



DAILY METALS COMMENTARY Monday April 17, 2017

PRECIOUS METALS COMMENTARY

04/17/17

The bull camp retains control into the new trading week

OVERNIGHT CHANGES THROUGH 3:15 AM (CT):

GOLD +2.40, SILVER +7.50, PLATINUM +0.00

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were weaker overnight despite seeing stronger-than-expected Chinese GDP growth. The Chinese growth rate was the strongest since the fourth quarter of 2015 with Chinese March factory output rising by the fastest rate since December of 2014.

The dollar started the week out on a weaker footing due to the rising uncertainty off the potential for further US involvement in North Korea. The US economic calendar today will begin with an Empire state manufacturing survey that is expected to have weakened versus the prior month. Also due out today from the US is an NAHB housing market index which is also expected to have ticked downward. Late in the trading session today the Treasury will release international capital data and there will be a Federal Reserve Vice-Chair Stanley Fisher speech at Columbia University.



GOLD / SILVER

Simmering political anxiety with respect to North Korea was accentuated by renewed weakness in the dollar, stronger-than-expected Chinese growth and news that India might be poised to reduce its gold import duty. With the current Indian gold import duty at 10%, reducing the tax to 6% as of July 1st could stimulate import demand. Even more importantly the Indian official speaking on the issue indicated the prospect of cutting the gold import tax to just 2% in the coming two years. Another issue lending some indirect support to the gold market at the start of the new trading week is the looming French election on April 23rd. While the tensions continue in Syria headline flow from that area has leveled out after the US last week dropped the world's largest ordinance on a suspected ISIS stronghold. With a higher high and the highest price since November 10th in gold this morning the bull camp has its sights set on the \$1,300 level basis June gold. The silver market has also forged an upside breakout and has reached the highest level since November 11th in a move that is probably mostly the result of rising geopolitical uncertainty but it might also be benefiting from hopes of rising Chinese silver demand in the wake of strong growth news out of China. The Commitments of Traders Futures and Options report as of April 11th for Gold showed Non-Commercial and Non-reportable combined traders held a net long position of 192,147 contracts. The Commitments of Traders Futures and Options report as of April 11th for Silver showed a "fresh Record" with Non-Commercial and Non-reportable combined traders holding a net long position of 116,469 contracts and that leaves the silver market vulnerable to a lull or shift in fundamental news flow.

PLATINUM

The consolidation of the past month in the June palladium market has tempered the bull case and has potentially shifted leadership in the PGM complex to the platinum market. Some traders will suggest a leadership shift signals a temporary top in palladium and a reversal of long palladium/short platinum spread positions. At least at this juncture the trade isn't overly concerned that Russia's alignment with Syria will result in fresh sanctions that could in turn restrict the flow of Russian supply. Unfortunately for platinum bulls the rally of the previous 6 Days took place on declining volume. The Commitments of Traders Futures and Options report as of April 11th for Platinum showed Non-Commercial and Non-reportable combined traders held a net long position of 30,603 contracts. The Commitments of Traders Futures and Options report as of April 11th for Palladium showed Non-Commercial and Non-reportable combined traders held a net long position of 21,282 contracts.

TODAY'S MARKET IDEAS:

All things considered news of improving growth in China, further dollar weakness and a series of geopolitical flashpoints should leave the bull camp in control of the precious metals. With June gold nearing \$1,300 it is possible that technical momentum will pull the market above that level in the coming trading sessions. Uptrend channel support in June gold this morning is seen at \$1,281.10 and another critical pivot point is seen down at \$1,283.80. Uptrend channel support in May silver is seen at \$18.38 and then again down at \$18.31.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

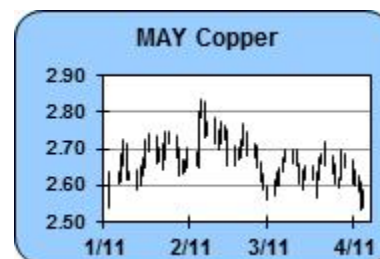
None.

COPPER COMMENTARY

04/17/17

A slightly bullish tilt is in place

GENERAL: We are a little surprised at the measured gain in copper this morning in the wake of very favorable Chinese economic news overnight. In addition to stronger-than-expected GDP growth the market also saw a 7.2% rise in Chinese factory order activity and that should have stoked demand expectations for copper. However from the charts it would appear as if May copper is poised to regain the potentially critical pivot point of \$2.60 in the wake of simmering labor issues from a strike in Peru at a Southern Copper company facility. While the market hasn't paid that much attention to copper stocks at the CME the trade has been presented with news of a sharp upward trend in those stocks, but that news is definitively offset by a pattern of daily declines in LME copper stocks in 20 of the last 21 days. Even more significant is the news from last Friday that Shanghai copper warehouse stocks were down by 43,543 tons. The Commitments of Traders Futures and Options report as of April 11th for Copper showed Non-Commercial and Non-reportable combined traders held a net long position of 30,241 contracts.



MARKET IDEAS:

While May copper is showing positive early action on the charts and some short covering action from last week's lows there would appear to be significant overhead resistance from the underside of the last month's consolidation lows around \$2.60. Certainly favorable Chinese demand prospects help to firm up last week's lows and we suspect that recent COT positioning net long was overstated due to the 7 cent slide in prices at the end of last week. Initial pivot point support is seen this morning at \$2.5705 and then again at \$2.5565.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

Commitment of Traders - Futures and Options - 4/4/2017 - 4/11/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	25,866	-976	-30,240	-429	4,375	+1,407
Gold	177,131	+15,948	-192,147	-14,932	15,016	-1,016
Palladium	20,642	-306	-21,281	+504	640	-197
Platinum	26,091	-516	-30,602	+782	4,512	-264
Silver	107,003	+4,534	-116,470	-2,526	9,466	-2,008

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) 04/17/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 1295.0. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1292.4 and 1295.0, while 1st support hits today at 1285.6 and below there at 1281.3.

COMEX SILVER (MAY) 04/17/2017: The crossover up in the daily stochastics is a bullish signal. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 18.700. The next area of resistance is around 18.604 and 18.700, while 1st support hits today at 18.415 and below there at 18.320.

COMEX PLATINUM (JUL) 04/17/2017: The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 986.07. The next area of resistance is around 981.34 and 986.07, while 1st support hits today at 971.65 and below there at 966.68.

COMEX COPPER (MAY) 04/17/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 2.52. The next area of resistance is around 2.59 and 2.61, while 1st support hits today at 2.55 and below there at 2.52.

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	1289.0	77.91	72.33	75.59	82.10	1273.80	1262.97	1258.03	1242.82	1236.09
SIK7	18.510	68.34	65.13	76.23	77.06	18.24	18.23	18.09	17.88	17.75
PLAN7	976.50	59.58	54.87	46.33	57.51	963.70	962.07	963.08	979.84	984.21
CPAK7	2.56	37.20	40.23	34.99	23.59	2.58	2.61	2.63	2.67	2.67

Calculations based on previous session. Data collected 04/13/2017

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	1281.2	1285.5	1288.1	1292.4	1295.0
SIK7	COMEX Silver	18.319	18.414	18.509	18.604	18.700
PLAN7	COMEX Platinum	966.67	971.65	976.37	981.34	986.07
CPAK7	COMEX Copper	2.51	2.54	2.56	2.59	2.61

Calculations based on previous session. Data collected 04/13/2017

Data sources can & do produce bad ticks. Verify before use.

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*