.0 and 1239.6, while 1st support hits today at 1230.4 and below there at 1226.3.

COMEX SILVER (MAY) 03/21/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective

is 17.535. The next area of resistance is around 17.485 and 17.535, while 1st support hits today at 17.375 and below there at 17.315.

COMEX PLATINUM (APR) 03/21/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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 near-term upside objective is at 981.35. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 978.20 and 981.35, while 1st support hits today at 967.00 and below there at 958.95.

COMEX COPPER (MAY) 03/21/2017: The major trend has turned down with the cross over back below the 40-day moving average. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down is somewhat negative. The close below the 1st swing support could weigh on the market. The near-term upside target is at 2.71. The next area of resistance is around 2.67 and 2.71, while 1st support hits today at 2.63 and below there at 2.62.

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	1233.7	61.83	57.27	29.88	43.86	1222.93	1212.38	1226.93	1222.59	1208.24
SIK7	17.430	50.05	48.33	18.95	26.37	17.28	17.14	17.61	17.58	17.28
PLAJ7	972.60	52.81	48.90	15.05	23.65	957.65	948.40	977.13	989.24	976.95
CPAK7	2.65	48.20	48.35	39.77	47.32	2.67	2.64	2.66	2.68	2.65

Calculations based on previous session. Data collected 03/20/2017

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	1226.2	1230.3	1232.9	1237.0	1239.6
SIK7	COMEX Silver	17.315	17.375	17.425	17.485	17.535
PLAJ7	COMEX Platinum	958.95	967.00	970.15	978.20	981.35
CPAK7	COMEX Copper	2.61	2.63	2.66	2.67	2.71

Calculations based on previous session. Data collected 03/20/2017

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