



DAILY METALS COMMENTARY Monday April 24, 2017

PRECIOUS METALS COMMENTARY

04/24/17

French election results reduce safe haven interest and spark a selloff.

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -16.10, SILVER -7.60, PLATINUM -7.30

OUTSIDE MARKET DEVELOPMENTS: The main event for markets today and early this week occurred on Sunday with the first round of the French Presidential Election. What could have potentially been a market-shaking risk event appears to have run to form as centrist Emmanuel Macron and the National Front's Marine Le Pen were the two qualifiers for the second (and final) round of voting on May 7th. Given that most other candidates and parties are likely to shift their support to Macron, this provided a sizable amount of relief for global risk anxiety and caused the Eurocurrency to have a sharp rally versus the Dollar and versus the Yen. Asian equities were mostly higher with the Nikkei leading the way due to a weaker Yen, but Chinese shares were a notable exception as the Shanghai Composite posted a sizable loss (down 1.4%) on fears of increased regulation and a tightening of leverage. The latest German IFO survey came in slightly better than forecast, which has strengthened sizable gains by European equities with the French CAC-40 up by more than 4% early on. The North American session will start out with the Chicago Fed's March national activity index which is forecast to see a modest downtick from February's 0.34 reading. February Canadian wholesales sales are expected to have a sizable downtick from January's 3.3% monthly reading and fall into negative territory. The Dallas Fed's April manufacturing business index is forecast to see a modest downtick from March's 16.9 reading. Minneapolis Fed President Kashkari will speak during afternoon US trading hours.



GOLD / SILVER

Safe haven support to the precious metals was dealt a blow last night with the more moderate Emmanuel Macron edging out nationalist Marine LePen in the French election. Those two will face each other in a runoff, but Macron's pro-EU stance has allowed traders to breathe a sigh of relief, sending stock markets and the euro sharply higher. June gold gapped lower overnight, rejecting a two-day rally from the end of last week. With the sharp gains in the euro, the US dollar was off sharply, trading to its lowest level since March 27th and second-lowest since November 11th. This weakness could keep some of the pressure off gold and silver in the coming trading sessions. Silver was also off sharply on the election results, continuing last week's selloff and trading to its lowest level since March 24th. We will suggest that gold and silver prices could continue to diverge, as gold is definitively safe-haven oriented while silver is mostly oriented toward classic commodity fundamentals. With the Commitments of Traders Futures and Options report as of April 18th for Gold showing Non-Commercial and Non-reportable combined traders holding a net long position of 215,325 contracts (an increase of 23,178 contracts on the week), we are concerned the market is burning a lot of fuel without really seeing results. Silver showed Non-Commercial and Non-reportable combined traders holding a net long position of 118,943 contracts, a new record spec long. Gold holdings at the end of last week showed an inflow of one half of 1%.

PLATINUM

The PGM sector continues to show divergent price action, and we suspect that palladium will continue to outperform platinum over the coming week, as its charts are more impressive and the threat against supply is greater in palladium because of recent Russian aggression on two different geopolitical fronts. The PGM metals have at times acted like classic commodities in that prices have weakened in the face of risk-off/economic slowing fears. While we give the edge to the bull camp to start this week, the risk of being long is moderate and the reward might not be that significant. The Commitments of Traders Futures and Options report as of April 18th for Platinum showed Non-Commercial and Non-reportable combined traders holding a net long position of 34,664

contracts, increase of 4,061 contracts on the week. For Palladium, Non-Commercial and Non-reportable combined traders held a net long position of 19,194 contracts, a decrease of 2,088.

TODAY'S MARKET IDEAS:

The French election results have taken gold prices well below their recent consolidation zone, but while risk anxiety has been soothed, the election is by no means the only near-term risk event for the market to focus on. June gold bounce off its 200-day moving average at \$1,266.00 overnight, and that could be a key support today. Another support area, \$1,262.90, comes in just below there. A break below there could set the market up for a more significant decline. May silver should find some benefit from improved risk sentiment, but it will have problems shaking off carryover pressure from gold. Initial support come is at \$17.625, followed by \$17.292.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

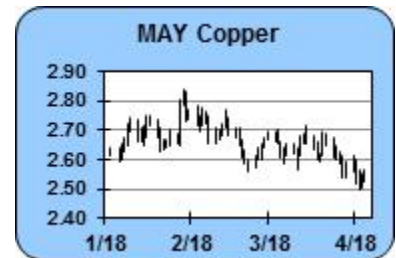
Long July gold \$1,300 call from \$19.00 with an objective of \$46.00. * Use a stop at \$9.00.

COPPER COMMENTARY

04/24/17

Finding moderate support from stronger risk sentiment

GENERAL: Copper is clearly benefiting from stronger risk appetites coming out of the weekend, but its gains have been subdued after Chinese equities came under pressure during Monday's trading. While May copper managed a temporary bounce at the end of last week that has been extended to a four session high early today, the market has been unable to hold onto early gains for a second session in a row. The bear camp will suggest US economic data has been mixed recently, with US manufacturing information soft at the end of last week but US existing home sales coming in strong. The copper market should draft some support going forward from a large decline in Shanghai copper stocks at the end of last week and perhaps from a revival of US tax reform efforts. However, the biggest issue facing the copper trade this week might be fresh labor problems at Freeport's Grasberg mine, as a strike is in place and the company is expected to punish workers not showing up for work. The Commitments of Traders Futures and Options report as of April 18th for Copper showed Non-Commercial and Non-reportable combined traders holding a net long position of 18,642 contracts, a decrease of 11,599 contracts on the week.



MARKET IDEAS:

The copper market is hemmed into a range between \$2.50 and \$2.60, but from a longer term perspective, it has been in downtrend since the beginning of February. With a somewhat slack demand outlook and negative chart action, the bull camp has to be happy that the spec and fund net long has been reduced to just 18,642 contracts. A critical bull/bear line in May copper is seen at \$2.5290, but to turn the tide away from the bear camp, it probably requires a trade early this week back above \$2.5830.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

Commitment of Traders - Futures and Options - 4/11/2017 - 4/18/2017						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	16,314	-9,552	-18,642	+11,598	2,328	-2,047

Gold	200,343	+23,212	-215,325	-23,178	14,982	-34
Palladium	18,730	-1,912	-19,193	+2,088	464	-176
Platinum	29,390	+3,299	-34,663	-4,061	5,274	+762
Silver	105,462	-1,541	-118,943	-2,473	13,481	+4,015

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) 04/24/2017: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive 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 objective is 1275.9. The next area of resistance is around 1291.8 and 1296.0, while 1st support hits today at 1281.8 and below there at 1275.9.

COMEX SILVER (MAY) 04/24/2017: A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 17.672. The next area of resistance is around 18.027 and 18.141, while 1st support hits today at 17.793 and below there at 17.672.

COMEX PLATINUM (JUL) 04/24/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 989.60. The next area of resistance is around 981.20 and 989.60, while 1st support hits today at 969.20 and below there at 965.60.

COMEX COPPER (MAY) 04/24/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 2.51. The next area of resistance is around 2.56 and 2.58, while 1st support hits today at 2.53 and below there at 2.51.

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	1286.8	67.58	66.43	81.42	80.43	1287.03	1281.63	1267.83	1248.75	1242.42
SIK7	17.910	40.07	46.21	57.78	41.97	18.09	18.21	18.22	17.91	17.84
PLAN7	975.20	53.14	51.99	67.07	69.91	976.33	972.36	965.56	976.13	983.83
CPAK7	2.54	38.15	40.08	23.30	22.26	2.54	2.56	2.61	2.64	2.66

Calculations based on previous session. Data collected 04/21/2017

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	1275.8	1281.7	1285.9	1291.8	1296.0
SIK7	COMEX Silver	17.671	17.792	17.906	18.027	18.141
PLAN7	COMEX Platinum	965.60	969.20	977.60	981.20	989.60
CPAK7	COMEX Copper	2.50	2.52	2.54	2.56	2.58

Calculations based on previous session. Data collected 04/21/2017
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