



DAILY METALS COMMENTARY Monday April 03, 2017

PRECIOUS METALS COMMENTARY

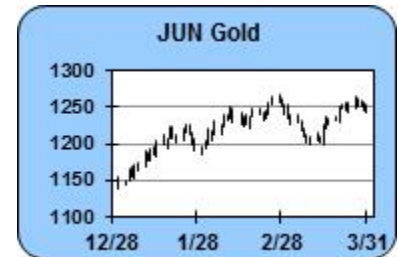
04/03/17

Gold and silver are slightly off balance to start today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -3.80, SILVER -9.60, PLATINUM +2.00

OUTSIDE MARKET DEVELOPMENTS: Global markets were mixed overnight with Asian markets showing positive action and European markets starting out a little soft. Over the weekend, the Caixin (private) survey of March Chinese manufacturing PMI came in with a positive result for the 9th straight month but some were concerned that the pace of growth slowed. The Asian session started out with the Bank of Japan's first quarter surveys of Japanese manufacturing which generally improved upon their fourth quarter results. The European session started out with Markit manufacturing PMI readings from around Europe with the UK PMI growth losing momentum and Switzerland posting a moderate uptick, Italy surprising with strong results while German readings reached a 6 year high. French and the Euro zone PMI results also registered very strong readings compared to their previous levels. February Euro zone unemployment readings ticked down from January's 9.6% reading. The North American session will start out with manufacturing PMI readings from the US and Canada followed by the March US ISM manufacturing index which is expected to see a moderate decline from February's 57.7 reading. February construction spending is forecast to have a sizable jump from January's -1.0% reading and climb into positive territory. New York Fed President Dudley will speak during morning US trading hours while Richmond Fed President Lacker will speak during the afternoon.



GOLD / SILVER

The precious metals markets were able to shake off early pressure Friday and regain some upside momentum but early today there hasn't been that much direction in prices. Gold and silver might be slightly off balance because of a decline in safe haven interest in the wake of mostly positive PMI results overnight. While silver has generally continued to outperform the gold market it does have relatively "more" overbought commitments of traders positioning report figures. However, silver prices should garner some benefit from the favorable economic report sweep overnight and perhaps it can build support on the charts above \$18.00 in the days ahead. Unfortunately gold prices are tracking in negative ground in the wake of news overnight from India of sustained jeweler demand to start the trading week. On the other hand, gold and silver have been garnering modest safe haven interest from the declining economic and political condition in the US but that condition might be challenged with a rather active US economic report slate later today. Total gold derivative holdings increased by 23,766 ounces at the end of last week and the silver market should probably garner some support from news that US-minted American Eagle silver coin sales last month rose by nearly 33%. Silver has also continued to outperform gold technically as it finished the first quarter by climbing back above its 200-day moving average and it simply has relatively better "looking" chart action. The Commitments of Traders Futures and Options report as of March 28th for Gold showed Non-Commercial and Non-reportable combined traders held a net long position of 160,499 contracts which is somewhat balanced relative to the last year. On the other hand, the Commitments of Traders Futures and Options report as of March 28th for Silver showed Non-Commercial and Non-reportable combined traders held a net long position of 102,916 contracts, and that reading is both understated and relatively overbought versus the last year.

PLATINUM

The PGM sector was not as fortunate as gold and silver last week, as a negative shift in global risk sentiment generally put platinum and palladium under pressure although both metals finished up Friday with only modest losses. We suspect that platinum remains under some pressure because of a slight deterioration of US economic

prospects but that negative tilt has been reversed this morning in the wake of generally positive data flowing from outside of the U.S overnight. Clearly the palladium market remains the leadership market in the PGM complex with some traders suggesting that the strength of palladium over platinum is the result of pro-recovery/industrial demand trades. If that view has prompted traders to speculate on long palladium/short platinum positions, one might expect unwinding of that spread trade in the event that the recovery track is derailed. Some players saw the lack of any platinum coin sales by the US Mint in March as a fresh negative while others simply discount that news. The Commitments of Traders Futures and Options report as of March 28th for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 32,008 contracts. The Commitments of Traders Futures and Options report as of March 28th for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 21,211 contracts.

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 this morning. Therefore new buyers should remain patient as the US dollar continues to show positive action with recent action in the greenback correcting half of the March break. June gold should find solid support down at the \$1,244.20 level. Close-in resistance is at \$1,256.60. May silver is showing some modest early weakness but the charts generally remain positive and we suspect that prices will see some positive impact from positive global economic data released this morning. Critical support in May silver is seen down at \$18.06 from last week's consolidation low zone.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

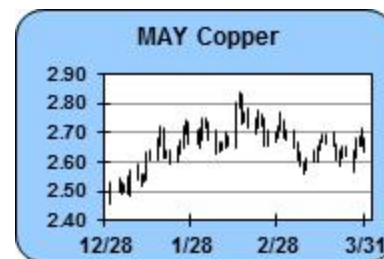
None.

COPPER COMMENTARY

04/03/17

A slightly negative chart setup is countervailed by data

GENERAL: Copper prices finished a volatile trading week last week with a moderate loss for last Friday's trading session but it also saw some damage on its charts. Diminished supply concerns after the Escondida mine in Chile and the Grasberg mine in Indonesia resumed operations have weighed on copper prices over the last 2 weeks. However, better global economic data to start this week and further exchange stock draws from the LME and Shanghai exchanges should provide a boost to copper's demand prospects early this week. As in other industrial commodities, we suspect that positive economic data is partially offset by the lack of optimism flowing from Washington and the lack of hope for a quick fiscal stimulus effort in the US. The Commitments of Traders Futures and Options report as of March 28th for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 29,605 contracts and that positioning is more overbought than level.



MARKET IDEAS:

In addition to somewhat damaged charts, the copper market is seeing some pressure from strength in the Dollar. Fortunately for the bull camp, a wave of positive global PMI results should help the May copper contract remain within the last four weeks consolidation pattern that is bound by \$2.5665 and \$2.7170 and that could limit near term declines to the \$2.60 level. To shift the short-term trend back to the upside might require a rally above \$2.69.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals							
Copper	29,821	+7,960	-29,605	-3,520	-216	-4,441	
Gold	143,887	+21,751	-160,499	-25,319	16,612	+3,568	
Palladium	20,464	+2,282	-21,211	-2,400	747	+117	
Platinum	27,486	-1,364	-32,008	+1,399	4,522	-35	
Silver	91,450	+11,733	-102,917	-7,897	11,466	-3,838	

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) 04/03/2017: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 1237.3. The next area of resistance is around 1255.5 and 1259.8, while 1st support hits today at 1244.3 and below there at 1237.3.

COMEX SILVER (MAY) 04/03/2017: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 18.433. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 18.357 and 18.433, while 1st support hits today at 18.133 and below there at 17.984.

COMEX PLATINUM (JUL) 04/03/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 target is 939.75. The next area of resistance is around 959.10 and 962.15, while 1st support hits today at 947.90 and below there at 939.75.

COMEX COPPER (MAY) 04/03/2017: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 market's close below the pivot swing number is a mildly negative setup. 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 2.64 and below there at 2.61.

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										
GCAM7	1249.9	58.46	58.18	81.88	81.66	1253.38	1252.94	1234.29	1234.26	1226.56
SIK7	18.245	74.36	66.62	82.06	91.55	18.24	17.95	17.55	17.75	17.55
PLAN7	953.50	35.84	39.33	42.98	40.09	956.28	964.09	957.91	988.66	987.40
CPAK7	2.65	48.77	48.84	61.93	64.43	2.67	2.65	2.64	2.68	2.67

Calculations based on previous session. Data collected 03/31/2017

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						
GCAM7	COMEX Gold	1237.2	1244.2	1248.5	1255.5	1259.8
SIAM7	COMEX Silver	17.983	18.132	18.208	18.357	18.433
PLAN7	COMEX Platinum	939.75	947.90	950.95	959.10	962.15
CPAK7	COMEX Copper	2.60	2.63	2.65	2.68	2.70

Calculations based on previous session. Data collected 03/31/2017

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