



DAILY METALS COMMENTARY Friday November 25, 2016

PRECIOUS METALS COMMENTARY

11/25/16

The overall path of least resistance remains down

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -1.40, SILVER +4.40, PLATINUM -21.00

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with Asian and Pacific Rim markets higher and European markets under modest pressure. Overnight the UK posted somewhat anemic 3rd quarter GDP results while Poland posted unchanged unemployment results. French Consumer confidence was also unchanged in the wake of comments from the ECB that the Trump win was a threat to trade. The only other significant development overnight was a fresh 10 month high in the Nikkei off upbeat hopes for rising exports in the wake of the sharp declines in the Yen. The US economic report slate today starts with US Flash services PMI which is expected to show some minor decay. The US trading session will also see an Advance Economic Indicators Report due out at 7:30 cst. Late in the trading session there will be Foreign Central Bank holdings and Discount Window Borrowings report sweep.



GOLD / SILVER

The outlook for gold is negative to start today even though the market was able to reject the brunt of a significant range down washout overnight. We have to wonder if talk of possible limits on individual gold holdings in India (as part of the "Battle Against Black Money") prompted a portion of the steep washout in prices. Another issue that might have lent some pressure to gold prices overnight is talk that gold investors and traders might be up against an ongoing wave of investor/fund liquidation as ongoing sharp losses in November is spooking both intermediate and longer term investors. While the Dollar is weaker this morning there is residual fear of renewed gains in the Dollar as Treasuries continue to price in a December hike and some players are even suggesting that the Dollar is catching some lift from the Trump optimism. In conclusion fresh damage on the charts and declining open interest in futures suggests to us that long liquidation is set to remain in place even if the extremely oversold short term technical condition might result in temporary respect of the \$1,175 level in February gold. December silver also fell early but it has forged a quasi-double bottom low at \$16.15. An issue that might provide some minimal support to silver is news that Chinese October silver imports jumped by 24%.

PLATINUM

Like gold the platinum market is starting the Friday session off under pressure with a fresh downside breakout and new low for the move. Apparently the ongoing slide in gold prices is having a spillover influence on the PGM complex and some of that slide might be the result of lingering fears of a US December rate hike. It would not seem like platinum or palladium are benefiting from news that Chinese October imports rose by 16% and 8% respectively. Even the palladium market (which has been very strong) has shown several trading sessions of sideways to lower action and that hints at a top. Near term critical chart support in December palladium is seen at \$723.70, with up-trend channel support off the November lows seen at \$713.

TODAY'S MARKET IDEAS:

We can't call an end to the washout track in gold and silver but we would suggest that the markets might have overreacted on the downside this morning. In fact, in the face of the November slide in gold prices, open interest in futures has now declined by 82,000 contracts and perhaps that will slow the selling! At least in the shortened trade today we see initial but pivot point support at \$1,184.00 with double-low support in December silver seen at \$16.15.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

none.

COPPER COMMENTARY

11/25/16

The market continues to defy gravity to rise sharply

GENERAL: Despite an overnight rise in LME copper stocks December copper has forged yet another significant range up extension spike on the charts. In fact, the rally overnight is even more surprising when one considers that Shanghai weekly copper stocks jumped for the second week in a row by a significant amount of 9,525 tons. Even more shocking is the fact that copper prices are managing the gains this morning in the face of the revelation of a 44% decline in Chinese October refined copper imports. Chinese October scrap copper imports were also down nearly 20% and therefore it is clear that cyclical/fund buying of copper is driving copper and supply is not the focus of the trade.



MARKET IDEAS:

With the amount of negative Chinese copper news overnight, rising copper exchange stocks and an exploding technical overbought condition we have to warn fresh buyers of buying copper against what could be a massive risk. Critical pivot point support in December copper moves up to \$2.6250 and resistance to start today is seen up at \$2.70.

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 (DEC) 11/25/2016: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 1159.7. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 1205.0 and 1226.6, while 1st support hits today at 1171.6 and below there at 1159.7.

COMEX SILVER (DEC) 11/25/2016: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is 15.833. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 16.650 and 16.972, while 1st support hits today at 16.080 and below there at 15.833.

COMEX PLATINUM (JAN) 11/25/2016: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication

the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 905.48. The next area of resistance is around 947.34 and 960.87, while 1st support hits today at 919.65 and below there at 905.48.

COMEX COPPER (DEC) 11/25/2016: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 2.69. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2.66 and 2.69, while 1st support hits today at 2.57 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										
GCAZ6	1188.3	16.40	22.50	8.91	6.25	1204.50	1214.37	1250.01	1269.82	1284.12
SIAZ6	16.365	27.04	31.27	13.62	8.53	16.54	16.80	17.58	17.90	18.25
PLAF7	933.50	37.44	38.77	22.78	18.85	933.15	937.30	967.13	974.52	994.78
CPAZ6	2.61	79.41	77.84	62.81	64.40	2.53	2.51	2.42	2.26	2.22

Calculations based on previous session. Data collected 11/23/2016
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						
GCAZ6	COMEX Gold	1159.6	1171.5	1193.1	1205.0	1226.6
SIAZ6	COMEX Silver	15.832	16.080	16.402	16.650	16.972
PLAF7	COMEX Platinum	905.47	919.64	933.17	947.34	960.87
CPAZ6	COMEX Copper	2.48	2.56	2.59	2.66	2.69

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