

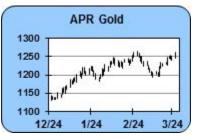
DAILY METALS COMMENTARY Tuesday March 28, 2017

PRECIOUS METALS COMMENTARY 03/28/17

Lower risk anxiety leads to mild pressure on precious metals

OVERNIGHT CHANGES THROUGH 6:05 AM (CT): GOLD -1.30, SILVER -2.30, PLATINUM -3.10

OUTSIDE MARKET DEVELOPMENTS: Global Trump fears eased overnight, and rightfully so as the bark is normally loader than the bite and the US and global economies appear to be on the rise. While there were few US economic numbers for the market to digest, the Dallas Fed's manufacturing index dropped



by over 7 points from its previous reading which was in contrast to the latest German IFO survey that came in better than expected and reached a 6-year high. US equities were able to bounce off of early lows yesterday but had trouble climbing out of negative territory, although the Nasdaq continued to outperform the Dow Jones and S&P by ending up with a positive close. Asian equities saw mixed results as the Japanese Nikkei posted a strong gain while the Shanghai Composite was moderately lower. European equities have had a mildly positive tone this morning, led by a moderate gain in the German DAX index. The North American session will start out with the February goods trade balance which is forecast to see a modest decline from January's monthly deficit. The January Case-Shiller home price index is expected to see a modest uptick from December's 5.6% year-over-year rate. The Conference Board's March reading on consumer confidence is forecast to see a modest decline from January's 114.8 reading. Fed speakers will include KC Fed President George and Dallas Fed President Kaplan during afternoon US trading hours.

GOLD / SILVER

The precious metals are finding mild pressure this morning, as calmer markets have helped to keep gold and silver within relatively tight trading ranges so far. However, there is still no sign of a short-term top and the trend is still up. The rally came up short of the February 27th highs yesterday, but open interest is not high and the trend in the US dollar is down. In addition to the US dollar action, Washington uncertainty remains high and last week's action in Washington means that the Fed is unlikely to want to push for another rate hike soon. The combination of subdued risk appetites and a sharp selloff in the Dollar helped the precious metals markets make a strong start to the week as gold and silver posted moderate gains yesterday. While global markets were some distance away from a full-scale "risk off" mood, the approach of month-end and quarter-end helped to fuel liquidation selling across many sectors. In addition, the sense that US tax cuts and fiscal spending may have difficulty with approval after last week's health care reform failure helped to boost inflows to safe haven assets such as gold. The world's largest gold ETF saw their holdings rise by 2.66 tonnes to reach their highest level since March 16th. However, it was silver that was the strongest-performing metal market as it reached a 3 1/2 week high. The COT report on Friday showed that large and small speculators combined held a net long position in gold of just 135,180 contracts as compared with last year's peak of 372,008 contracts.

PLATINUM

Both platinum and palladium are finding moderate pressure this morning as industrial metals are having a negative reaction to the lukewarm risk sentiment early this week. This has been highlighted by palladium continuing to fall further away from last Friday's contract high. In fact, the PGM sector saw a sharp reversal of its recent form on Monday as palladium sustained heavy losses while platinum ground out a modest gain. This would suggest that there was notable spread unwinding of long palladium/short platinum positions. Going into the final week of March, palladium was up 18% for the first quarter which likely helped to fuel long liquidation and profit-taking early this week. While events in Washington cast a shadow over potential US auto catalyst demand, strong industrial profits readings for January and February should help to underpin Chinese automotive sales during the

first half of 2017.

TODAY'S MARKET IDEAS:

The short-term trend remains up and traders can look for more higher highs and higher lows ahead; especially if the US dollar trend is down. April gold key support comes in at \$1,238.00 with close-in support at \$1,245.50. A push through the February high would leave \$1,291.70 as next upside target. The silver market is closer to classic overbought technical condition than the gold market but with the close over \$17.88 for May silver, the short-term rally may have more fuel ahead. A push through the February highs would leave \$19.19 as next upside target. Key support moves up to \$17.68. Near-term resistance for January platinum is at \$972 while near-term resistance for June palladium is at \$796.00.

NEW RECOMMENDATIONS: None.

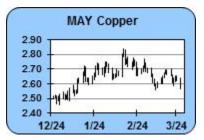
PREVIOUS RECOMMENDATIONS: None.

COPPER COMMENTARY

03/28/17

Tight range so far, but may have bumpy ride over rest of week

GENERAL: Copper prices have stayed within a fairly tight range so far today as they remain near the middle of this month's consolidation, although prices could have a bumpy ride over the rest of this week. May copper made a sizable comeback from its midsession lows and was able to finish vesterday with a minimal gain. While lukewarm global risk sentiment put copper under significant pressure at the start of the week, strong Chinese industrial profits results so far this year helped to further boost a positive demand outlook for that nation. In



addition, an ninth straight daily LME copper stocks draw is helping to support copper prices as it shows global demand has not been dampened by the recent shift in negative risk sentiment. While the Grasberg mine in Indonesia has resumed operations, labor problems continue at the Escondida mine in Chile which will help to keep supply concerns as a front and center issue for the market.

MARKET IDEAS:

While copper prices have seen little upside follow after the huge intra-recovery on Monday, improving risk sentiment and calmer outside markets can help to set up a retest of the upper portion of the recent consolidation zone near the \$2.7000 level. Near-term support for May copper will be at \$2.6040 while resistance is up at the 50day moving average of \$2.6760.

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) 03/28/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above 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

1269.4. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1262.3 and 1269.4, while 1st support hits today at 1246.9 and below there at 1238.5.

COMEX SILVER (MAY) 03/28/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 18.417. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 18.314 and 18.417, while 1st support hits today at 17.945 and below there at 17.678.

COMEX PLATINUM (APR) 03/28/2017: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 next upside target is 992.07. The next area of resistance is around 979.55 and 992.07, while 1st support hits today at 959.45 and below there at 951.88.

COMEX COPPER (MAY) 03/28/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 2.68. The next area of resistance is around 2.67 and 2.68, while 1st support hits today at 2.61 and below there at 2.55.

	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 CO	OMPLEX									
GCAJ7	1254.6	72.58	65.86	72.76	84.97	1250.00	1237.61	1225.51	1227.14	1217.51
SIAK7	18.130	74.11	65.40	53.38	73.04	17.76	17.53	17.43	17.65	17.43
PLAJ7	969.50	51.26	48.18	39.12	50.76	965.65	962.73	960.72	988.35	982.04
CPAK7	2.63	46.20	46.84	47.81	51.11	2.64	2.65	2.64	2.68	2.66

DAILY TECHNICAL STATISTICS

Calculations based on previous session. Data collected 03/27/2017

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	1238.4	1246.8	1253.9	1262.3	1269.4				
SIAK7	COMEX Silver	17.677	17.944	18.047	18.314	18.417				
PLAJ7	COMEX Platinum	951.87	959.45	971.97	979.55	992.07				
CPAK7	COMEX Copper	2.54	2.60	2.61	2.67	2.68				
Colouisticane based on provinue constant. Data collected 02/27/2017										

Calculations based on previous session. Data collected 03/27/2017

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.