

## PRECIOUS METALS COMMENTARY

04/04/18

**World trade anxiety returns the bulls regain full control**

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

**GOLD** +9.60, **SILVER** +4.30, **PLATINUM** -7.50

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were sharply lower in response to the latest tariff wave from China. However, the TOPIX, Nikkei and All Ordinaries did manage positive traction in a sea of red and that might give credence to some predictions that the US/Chinese trade conflict might not derail the world economy. With the latest Chinese tariff levied against soybeans, airplanes, cars and chemicals the potential impact (the tariffs at this point are merely proposed for future implementation) on US exports is broadening. Overnight the markets were presented with a softer Russian PMI services reading, a decline in the Italian unemployment rate and a much weaker than expected UK PMI construction result. Also released overnight were an as expected euro zone flash inflation measure and euro zone unemployment rate readings that ticked up slightly from the prior month. The North American session will start out with a weekly private survey of mortgage applications, followed by the March ADP employment survey which is expected to have a moderate decline from February's 235,000 reading. March readings for the Markit US services PMI and Markit US composite PMI are forecast to hold steady with their previous readings. February factory orders are expected to have a sizable increase from January's -1.7% decline and climb into positive territory. The March ISM non-manufacturing index is forecast to have a modest decline from February's 59.5 reading. St. Louis Fed President Bullard will speak during morning US trading hours while Cleveland Fed President Mester will speak during the afternoon. Earnings announcements will include Lennar, Acuity Brands and CarMax before the Wall Street opening.



## GOLD / SILVER

The fortunes of gold and silver continued to shift back and forth following a quicker than expected Chinese tariff retaliation notice overnight. Obviously the latest escalation in the "tariff war" has rekindled safe haven buying interest in gold and silver with gold in the early going reaching up to a critical pivot point of \$1,350 on the charts. With the initial Chinese tariff wave only resulting in \$3 billion worth of trade targeted, the latest wave by China raises the tariff tally to \$53 billion versus the US tariff tally on China of \$50 billion. With the markets already expecting the Trump administration to make its second wave of tariff announcements this week the Chinese move has basically preempted the next US move and would seem to fan tensions in the process. Furthermore with the aggressive Chinese response we suspect the Trump administration will roll out its counterpunch quickly. In addition to additional tariffs the US might offer up regulations and penalties for intellectual-property rights violations by Chinese entities. The gains in gold and silver are probably held back slightly because of weakness in

\*\*\* 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 The Hightower Report is strictly prohibited.

# The Hightower Report

Futures Analysis & Forecasting

the dollar is measured early on and the index remains within the prior session's trading range. While the gold market has not paid much attention to classic physical demand news lately the trade has seen headlines this week of improved Indian wedding/festival gold demand and higher Australian Perth Mint gold sales in March.

## PLATINUM

While both platinum and palladium are under pressure to start today the palladium market has suffered more damage on its charts. Clearly the PGM complex is fearful of a disruption/tempering of physical demand from the trade situation as those fears have clearly offset the potential safe haven buying interest of PGM metals. Clearly much stronger than expected US vehicle sales yesterday and news of a South African mine closure has provided little support to prices and that hints at ongoing declines in platinum and palladium prices. Apparently a bus transporting South African miners was attacked with a petrol bomb, and the attack resulted in the deaths of six people and injured 40. While the details of the attack are unknown, the trade is aware of a battle between two mining unions and therefore more attacks and possible disruptions to output are possible ahead. While one has to be careful accepting this morning's action as a trend, the lack of safe haven buying and positive chart action in the PGM markets from the overnight events leaves the bias in the Bears favor. Initial support in July platinum is seen at \$923.80 but the downside breakout and lowest price since last October in palladium leaves little in the way of support until \$919.90.

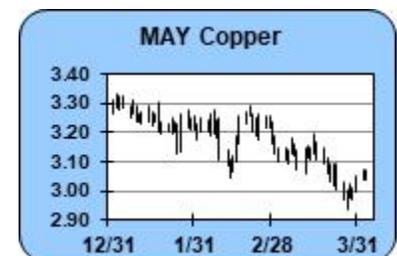
**MARKET IDEAS:** With gold and silver prices snapping back from a sharp compacted slide yesterday the sellers could be forced to the sidelines in greater numbers ahead especially if the \$1350 level is taken out early and US equities open weaker than rather dire early projections. With the Chinese seemingly preempting the Trump administration on the second round of tariffs that should make the US response "quicker" and perhaps more aggressive. Therefore the path of least resistance is up and resistance levels of \$1352.20 and \$1356.30 could be usurped easily. Support in June gold moves up to \$1342.60 but traders should expect a noted expansion in two-sided volatility directly ahead.

## COPPER COMMENTARY

04/04/18

**Trade war fears are becoming more concrete**

**GENERAL:** With the May copper contract yesterday merely forging an inside day and the market unable to make a higher high, the sharp reversal and failure early today is not surprising from a technical perspective. While the copper market managed to discount the evolving trade war between the US and China for five trading sessions the latest tariff wave from China has finally broken the back of the bull camp. In fact projections of a 400 point lower Dow opening and



\*\*\* 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 The Hightower Report is strictly prohibited.

141 W. Jackson Blvd. Suite 4002

Chicago, IL 60604

(800) 662-9346

<https://www.hightowerreport.com/>

## The Hightower Report

*Futures Analysis & Forecasting*

Chinese tariffs on industrial items like autos and planes hit much closer to physical demand for copper and that should mean a slide below \$3.00 in May copper. With the extremely negative demand headlines facing the trade today the 4,950 ton decline in daily LME copper warehouse stocks is largely ignored. While the market could have drafted some support from news of a mine closure in Chile due to environmental problems yesterday, we suspect that prices will now correlate tightly with global equities.

**MARKET IDEAS:** With copper prices into the high this week trading nearly \$0.10 above the late March low that should mean the market was trending toward a short-term technically overbought condition and that condition is now compounded by the significant deterioration of fundamentals. While May copper might see some brief support from the even number \$3.00 level, we see a very quick return to recent consolidation low support down at \$2.9685.

## The Hightower Report

*Futures Analysis & Forecasting*

### The Hightower Report's Daily Commentary

***The most comprehensive daily coverage of commodity markets available!***

Individual traders, brokers and managers traders look to The Hightower Report to help them navigate today's complex markets. Get a look ahead to the day's trade, with the latest fundamental data, support and resistance levels and trade suggestions.

- **Grains, Livestock, Financials, Metals, Energy and Soft Commodities**
- **Fundamentally**-based analysis combined with classic technical analysis.
- **Trade Strategies** – When our analysts see an opportunity, they will let you know! Our trade suggestions have clearly stated objectives and risk levels.
- **Options** –Trade suggestions often include strategies that use options, either alone or in combination with futures.

***Prices start at \$35/month***

**[Click here for a FREE TRIAL](#)** of The Hightower Report's Daily Comments and Weekly Market Letter.

\*\*\* 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 The Hightower Report is strictly prohibited.