

The Hightower Report

Futures Analysis & Forecasting

PRECIOUS METALS COMMENTARY

03/15/18

A slightly negative bias in gold to start today

OVERNIGHT CHANGES THROUGH 3:15 AM (CT):

GOLD -1.60, **SILVER** -1.70, **PLATINUM** -0.10



OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher with the Australian, Russian and Spanish markets weaker. Economic readings released early this morning included French CPI which was flat with year-over-year comparisons showing a slightly softer reading than last month. The Swiss National Bank will announce the result of their latest monetary policy meeting, with the market expecting no changes to rates or policy. The North American session will start out with a weekly reading on initial jobless claims that is forecast to have a modest decline from the previous 231,000 reading. The New York Fed's March Empire State manufacturing survey is expected to see a moderate uptick from February's 13.1 reading. February readings for the import price index and export price index are forecast to see moderate declines from their January readings. The March Philly Fed manufacturing survey is expected to have a moderate decline from February's 25.8 reading. The March NAHB housing market index is forecast to have a minimal downtick from February's 72 reading. The January Treasury International Capital (TIC) report will be released during afternoon US trading hours, and may receive additional attention in the wake of increased trade tensions. Earnings announcements will include Dollar General and ADT before the Wall Street opening while Adobe Systems and Broadcom report after the close.

GOLD / SILVER

At least in the early going today the gold market is showing some weakness as it has flirted with the prior session's low. Once again the dollar is positive but only minimally so and therefore the net impact on gold from currency is probably limited in the early going. While the gold market is likely trading the potential for a trade war and it is watching dollar action closely, it is possible that the market is finding some support from news that gold imports into Turkey last year hit a new record high of 370 tons. In fact the Turkish gold imports in 2017 were more than three times the import tally seen in 2016. Unfortunately the gold market has not focused too much on physical demand news lately and instead remains primarily focused on outside market action and developments. With US PPI readings yesterday discouraging and US retail sales results hinting at more deflation than reflation, the gold market is facing some slight headwinds from the economic front. Pushed into the market we give the bear camp a slight edge today with the prior session's low at \$1321.70 a potentially important support point in the early going today.

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PLATINUM

The platinum market did make a higher high for the move yesterday, but rejected even numbers at \$975, it also injured its charts yesterday and more importantly in the early action today the market has extended the negative technical bias. Like the platinum market, the palladium market also forged a noted upside breakout and rejected that move yesterday in a fashion that seems to be indicative of a blow off top. However the palladium market has spent most of the early action today in positive territory and might be showing some form of value around the \$984.75 level. While the Chinese economic data earlier this week should have supported improved PGM demand hopes, the trade apparently is more concerned about the trade situation tripping up the global economy and ultimately pulling down PGM demand. In the near term the PGM markets need positive equity market, but minimal gains in the dollar and spillover pressure from gold leaves both platinum and palladium at risk of falling back to their March lows directly ahead.

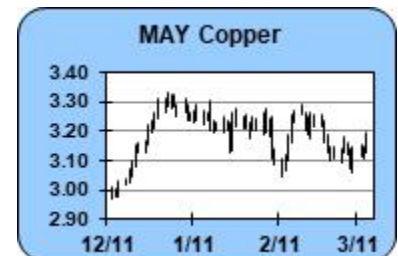
MARKET IDEAS: Without a fresh concerning salvo from the US/Chinese trade situation, the gold and silver markets will have to fight against slow erosive action on their charts. In fact the potential for a trading range between \$1,327 and \$1,315 in April gold looms large but we favor the lower end of that trading range directly ahead. Uptrend channel support in April gold today is seen at \$1,316.35. Uptrend channel support in May silver is seen close in today at \$16.40.

COPPER COMMENTARY

03/15/18

The bears regain a slight measure of control today

GENERAL: As has been the case for the last several years, positive Chinese economic news has typically served to lift copper prices aggressively. However the May copper contract was unable to hold the sharp range up extension and retest of the vicinity of \$3.20 yesterday but positive equity market action this morning might provide some cushion early on. We do think that positive Chinese economic data influences/improved demand hopes will slip to the background while the possibility of fresh and concerning US/Chinese trade salvos will probably leave the copper market vulnerable to a return to the \$3.10 level. While the copper market has not derived definitive support from production concerns in Chile due to an upcoming labor contract negotiation that potentially supportive situation has been dashed by news that the talks on a new deal would begin "early".



MARKET IDEAS: We see the May copper contract waffling within a \$3.20 to \$3.10 trading range with a slight edge given to the bear camp because of the likelihood that tariff wrangling will remain in the headlines. A possible

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pivot/support level today is seen at \$3.1265 with an upside pivot point seen at \$3.1780.

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