



DAILY METALS COMMENTARY

Thursday April 06, 2017

PRECIOUS METALS COMMENTARY

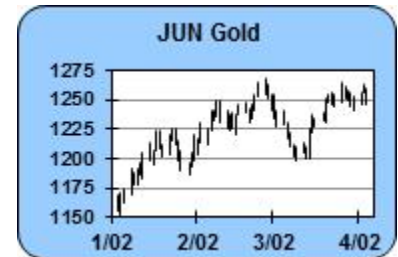
04/06/17

Safe haven interest early in gold off US/Chinese talks

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +5.30, **SILVER** +4.80, **PLATINUM** -1.50

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly lower overnight, with the exception the Shanghai markets which were tracking higher. The Asian session was highlighted by optimism from China where the government launched a new economic zone which quickly boosted infrastructure shares in China. However, the markets were also presented with a March reading for the Caixin Chinese services PMI number which was expected to see a moderate decrease from February's 52.6 result but that reading actually dipped to 52.2. In other words the pace of growth in China in the services sector is slowing but remains positive. The European session started out with February German factory orders that improved and that news was mirrored by a 6 year high in Euro zone business activity readings. March Swiss CPI was expected to hold steady at February's +0.5% year-over-year rate but instead the measure was up +0.6%. The North American session will start out a March reading for the Challenger job cuts survey, followed by a weekly reading for initial jobless claims which are forecast to have a slight downtick from the previous 258,000 reading. February Canadian building permits will be released during the morning as well. San Francisco Fed President Williams will speak during morning US trading hours. Earnings announcement will include Constellation Brands and CarMax before the Wall Street opening.



GOLD / SILVER

While the gold market started out weaker yesterday, it was apparent that the stronger-than-expected ADP report prompted an additional wave of long liquidation. While one should not make too much out of a single scheduled report, the ADP readings certainly moves the needle back toward a rate hike environment especially if that growth is confirmed by Friday morning's monthly payroll report. While gold and silver have to fear further gains in the dollar because of job sector readings due out over the coming 2 trading sessions it would seem like the gold market is picking up buying interest in anticipation of trouble between China and the US following the meeting today in Florida. Apparently the Chinese are poised to play up the benefits to the US consumer through lower retail goods prices and other benefits to countervail the anticipated charges of currency manipulation and therefore the trade (equities included) is anticipating fireworks. With gold up sharply and silver, platinum and palladium close to unchanged or trading lower it seems pretty clear that gold is exclusively catching a safe haven buying wave. The rally in gold is made a little more impressive by the fact that the market overnight was presented with news of an agreement in a Harmony Mine strike. Gold derivative holdings overnight increased by 13,559 ounces to stand at 52.0 million.

PLATINUM

Not surprisingly, the divergence between platinum and palladium has continued overnight but that relationship showed sign of reversing and that might project a setback or corrective dip in Palladium. In fact, both markets on Wednesday registered impressive rallies only to relinquish a large portion of those gains later in the session and that might hint at the prospect of a modest corrective dip in palladium today. Underpinning the PGM complex is a somewhat positive ABM AMRO price projection for palladium for 2017. In fact, the private forecast for palladium was more than \$200 an ounce above the current trade in the futures. It goes without saying that platinum and palladium have been behaving like classical physical commodities, and therefore an extension of the return to risk on mentality yesterday could keep palladium prices in a position to make even higher highs after a bit of a correction today.

TODAY'S MARKET IDEAS:

The poor finish in US equity markets following the FOMC meeting minutes yesterday may have provided a near-term boost to precious metals going into today's trading. However, jobs data has been a strong suit for US economic readings so far this year so the focus on that sector today and tomorrow is likely to boost the Dollar and that in turn could weigh on gold and silver prices. However it does appear as if the proximity to the US/China meeting has rekindled safe haven buying in gold. Up-trend channel support today in June gold is seen down at the \$1,248.40 level with resistance coming in at \$1,261. May Silver should find support around the \$18.17 level. Near-term support for June palladium is at \$795.00 while near-term resistance for July platinum is at \$968.20.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

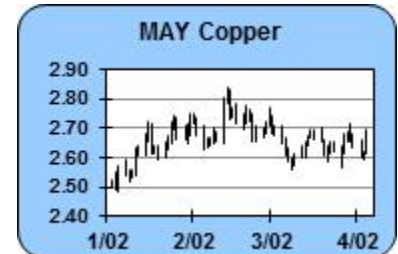
None.

COPPER COMMENTARY

04/06/17

We expect copper to track tightly with equities to end the week

GENERAL: News that Freeport would not return to full mining operations inside Indonesia until there was a long-term deal struck with the government provided a fresh supply-side development for the copper bulls yesterday, and that could help copper respect the consolidation low support zone of \$2.60 and that could also help the market eventually retest the \$2.70 level in the coming trading sessions. In fact the copper market seemed to benefit from the stronger-than-expected private US payroll results yesterday but one should not minimize the importance of the meeting between Chinese and US leaders as Chinese copper demand is the 800 pound gorilla for the Copper trade. In other words, seeing more favorable Chinese demand projections in the marketplace could be the most sustainable bullish fundamental factor impacting copper prices directly ahead. To that point a major copper player yesterday suggested that copper could see a shortage this year in the event that Chinese copper demand picks up pace.



MARKET IDEAS:

While we see the justification for the sharp range up move in May copper this week and there might not be much in the way of significant resistance until the \$2.7170 level, we also think that the market lacks the definitive fundamental justification to forge a breakout above the March 30th high and it might not have the capacity to make a probe above \$2.70 unless the market continues to be presented with favorable economic readings. From a technical perspective, it should be noted that the gains in the prior trading session were done on some of the highest volume levels since February 24th and that might suggest at least a temporary upside extension in copper to significant consolidation resistance.

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) 04/06/2017: 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. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 1269.1. The next area of resistance is around 1265.0 and 1269.1, while 1st support hits today at 1251.2 and below there at 1241.4.

COMEX SILVER (MAY) 04/06/2017: 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 below the pivot swing number is a mildly negative setup. The next upside objective is 18.450. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 18.395 and 18.450, while 1st support hits today at 18.215 and below there at 18.090.

COMEX PLATINUM (JUL) 04/06/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 948.08. The next area of resistance is around 972.84 and 980.67, while 1st support hits today at 956.55 and below there at 948.08.

COMEX COPPER (MAY) 04/06/2017: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. The daily stochastics gave a bullish indicator with a crossover up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 2.74. The next area of resistance is around 2.71 and 2.74, while 1st support hits today at 2.64 and below there at 2.59.

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	1258.1	65.66	62.62	83.15	83.73	1255.43	1255.09	1242.50	1237.91	1230.15
SIAM7	18.305	72.94	66.62	88.83	91.20	18.27	18.18	17.75	17.81	17.63
PLAN7	964.70	45.13	44.50	42.14	41.31	958.68	961.22	960.55	986.42	986.42
CPAK7	2.67	56.55	53.44	53.58	53.65	2.64	2.65	2.65	2.68	2.67

Calculations based on previous session. Data collected 04/05/2017

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	1241.3	1251.1	1255.2	1265.0	1269.1
SIAM7	COMEX Silver	18.090	18.215	18.270	18.395	18.450
PLAN7	COMEX Platinum	948.07	956.55	964.37	972.84	980.67
CPAK7	COMEX Copper	2.58	2.63	2.66	2.71	2.74

Calculations based on previous session. Data collected 04/05/2017

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