



## DAILY METALS COMMENTARY Tuesday April 18, 2017

### PRECIOUS METALS COMMENTARY

04/18/17

**A slight corrective tilt to start today**

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

**GOLD -4.00, SILVER -12.40, PLATINUM -4.20**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were weaker overnight off ongoing Korean concerns, fears of political issues in the UK (a snap election) and France (upcoming National Election). The US trading session will present new residential construction in the form of housing starts and building permits. Building permits are expected to edge higher by 2.5% and housing starts are expected to have declined by nearly 4%. The market will also see Canadian investment in nonresidential construction and Canadian international transactions in securities. The main event of the trading session is likely to be US industrial production and capacity utilization both of which are expected to have ticked higher. Earnings reports of note today include Johnson & Johnson, Bank of America, Charles Schwab and Goldman Sachs.



### GOLD / SILVER

While gold and silver showed ongoing strength to start the trading week yesterday, overall technical action was not that favorable to the bulls' case. Granted a long list of geopolitical issues remain in the headlines this week, but there doesn't appear to be a fresh incident to add markedly to recent gains in gold and silver. The prospect of even more dollar declines ahead could provide a cushion against a developing overbought condition in the precious metals. However, traders should remember that silver is the most overbought of the metals complex given the record spec and fund net long reading from the positioning reports last week. While we fret over the technical condition of these markets, it is difficult to suggest calm will prevail in the current geopolitical landscape. It is also possible that an extension of weakness in the dollar will set the stage for at least a temporary probe above \$1300 in June gold this week.

### PLATINUM

With definitive divergence in the PGM complex on Monday yielding a sharp range up extension in platinum and developing weakness in palladium, we think sentiment toward palladium has turned downward which has resulted in unwinding of long palladium/short platinum spread positions. One could suggest that PGM prices will garner some support from weakness in the dollar, residual fears of political backlash toward Russian/Middle East policies and safe haven interest, but the PGM markets have been largely immune to those outside market forces. A critical pivot point in the June palladium contract is seen today at \$786.50, and there might not be much in the way of resistance in July platinum until the \$1005.70 level.

#### TODAY'S MARKET IDEAS:

It is difficult to argue against an extension of the upward bias in the gold market and a possible test of levels above \$1300 in the June gold contract later this week. However reaching a milestone like \$1300 on top of a \$100 one month rally could be cause for a measure of profit-taking. On the other hand there are too many different geopolitical issues to rule out fresh speculative buying of gold early this week. Critical pivot point support in June gold today might be seen at \$1288.30. We do think it is possible that silver has forged an intermediate top and that resistance will thicken around \$18.60.

#### NEW RECOMMENDATIONS:

None.

**PREVIOUS RECOMMENDATIONS:**

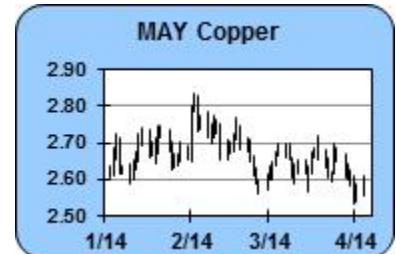
None.

**COPPER COMMENTARY**

04/18/17

**A negative track off risk-off and a firmer Dollar**

**GENERAL:** While the May copper contract showed an impressive extension of last week's bounce's to start the new trading week yesterday, it did appear to run into very thick resistance around the \$2.60 level and it is falling back even further from that level in the early trade today. Apparently news that CME copper stocks were rising in a manner that could point to slack demand was discounted by the trade in favor of very strong Chinese economic news over the last weekend and news of a large weekly decline in Shanghai copper stocks at the end of last week. While the market did see a decline in Kazakhstan's copper output in the first quarter, the copper market this week might take most of its direction from the ebb and flow of geopolitical events and their potential impact on copper demand expectations. However, the market this morning is showing signs of fresh weakness in the wake of risk-off sentiment flowing from world equity markets.



**MARKET IDEAS:**

It is possible that May copper's slide into last week's lows has leveled its net spec and fund long enough to increase the odds that recent lows were some form of value zone. In fact it is usually very constructive for copper prices to see favorable Chinese economic data, but that news has been largely offset by troublesome political issues flowing from Europe and the UK. While we can't rule out a dip back toward \$2.5375 we also think that copper prices are in for a bit of two-sided chop.

**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) 04/18/2017: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 1302.5. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1293.3 and 1302.5, while 1st support hits today at 1279.1 and below there at 1274.0.

COMEX SILVER (MAY) 04/18/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 18.751. The next area of resistance is around 18.562 and 18.751, while 1st support hits today at 18.278 and below there at 18.182.

COMEX PLATINUM (JUL) 04/18/2017: The market now above the 60-day moving average suggests the longer-

term trend has turned up. The upside crossover of the 9 and 18 bar moving average is a positive signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 1003.05. The next area of resistance is around 995.70 and 1003.05, while 1st support hits today at 978.30 and below there at 968.25.

COMEX COPPER (MAY) 04/18/2017: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 2.54. The next area of resistance is around 2.62 and 2.64, while 1st support hits today at 2.57 and below there at 2.54.

## 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	1286.2	74.57	70.24	77.32	81.04	1281.75	1266.49	1260.03	1243.84	1237.40
SIAM7	18.420	63.22	61.91	76.23	76.24	18.37	18.26	18.14	17.90	17.78
PLAN7	987.00	66.23	59.98	54.72	71.50	976.48	965.72	963.98	979.07	984.73
CPAK7	2.59	44.38	44.78	32.64	27.53	2.58	2.61	2.63	2.66	2.67

Calculations based on previous session. Data collected 04/17/2017

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	1273.9	1279.0	1288.2	1293.3	1302.5
SIAM7	COMEX Silver	18.181	18.277	18.466	18.562	18.751
PLAN7	COMEX Platinum	968.25	978.30	985.65	995.70	1003.05
CPAK7	COMEX Copper	2.53	2.56	2.59	2.62	2.64

Calculations based on previous session. Data collected 04/17/2017

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