



DAILY METALS COMMENTARY Monday April 10, 2017

PRECIOUS METALS COMMENTARY

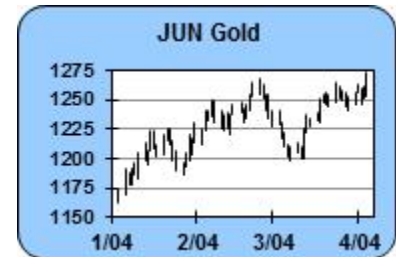
04/10/17

Vulnerable despite geopolitical threats is a telling sign!

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -3.10, SILVER -22.10, PLATINUM -10.50

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with a number of geopolitical developments tempering investor interest. In addition to concerns that Russia might retaliate against the US airstrike on Syria last week the markets are also off balance because of talk that the US Fed might begin to shrink its balance sheet by the end of this year. Other issues contributing to a partial risk off psychology to start the new trading week are hints of a looming showdown with North Korea, fresh issues with a Libyan oil field and residual disappointment with last week's US non-farm payroll result. The Asian session featured a February reading on the Japanese current account which bounced back and hit a record in the month of February. The European was highlighted by an April reading of the Sentix survey of Euro zone investor confidence that was forecast to have a modest downtick from March's 20.7 reading but instead it posted an impressive rise to 23.9. The North American session will start out with March Canadian housing starts that are expected to see a moderate increase from February's 210,200 annualized rate. A March reading on the Fed's labor market conditions index will be released during morning US trading hours. Fed Chair Yellen will speak during afternoon US trading hours.



GOLD / SILVER

While the gold market failed to sustain the brunt of the gains forged last Friday, a series of geopolitical events over the weekend should help the bull camp and underpin prices above the recent consolidation lows which are just under the \$1,250 level in June Gold. News that the US was moving a naval task force toward North Korea, incendiary Russian comments regarding US actions in Syria, church bombings in Egypt and a pipeline attack in Yemen should extend last week's flight to quality pattern. One could also suggest that the surprise US nonfarm payroll data adds an element of economic uncertainty to the equation. However, gold and silver were held back as result of the sharp range up extension in the US dollar last week and the dollar's definitive rise above its 50 day moving average. The world's largest gold ETF saw their holdings fall by 02.7 tonnes on Friday but those holdings remain near their highest level since mid-March. In our opinion, unless the gains in the dollar are excessive, gold and silver prices might be able to claw out more gains this week. Unfortunately, the silver market saw the series of fresh record readings in the commitments of traders report. With the combined spec and fund long reaching a new record at 113,943 in silver and the non-commercial net long also hitting a record positioning, it wasn't surprising to see silver fail at recent consolidation lows. A critical pivot point for May silver to start the new trading week is the 50 day moving average at \$17.808. The Commitments of Traders Futures and Options report as of April 4th for Gold showed Non-Commercial traders were net long 161,183 contracts, an increase Non-Commercial and Non-reportable combined traders held a net long position of 177,215 contracts and since that represents an increase of 16,716 contracts in the net long position gold might need a little back and fill action to balance the technical condition. In conclusion, gold and silver need a lot of geopolitical anxiety to offset the burden of a rising Dollar.

PLATINUM

The divergence between platinum and palladium might be expected to continue again this week as the Russians have responded very aggressively in the press to US military action in Syria. In fact, it would appear as if Russia, Iran and Hezbollah are seemingly becoming an alliance with comments in the Press and that could result in fresh Russian sanctions which in turn could disrupt the flow of some PGM supply. In fact, the British canceled an official

visit to Russia because of the conflict in Syria and that usually means a counter-reaction from the Russians. However, the PGM complex will have to battle a slight downshift in global demand expectations from disappointing US payrolls and they will also have to contend with limits/pressure from strength in the dollar. The commitments of traders report for platinum showed a net spec and fund long that was roughly half of the record long position while the palladium market showed a minimally overbought positioning. Unless there is a definitive risk off vibe being thrown off by equities and or an additional range up extension in the dollar, palladium might be able to respect critical uptrend channel support at \$796 and potentially return to last week's high of \$816.45. The Commitments of Traders Futures and Options report as of April 4th for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 31,383 contracts. The Commitments of Traders Futures and Options report as of April 4th for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 21,785 contracts.

TODAY'S MARKET IDEAS:

The stage looks set for increased two-sided volatility in gold and silver prices this week. In the bears favor is a definitively overbought net spec and fund long in the silver market, moderate to significant recent strength in the dollar and definitively negative chart action at the end of last week. In fact, the failure to hold above critical support of \$1,245.40 and the 50 day moving average down at \$1,236.50 in June gold could signal a trend change. However the focus of the trade to start this week will clearly be on situation in North Korea and in Syria. Critical support in May silver to start this week is seen at the 50 day moving average at \$17.80 and the record length of silver in the COT positioning report leaves it more vulnerable than gold to start this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

04/10/17

Slightly vulnerable to a modest risk-off vibe early today

GENERAL: From a demand perspective, the copper market could be vulnerable going forward as US payrolls last week were disappointing, news from the Chinese demand front has been missing in action, Shanghai copper stocks increased by 7,434 tons last week, LME copper stocks this morning increased and the labor/environmental supply threats have drifted to the background. On the plus side, LME copper stocks have generally continued to flow out and there is hope that Chinese demand will return. News that is providing only limited support to prices this morning is talk from the Rio Tinto Chief Executive Officer who indicated that additions to supply going forward in the years ahead would be limited and he also indicated that production cut backs of 700,000 to 800,000 tons were probably seen as result of last year's trough in prices. The most recent commitments of traders report for copper showed an average net long positioning. The Commitments of Traders Futures and Options report as of April 4th for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 29,810 contracts.



MARKET IDEAS:

While the May copper contract finished last week below its 50 day moving average of \$2.6765 it continues to respect the \$2.60 level. With the May contract sitting roughly in the middle of the last month's trading range for most of last week last week and many of the classic fundamentals leaning bearish, we favor a selling of rallies strategy. However it is also possible that May copper may simply fluctuate within a range bound by \$2.57 and \$2.70.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

Commitment of Traders - Futures and Options - 3/28/2017 - 4/4/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	26,842	-2,979	-29,811	-206	2,968	+3,184
Gold	161,183	+17,296	-177,215	-16,716	16,032	-580
Palladium	20,948	+484	-21,785	-574	837	+90
Platinum	26,607	-879	-31,384	+624	4,776	+254
Silver	102,469	+11,019	-113,944	-11,027	11,474	+8

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) 04/10/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 1239.0. The next area of resistance is around 1267.3 and 1280.7, while 1st support hits today at 1246.5 and below there at 1239.0.

COMEX SILVER (MAY) 04/10/2017: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is negative as the close remains below the 9-day moving average. A negative signal was given by the outside day down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 17.469. The next area of resistance is around 18.322 and 18.718, while 1st support hits today at 17.698 and below there at 17.469.

COMEX PLATINUM (JUL) 04/10/2017: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 930.93. The next area of resistance is around 973.34 and 993.92, while 1st support hits today at 941.85 and below there at 930.93.

COMEX COPPER (MAY) 04/10/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 2.70. The next area of resistance is around 2.67 and 2.70, while 1st support hits today at 2.61 and below there at 2.58.

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	1256.9	60.66	59.69	76.32	70.87	1254.28	1253.99	1247.41	1239.39	1231.92
SIK7	18.010	51.32	54.18	84.20	77.69	18.19	18.22	17.87	17.83	17.67
PLAN7	957.60	43.30	43.52	40.04	37.56	960.20	958.23	962.22	984.45	985.58
CPAK7	2.64	49.13	48.94	55.06	55.58	2.65	2.65	2.65	2.67	2.67

Calculations based on previous session. Data collected 04/07/2017

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	1238.9	1246.4	1259.8	1267.3	1280.7
SIAM7	COMEX Silver	17.468	17.697	18.093	18.322	18.718
PLAN7	COMEX Platinum	930.92	941.84	962.42	973.34	993.92
CPAK7	COMEX Copper	2.57	2.61	2.64	2.67	2.70

Calculations based on previous session. Data collected 04/07/2017

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