



## PRECIOUS METALS COMMENTARY

03/31/17

### Stronger Dollar keep pressure on metals prices

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**GOLD -3.80, SILVER -11.60, PLATINUM -8.40**

**OUTSIDE MARKET DEVELOPMENTS:** Global markets continue to see volatile price action right up to month-end and quarter-end as Thursday's generally positive tone has pivoted again coming into this morning's trading. Risk sentiment was subdued following weaker than expected readings for Euro zone sentiment and German CPI, but an uptick to fourth quarter GDP and a stronger than forecast core PCE reading helped to fuel a risk on mood across many market sectors. US equities found considerable support as the Nasdaq led the way by reaching another new record high. Treasuries fell back from their recent highs. The Dollar initially climbed above the key 100.00 level and found additional strength to finish yesterday with a sizable gain and a new 2-week high.



A busy overnight session started with a large series of Japanese data points that featured a multi-decade low in unemployment, but also lukewarm inflation and sluggish household spending readings. A highlight was the "official" Chinese manufacturing PMI reading that upticked to 51.8, better than forecast and the highest reading in nearly 5 years. However, the tone of economic data took a negative change when market focus shifted towards Europe as there were weaker than expected readings for German retail sales, UK GDP and the Euro zone CPI. The North American session will start out with February personal income that is forecast to hold steady with January's 0.4% reading. The March Chicago PMI is expected to see a modest downtick from February's 57.4 reading. A private survey of consumer sentiment is forecast to hold steady with the previous 97.6 reading.

### GOLD / SILVER

Precious metals remain under pressure this morning as a continued strong advance in the US dollar and relatively strong global stock markets are factors to help hold the gold market in a short-term downtrend. The sharp drop in open interest could be a signal that some long liquidation is occurring. The market remains overbought short-term but unless there is a change in trend for the US dollar, renewed buying interest is expected after a period of choppy to lower trade to correct the overbought condition. The precious metals markets ended up having mixed results yesterday as risk sentiment continues to improve which is pulling some of the safe-haven premium out of the market. While better than expected results for fourth quarter GDP and core Personal Consumption Expenditures helped to fuel a risk on mood, they also provided additional support to the Dollar which created fresh headwinds for gold. Silver was able to shake off early pressure yesterday to climb above its 200-day moving average and post a new 4-week high before falling back into negative territory late in the day. The world's largest gold ETF saw their holding fall by 1.19 tonnes and despite several major risk events occurring over the past few weeks, will likely see a decline in holdings during the month of March.

### PLATINUM

While both PGM metals are up for the year, palladium's 15% gain going into today's trading is one of the better commodity price performances of 2017. Palladium has regained the upper hand on platinum after rising back above the key \$800 level, although both PGM metals have been pressured by liquidation selling going into month-end and quarter-end. Platinum continues to deal with the escalating political and economic turbulence in South Africa that led to a 7% loss in value to their currency in less than one week. Keep in mind that with the platinum/palladium spread close to a 15-year low, a surge in South African platinum output could drag down palladium prices along with it.

### **TODAY'S MARKET IDEAS:**

A reduced anxiety tone for financial markets, a turn back up in the US dollar and a correction of the short-term overbought technical condition remain as short-term negative forces. New buyers can remain patient as we continue to believe the US dollar trend might remain down and provide underlying support. The US dollar has corrected half of the March break with the 3-day recovery bounce. June gold should find solid support at the \$1,241.30-\$1,238.90 level. Close-in resistance is at \$1,256.10. New buyers can wait for a test of support to buy, looking for \$1,273.90 and \$1,294.80 as next upside targets. The hook reversal from a deeply overbought level for May silver leaves \$17.74 as the first key support. Near-term support for June palladium is at \$785.00 while near-term support for July platinum is at \$942.00.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

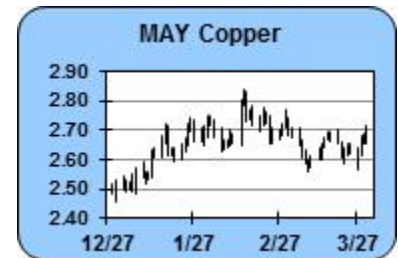
None.

## **COPPER COMMENTARY**

**03/31/17**

### **Chinese PMI, exchange stocks draws point towards stronger demand**

**GENERAL:** Copper's lackluster performance yesterday did not bode well for today as it is finding moderate pressure this morning. May copper posted a new 4-week high yesterday, only to lose upside momentum and finish in negative territory. The sharp drop in LME exchange stocks has now reached a twelfth decline in a row which signals improving global demand. Shanghai exchange stocks fell for a third week in a row but remain more than double where they were at the start of this year. The March reading for the "official" Chinese manufacturing PMI was better than expected and reached its highest level in nearly 5 years, however, which gives a positive reading for Chinese demand prospects.



### **MARKET IDEAS:**

Copper could see further downside follow-through after yesterday's reversal, but the combination of a decent NBS Chinese PMI result along with draws with LME and Shanghai exchange stocks could help the market find its footing going into the weekend. Near-term support for May copper will be at \$2.6370 while resistance is up at \$2.6960.

### **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 (JUN) 03/31/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside objective is at 1259.7. The next area of resistance is around 1251.8 and 1259.7, while 1st support hits today at 1240.6 and below there at 1237.4.

COMEX SILVER (MAY) 03/31/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 18.413. The next area of resistance is around 18.267 and 18.413, while 1st support hits today at 18.023 and below there at 17.924.

COMEX PLATINUM (JUL) 03/31/2017: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The close below the 1st swing support could weigh on the market. The next downside objective is 942.15. The next area of resistance is around 957.99 and 966.95, while 1st support hits today at 945.60 and below there at 942.15.

COMEX COPPER (MAY) 03/31/2017: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 2.74. The next area of resistance is around 2.70 and 2.74, while 1st support hits today at 2.65 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
<b>METALS COMPLEX</b>										
GCAM7	1246.2	54.51	55.78	81.68	82.69	1255.15	1251.33	1232.51	1233.02	1225.21
SIAM7	18.145	69.25	63.53	76.84	88.13	18.19	17.86	17.50	17.71	17.53
PLAN7	951.80	38.28	40.78	44.42	44.14	961.28	966.69	958.58	989.39	987.38
CPAK7	2.67	54.97	52.19	60.68	68.16	2.66	2.65	2.64	2.68	2.67

Calculations based on previous session. Data collected 03/30/2017

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>						
GCAM7	COMEX Gold	1237.3	1240.6	1248.5	1251.8	1259.7
SIAM7	COMEX Silver	17.923	18.022	18.168	18.267	18.413
PLAN7	COMEX Platinum	942.15	945.59	954.55	957.99	966.95
CPAK7	COMEX Copper	2.61	2.64	2.68	2.70	2.74

Calculations based on previous session. Data collected 03/30/2017

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