



DAILY METALS COMMENTARY

Thursday April 13, 2017

PRECIOUS METALS COMMENTARY

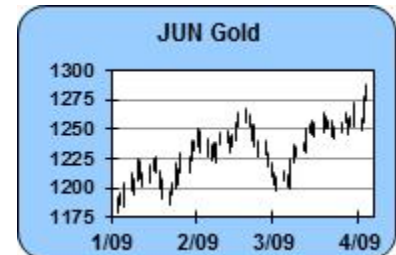
04/13/17

The bulls retain control off weak \$ and Geo-Tensions

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +11.70, SILVER +26.50, PLATINUM +10.30

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly lower overnight with the exception the Shanghai Stock exchange composite and the CSI 300. The Asian economic calendar produced a March reading on the Chinese trade balance that showed the largest export tally in 2 years. In the end Chinese exports increased by 14% and imports increased by 20%. Adding into the improving Chinese economic vibe is news that Chinese 1st quarter oil demand hit a fresh record high at 12.2 million barrels per day. The European session started out with March German CPI that was as expected at a 1.6% year-over-year rate. March CPI readings from France held steady while Italian inflation dipped slightly. The North American session will start out with a weekly reading on initial jobless claims that are expected to see a modest uptick from their previous 234,000 reading. The March producer price index is forecast to see a modest uptick from February's 2.2% year-over-year rate. A private survey of April consumer sentiment is expected to have a mild decline from March's 96.9 reading. There will be a big day for earnings announcements in the US financial sector with J.P. Morgan, Wells Fargo, Citigroup and PNC Financial reporting before the Wall Street opening.



GOLD / SILVER

The bull camp might be a little disappointed in the magnitude of the upside extension in gold and silver prices yesterday, but ultimately the markets have extended the push upward today. While the dollar was weak yesterday, we suspect that outside market influence only provided marginal assistance to the bull camp. Clearly geopolitical angst off the Syrian affair and the North Korean situation continues. In our opinion, the prospect of US action in either theater is unlikely directly ahead and that leaves the ball in the courts of North Korea, Syria and Russia. Other issues supporting gold this morning is news that South African gold output in February declined again this time by 16.8%, word of increased Indian gold demand ahead of the Wedding season and positive spillover from news of record Chinese 1st quarter oil demand. While the silver market still holds a relatively more overbought net spec and fund long positioning than gold, it has only just returned to the vicinity of the level where the last COT positioning report was measured and given a recent sharp corrective slide, we aren't ready to call for a firm top in silver off technical signals. At least in the short-term, it is difficult to put Syria or North Korea on a backburner.

PLATINUM

While the PGM complex in the prior trading session showed some sluggish action prices have shaken off that weakness and regained some positive technical footing in the overnight trade. However, news overnight that South African PGM output increased by 47.2% in February over year ago levels is probably discouraging some longs this morning. We suspect that part of the large leap in production was the result of production issues last year and it is clear that weakness in the Dollar and strength in gold this morning has more than countervailed the adverse production news. However, in order to leave the week on a definitively positive track might require a trade above \$806.70 in the June palladium contract. We see a critical pivot point support level at \$804.90, but the moving average isn't seen until \$780.13 today. With July platinum unable to reach up to the 50 day moving average yesterday at \$984.30, a near term setback to \$980 could be in order.

TODAY'S MARKET IDEAS:

As indicated already, the twin safe haven anxiety issues are not easily unwound or solved and ongoing erosion in

the US dollar should help to facilitate more gains in gold and silver prices. However given the holiday shortened week in the US some traders appear to be poised to get or remain long for the long weekend off the increased prospects of something fresh from the already anxious geopolitical theater. We see initial critical pivot point support in June gold close-in at \$1,285.90 and then again down at \$1,284.80. Close-in pivot point support in the May silver contract is seen at \$18.50 with uptrend channel support today seen at \$18.45. Initial resistance in May silver is seen at \$18.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

04/13/17

Odds now look much better for a low

GENERAL: When one considers labor supply threats at three different mines (in two different countries) this week and the prospects of ongoing disruptions of copper exports from Indonesia, one might've expected copper prices yesterday to have held up much better than they did. However, residual geopolitical and macroeconomic uncertainty combined with fresh and significant technical damage on the charts to leave the bull camp injured and on the ropes. On the other hand the market this morning is showing some mild recovery action and that might be the result of a slight improvement in Chinese economic views in the wake of record oil demand news and news that Chinese imports and exports posted impressive gains as that really speaks to the prospect of improving Chinese copper demand. Perhaps the copper market is also garnering some support from yet another decline in LME copper warehouse stocks overnight.



MARKET IDEAS:

While it is a little amazing that the market has discounted a wave of modest labor supply threats this week, the overall environment for copper demand this was challenged by this week's events. In our opinion the copper market is now oversold and with fresh positive Chinese economic news we think the lows are in unless US stocks washout and fresh geopolitical issues surface right at the end of the shortened week.

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) 04/13/2017: The daily stochastics have crossed over up which is a bullish indication. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 1296.9. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1292.8 and 1296.9, while 1st support hits today at 1279.2 and below there at 1269.7.

COMEX SILVER (MAY) 04/13/2017: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 18.178. The next area of resistance is around 18.569 and 18.637, while 1st support hits today at 18.340 and below there at 18.178.

COMEX PLATINUM (JUL) 04/13/2017: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 984.65. The next area of resistance is around 981.20 and 984.65, while 1st support hits today at 968.60 and below there at 959.45.

COMEX COPPER (MAY) 04/13/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 2.49. The next area of resistance is around 2.57 and 2.63, while 1st support hits today at 2.51 and below there at 2.49.

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	1286.0	76.42	71.20	74.79	80.93	1267.85	1259.64	1255.59	1241.97	1235.04
SIAM7	18.455	61.95	60.70	76.54	74.38	18.16	18.20	18.03	17.87	17.73
PLAN7	974.90	58.11	53.77	42.34	51.42	961.75	960.07	963.38	981.01	984.30
CPAK7	2.54	30.45	36.02	40.45	25.98	2.60	2.62	2.64	2.67	2.67

Calculations based on previous session. Data collected 04/12/2017

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	1269.7	1279.2	1283.3	1292.8	1296.9
SIAM7	COMEX Silver	18.177	18.339	18.407	18.569	18.637
PLAN7	COMEX Platinum	959.45	968.60	972.05	981.20	984.65
CPAK7	COMEX Copper	2.48	2.50	2.55	2.57	2.63

Calculations based on previous session. Data collected 04/12/2017

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