



## DAILY METALS COMMENTARY Tuesday April 11, 2017

### PRECIOUS METALS COMMENTARY

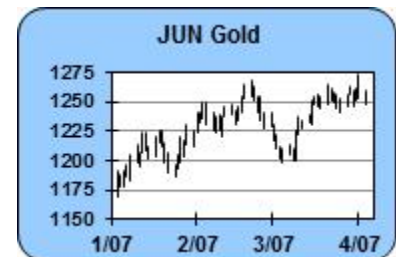
04/11/17

**Choppy action unless the Dollar tracks lower**

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

**GOLD +4.80, SILVER +1.50, PLATINUM +7.10**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mixed overnight with Asian stocks generally showing positive action with European and US markets under minor pressure. The European session started out with UK inflation with the March CPI holding steady at a 2.3% year-over-year rate. The March ZEW survey of German economic expectations was forecast to have a moderate uptick from February's 12.8 reading but it had a very significant up tick to 19.5! March Euro zone industrial production was expected to have a sizable uptick from February's +0.6% year-over-year rate but instead it posted a noted dip of -0.3%. The North American session will be fairly quiet data-wise and will be highlighted by the February job openings and labor turnover (JOLTS) survey that is forecast to see a modest increase from January's 5.626 million reading. Minneapolis Fed President Kashkari will speak during afternoon US trading hours. Earning announcements will include Bank of the Ozarks before the Wall Street opening.



### GOLD / SILVER

Relatively speaking, the gold market held up better than the rest of the metals complex on Monday which suggests that some residual safe haven interest is being seen off a series of geopolitical situations. While the dollar managed a fresh higher high for the move yesterday and reached the highest level since March 15th, it was unable to hold onto those gains and this morning it took out the prior trading sessions' lows. We are a little concerned that gold was unable to track positively with the crude oil market yesterday but somewhat hawkish dialogue flowing from the Fed has served to temper bullish sentiment toward a host of physical commodities as a result of comments from the Fed Chair suggesting it will trim its balance sheet. The world's largest gold ETF saw their holdings rise by 1.77 tonnes and reach their highest level since March 15th. Unless the Dollar falls sharply, there is additional US military action in Syria or stocks come under noted pressure, we have to leave the edge with the bear camp today.

### PLATINUM

With a big range down failure in the June palladium contract to start the week, and the most recent commitments of traders positioning report showing palladium to be more vulnerable than platinum to long liquidation, we are doubtful that palladium will be able to respect key support down at \$785. As suggested in gold coverage today, non-gold precious metals seem to be off balance because of deterioration in global economic sentiment following a double negative of disappointing US payrolls and hints at an unwinding of quantitative easing by the US Fed. More significant support in June palladium might be seen down at the 50 day moving average of \$778.10, and to turn the trend back up might require a rally above \$796 today. Like palladium, the platinum market also failed miserably on the charts to start the new trading week and that might leave little in the way of solid support until the \$936.20 level. However it is possible that long liquidation of long palladium short platinum spreads could lift or cushion platinum directly ahead. In the short-term, physical/industrial commodities look to be out of vogue but platinum might not have as much ground to give as palladium given its mostly balanced net spec and fund long positioning.

### TODAY'S MARKET IDEAS:

Fortunately for gold and silver the dollar is showing signs of breaking down and that has allowed a slightly positive early track in prices. While a series of geopolitical issues remain in place there doesn't appear to be major

headline change in those issues overnight. In fact news that China might have turned back shipments of coal to North Korea as a result of their recent missile test could be a sign that China is responding to international calls to isolate North Korea. There is some macroeconomic uncertainty from the euro zone where euro zone February industrial output declined while German April ZEW showed improvement. Apparently the June gold trade rejected the probe below \$1250 and that might leave June gold stuck in a trading range defined as \$1248.20 and \$1263.70. The May silver contract failed at its 50 day moving average to start the week but was able to recover and close back above that level and that might provide some cushion to prices today at \$17.83. However, the latest net spec and fund long in silver positioning suggests to us the market remains vulnerable to ongoing long liquidation and it might see the lowest price since March 24th later this week.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

## COPPER COMMENTARY

04/11/17

### The path of least resistance is pointing downward today

**GENERAL:** The copper market appeared to respect the \$2.60 level for most of Monday's trading session, but a violation of that level again overnight combined with overt weakness in a number of industrial commodities yesterday would seem to leave the path of least resistance in copper pointing downward. While LME copper stocks saw a build on Monday that gain followed a series of 17 straight daily declines and this morning those stocks posted a fairly large decline of 6,900 tons and therefore the supply situation is not all bad. However, the London metals trade overnight was tossing around the idea of too much near term supply and with recent demand views turning somewhat soft, the path of least resistance in prices looks to be down. On the other hand, upcoming action in equities and the presentation of risk-on/risk-off sentiment should be the most significant influence on copper prices in the coming trading sessions.



**MARKET IDEAS:**

While May copper continues to generally respect the \$2.60 level for now, the trade might have little tolerance for sluggish risk sentiment over this holiday-shortened week. With no major supply issues in the headlines to provide a source of underlying support this morning, the bears will maintain the upper hand as copper prices may be heading back towards the lower end of a range bounded by \$2.57 and \$2.70.

**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) 04/11/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 1243.6. The next area of resistance is around 1260.2 and 1264.9, while 1st support hits today at 1249.6 and below there at 1243.6.

COMEX SILVER (MAY) 04/11/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 lower than the pivot swing number. The next downside target is 17.610. The next area of resistance is around 18.065 and 18.190, while 1st support hits today at 17.775 and below there at 17.610.

COMEX PLATINUM (JUL) 04/11/2017: Daily stochastics are trending lower but have declined into oversold territory. The market back below the 18-day moving average suggests 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 now at 926.03. The next area of resistance is around 951.84 and 964.22, while 1st support hits today at 932.75 and below there at 926.03.

COMEX COPPER (MAY) 04/11/2017: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside objective is 2.57. The next area of resistance is around 2.62 and 2.66, while 1st support hits today at 2.59 and below there at 2.57.

## 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	1254.9	57.63	57.90	72.12	63.53	1253.50	1253.60	1250.27	1240.09	1232.74
SIAM7	17.920	46.08	50.87	80.52	70.55	18.13	18.19	17.93	17.85	17.69
PLAN7	942.30	31.31	35.98	36.76	27.92	955.28	956.47	962.48	983.00	984.85
CPAK7	2.60	40.43	43.28	51.97	45.79	2.65	2.65	2.65	2.67	2.67

Calculations based on previous session. Data collected 04/10/2017

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	1243.5	1249.5	1254.2	1260.2	1264.9
SIAM7	COMEX Silver	17.610	17.775	17.900	18.065	18.190
PLAN7	COMEX Platinum	926.02	932.75	945.12	951.84	964.22
CPAK7	COMEX Copper	2.56	2.58	2.61	2.62	2.66

Calculations based on previous session. Data collected 04/10/2017

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