



DAILY METALS COMMENTARY Wednesday April 12, 2017

PRECIOUS METALS COMMENTARY

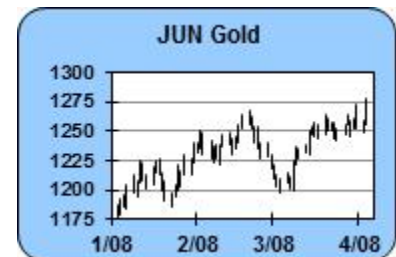
04/12/17

The bulls retain control as US/Russian tensions continue

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD +2.30, SILVER +9.60, PLATINUM -0.80

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly mixed but the positive markets might have outnumbered the weak markets. The overnight action was dominated by Russian President's assertions that the US strike in Syria was unjustified because of intelligence that the chemical weapons use was a ploy to inspire US retaliation against the Syrian government. The Asian economic calendar started out with February Japanese machinery orders that were expected to see a sizable increase and they did with a positive gain of 1.5%. March Japanese PPI did post an expected uptick from February's +1.0% year-over-year rate and those figures reached the highest level since late 2015. The highlight for the Asian session was the March Chinese CPI result which edged down but that was counter vailed by gains in the year over year CPI measure. The European session started out with a March reading on German wholesale prices that were down slightly from last month and that was followed by a reading on UK unemployment that held steady at 4.7%. The North American session will start out with the March import price index and March export price index, both of which are expected to see modest downticks from their February readings. The Bank of Canada will release the results of their latest monetary policy meeting that is forecast to have no changes to either rates or policy. Dallas Fed President Kaplan will speak during morning US trading hours. Earnings announcement will include Delta Air Lines before the Wall Street opening while Infosys Limited reports after the close.



GOLD / SILVER

The gold market has started the Wednesday trading session with yet another higher high for the move and the highest price print since November 10th and those gains are largely the result of accusations between the Russian leader and the White House. The Russians claim the attacks were carried out by Syrian rebels in a way that would cast blame on the Syrian government while the White House accuses the Russians of attempting to cover up the attacks in an effort to shield the current regime. Limiting the gold market to start today are comments from China urging a peaceful solution to the North Korean situation, a down tick in Chinese inflation and initial support at the prior session's low in the dollar index. However the situations in Syria and North Korea don't appear to be close to resolution with the first round of the election in France also not culminating until April 23rd. Comments from Goldman on gold overnight would appear to be bullish in the short-term but bearish on a three month basis and that might have fostered the new high and quasi-reversal from that high overnight. In order to see a currency related rally in gold and silver this morning probably requires a trade back below 1.0049 in the June dollar index, more significant gains in crude oil pricing and or sharp gains in US March import/export prices. The world's largest gold ETF saw their holdings rise by 4.15 tonnes on Tuesday to reach their highest levels since March 2nd.

PLATINUM

While platinum and palladium showed early divergence yesterday, that divergence narrowed and mostly disappeared in the face of the big mid-morning recovery rally in the precious metals complex that was generally fostered by geopolitical concerns. It goes without saying that ongoing and expanding geopolitical anxiety off Russian & US involvement in Syrian affairs has served to lift PGM prices this week, as a breakdown in relations and or the need for sanctions against Russia is giving the PGM markets an added lift off because of Russia's PGM supply capacity. However the more compelling case for the bull camp in the palladium market might be the technical action on the charts this week with the low Tuesday holding above the Monday low and the June

palladium contract rejecting this week's lows with a definitive recovery rally. Therefore we suspect the bear camp is injured and vulnerable to being stopped out if additional higher highs are seen ahead. Initial resistance and a potential pivot point in June palladium today is seen at \$802.40 with uptrend channel support today rising to \$789.50.

TODAY'S MARKET IDEAS:

Another new higher high for the move has garnered the attention of the press again with the primary focal point of the bull camp the geopolitical conflict between the US and Russia over the Syrian situation. While the North Korean situation is adding to the bull's case gold and silver prices look to be mostly focused on the Syrian affair. With the US dollar sitting just above a lower low on the week modest weakness in the greenback ahead could provide gold with a fresh measure of buying later today. With US Treasury prices this week soaring, it would appear that the odds of a near term US rate hike have declined and that economic uncertainty in the US has increased and that in turn should feed into the bull case in gold. However, gold and silver prices can top following definitive aggressive spike up moves especially with a significant expansion in volatility and therefore traders should be on the lookout for a blow-off top in the coming sessions. Near term targeting in June gold might be seen up at \$1287.40 and then perhaps up at \$1,293.60. Initial upside targeting in May silver is seen at \$18.49 and perhaps at \$18.54. However the failure of June gold to hold \$1,263.70 early today could signal an intermediate top.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

04/12/17

The path of least resistance is still pointing down

GENERAL: With a fresh downside breakout and the lowest price in May copper since March 27th, it is clear that deteriorating global economic expectations are being factored because of a series of geopolitical conflicts and also because of some slack US data. However, the weakness in copper yesterday is not an isolated event as other base metals prices fell to their lowest levels in three months and the base metals trade this morning is blaming tensions toward North Korea as an economic dampening influence in Asia. While there was a decrease in daily LME copper stocks this morning, we suspect fears of ongoing weakness in US equities will be a bigger influence pressing copper prices than any minimal change in supply levels.



MARKET IDEAS:

We continue to think the copper market will eventually see value at the \$2.60 level, but supply side threats (especially from a strike in Peru) are currently being discounted and therefore we can't argue against a possible slide down to the March low of \$2.5665 especially if a risk-off mentality continues to unfold.

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) 04/12/2017: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. 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 objective is at 1293.4. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1286.8 and 1293.4, while 1st support hits today at 1264.2 and below there at 1248.1.

COMEX SILVER (MAY) 04/12/2017: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next downside target is now at 17.792. The next area of resistance is around 18.502 and 18.621, while 1st support hits today at 18.088 and below there at 17.792.

COMEX PLATINUM (JUL) 04/12/2017: The daily stochastics gave a bullish indicator with a crossover up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 993.82. The next area of resistance is around 986.24 and 993.82, while 1st support hits today at 956.35 and below there at 934.03.

COMEX COPPER (MAY) 04/12/2017: 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 2.57. The next area of resistance is around 2.62 and 2.64, 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
METALS COMPLEX										
GCAM7	1275.5	71.79	67.51	72.09	72.57	1260.00	1255.57	1252.73	1240.96	1233.95
SIAM7	18.295	60.39	59.66	77.62	71.93	18.14	18.19	17.98	17.86	17.72
PLAN7	971.30	56.10	52.30	38.24	41.21	958.23	958.14	963.01	981.98	984.53
CPAK7	2.60	41.49	43.89	47.76	39.64	2.63	2.64	2.64	2.67	2.67

Calculations based on previous session. Data collected 04/11/2017

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	1248.0	1264.1	1270.7	1286.8	1293.4
SIAM7	COMEX Silver	17.791	18.087	18.206	18.502	18.621
PLAN7	COMEX Platinum	934.02	956.34	963.92	986.24	993.82
CPAK7	COMEX Copper	2.56	2.58	2.60	2.62	2.64

Calculations based on previous session. Data collected 04/11/2017

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