



DAILY METALS COMMENTARY Tuesday April 04, 2017

PRECIOUS METALS COMMENTARY

04/04/17

The grind higher to continue off several minor themes

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +5.70, SILVER +15.80, PLATINUM +1.40

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with several markets in Asia closed for holiday. The Asian session presented the results of the Reserve Bank of Australia's latest monetary policy meeting with the Central bank observing a mixed economy (strong housing/soft labor markets). The European session started out with March UK construction PMI that posted a minimal downtick from February's 52.5 reading. February Euro zone retail sales posted a gain of +0.7% and that was the second straight month of gains in that economic measure. The North American session will start out with the February international trade balance which is expected to show a moderate downtick with the monthly deficit. A reading on the February Canadian international merchandise trade balance is forecast to show a modest downtick in their monthly surplus. February factory orders are expected to see a modest downtick from January's +1.2% reading. Fed Governor Tarullo will speak during afternoon US trading hours.



GOLD / SILVER

The gold market has performed impressively to start out the new trading week and it has managed that strength in the face of strength in the Dollar and periodic negative divergence with silver prices. Issues that are lending support to gold prices are the Russian terrorist incident, talk of good Indian demand, ongoing noted weakness in US equities and what appeared to be a measure of economic uncertainty following US scheduled data flows yesterday. It is also possible that gold will continue to benefit from a noted increase in US ISM March prices index as that furthers the argument that the US economy is moving away from deflationary conditions. Some traders also think ongoing labor problems at a Harmony Gold mine is set to provide support to gold prices, but a court order to halt the strike temporarily could discourage some would-be buyers today. While the gold market gains over the prior two trading sessions were done on weak volume figures the world's largest gold ETF saw their holding rise by 4.44 tonnes on Monday to reach their highest level since March 16th and the gold market might be set to draft some support from strength in the South African Gold Index overnight. While May silver showed ongoing divergence with gold in the prior session's trade, it would appear that solid consolidation low support has provided the threshold for an upside breakout this morning which might leave little in the way of resistance until the \$18.50 level.

PLATINUM

Platinum and palladium continue to show periodic divergence with other industrial metals like copper and silver but the palladium market also continues to outperform platinum on a daily basis which suggests traders view palladium as attractive despite the significant gains posted since last December. In fact, platinum and palladium on Monday seemed to fully discount or ignore evidence of softening US new car sales in March perhaps because of indirect supply side concerns flowing from the suicide bombing in Russia. Like gold, platinum and palladium have managed recent gains on rather anemic volume and that might suggest the bull camp is limited in scope. However, June palladium managed a fresh higher high for the move yesterday and in turn reached the highest level since March 27th and that would seem to leave the uptrend pattern intact. Uptrend channel support in June palladium today rises to \$799.15 while more critical support might be seen down at \$793.55. While the trend might remain up in palladium, we remain skeptical of this market action.

TODAY'S MARKET IDEAS:

While one wouldn't think the current environment favors the bull camp in gold the upside breakout on the charts this morning suggests that the trade can manufacture noted gains without the benefit of specific glaringly bullish fundamental storylines. In fact, signs of renewed strength in the dollar, generally positive global economic data and hope for a favorable interaction between the US Pres. and the Chinese leader should have tamped down safe haven interest but instead gold and silver have plowed through those limiting issues. Critical pivot point support in June gold today is seen at \$1,255.50 with consolidation low support in May silver holding at \$18.07 and little in the way of significant resistance in May silver until the \$18.50 level.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

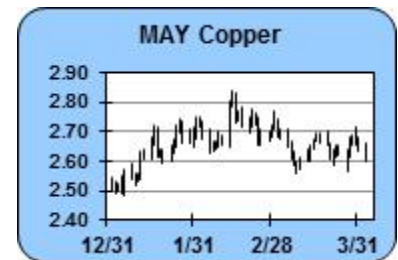
None.

COPPER COMMENTARY

04/04/17

The path of least resistance is down in copper today

GENERAL: May copper came under extensive pressure yesterday and extended the slide overnight which puts May copper down to the lowest price level since March 27th. In addition to pressure from strength in the dollar and noted weakness in equities, the copper market is also undermined as a result of news that Indonesia was allowing exports from Freeport to resume. However, that potentially negative supply side news is countervailed by predictions of an April 10th strike in Peru. We also attribute some of the weakness in copper prices this week to softer than expected US construction spending results as well as the weaker than expected March new US auto sales results. Apparently an ongoing pattern of noted LME copper exchange stock declines are being discounted despite the fact that the daily extractions are becoming significant.



MARKET IDEAS:

As we indicated in the prior day's research output, copper prices look to be locked into the last month's consolidation range that is bound by \$2.5585 and \$2.70 but that could also leave the market vulnerable to some additional near term declines. While some traders viewed US and global economic data on Monday as indicative of ongoing growth, seeing US new auto sales figures dip should leave would-be buyers on a back foot. At least in the near term, we can't rule out a probe down to \$2.5875 and perhaps even to \$2.5665 in the event of a broad risk-off event in equities.

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) 04/04/2017: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside objective is at 1262.3. The next area of resistance is around 1259.3 and 1262.3, while 1st support hits today at 1249.9 and below there at 1243.4.

COMEX SILVER (MAY) 04/04/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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 target is 18.422. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 18.354 and 18.422, while 1st support hits today at 18.155 and below there at 18.023.

COMEX PLATINUM (JUL) 04/04/2017: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 945.38. The next area of resistance is around 964.55 and 968.37, while 1st support hits today at 953.05 and below there at 945.38.

COMEX COPPER (MAY) 04/04/2017: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 2.56. The next area of resistance is around 2.63 and 2.67, while 1st support hits today at 2.58 and below there at 2.56.

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	1254.6	62.80	60.81	82.48	83.24	1252.65	1253.64	1236.69	1235.63	1227.71
SIAM7	18.255	74.56	66.80	85.84	93.23	18.24	18.03	17.60	17.77	17.58
PLAN7	958.80	43.03	43.15	42.29	40.91	955.65	962.24	958.21	988.03	987.04
CPAK7	2.60	37.32	41.84	58.51	51.68	2.65	2.65	2.64	2.68	2.67

Calculations based on previous session. Data collected 04/03/2017

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	1243.3	1249.8	1252.8	1259.3	1262.3
SIAM7	COMEX Silver	18.022	18.154	18.222	18.354	18.422
PLAN7	COMEX Platinum	945.37	953.05	956.87	964.55	968.37
CPAK7	COMEX Copper	2.56	2.57	2.61	2.63	2.67

Calculations based on previous session. Data collected 04/03/2017

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.