



PRECIOUS METALS COMMENTARY
5/2/2024

The onus is on the bull camp to prove prices can hold up

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +5.70, SILVER -0.01, PLATINUM +1.05

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were evenly mixed between winners and losers. Clearly, the markets managed to spin yesterday's Fed meeting results into a positive by discounting the Fed's statement that "progress on inflation had stalled" and instead the trade embraced relief that the Fed was not looking at further rate increases to rekindle progress on inflation. Critical economic news released overnight included a contraction in New Zealand building permits, a smaller than expected gain in Australian building permits, softer Australian trade figures, softer than expected Japanese consumer confidence, higher-than-expected Swiss consumer price readings for April, stronger-than-expected Spanish manufacturing PMI, better than expected French, German, and euro zone HCOB manufacturing PMI readings for April, disappointing Italian HCOB manufacturing PMI and a contraction in Italian producer price index readings for March. The North American session will start out with the April Challenger job cut survey followed by a weekly reading on initial jobless claims which are expected to have a mild uptick from the previous 207,000 reading. Ongoing jobless claims are forecast to have a moderate weekly increase from the previous 1.781 million reading. The March US international trade balance is expected to have a minimal increase from February's \$68.9 billion monthly deficit. March Canadian international merchandise trade is forecast to have a mild uptick from February's monthly surplus. First quarter non-farm productivity is expected to have a sizable downtick from the previous 3.2% reading. First quarter unit labor costs are forecast to have a sizable increase from the previous 0.4% reading. March factory orders are expected to have a modest uptick from February's 1.4% reading. April US vehicle sales are forecast to have a mild uptick from March's 15.5 million annualized rate. Earnings announcements will include ConocoPhillips, Southern Company, Intercontinental Exchange, and Zoetis before the Wall Street opening while Apple, Amgen and Booking Holdings report after the close.



MARKET FUNDAMENTALS: With the gold and silver markets spiking higher following the Fed policy decision and press conference, the bulls showed some control as the trade was able to discount disappointment over another delay in cutting rates and instead embraced relief that the Fed was not in a mode to consider rate hikes! However, given a significant jump in ISM Manufacturing prices-paid earlier this week that should be seen as a sign that inflation lives on in various sectors of the economy. Unfortunately for the bull camp we think that "dovish spin" will have a short shelf life, especially if today's US unit labor costs report matches expectations of a gain of 3.2% compared to last month's gain of 0.4%. In other words, the trade is seeing evidence of lingering inflation from the jobs sector as evidenced by the recent Employment Cost Index report jump yesterday. Fortunately for the bull camp, the dollar has been unable to sustain gains from bullish developments and has displayed disappointing chart action despite two consecutive higher high moves. However, both gold and silver could see selling rekindled if today's US unit labor costs report comes in as expected, initial claims fall near 200,000 and or nonfarm productivity weakens. In conclusion, yesterday's recovery was a relief rally and not a reversal of the near-term trend. On the other hand, news from the World Gold Council that first-quarter gold demand was the strongest in eight years should help gold find value after more declines. Another supportive development from the World Gold Council data earlier this week was confirmation that the Indian central bank purchased of 19 tons of gold in the March quarter which surpassed the 2023 full year Indian central bank purchases. On the other hand, the World Gold Council thinks record high gold prices, and a strong US dollar could reduce Indian gold demand directly ahead to 4 year lows. Unfortunately for the bull camp without persistent respect of \$2,300 in the days

ahead, the attempt to bottom could be lost. In our opinion, the gold and silver markets yesterday will see some support from a return of flight to quality interest following hawkish comments from the Israelis suggesting they would continue their plans to attack/invoke a southern Gaza city regardless of the Hamas response to the cease-fire offering.

TODAY'S MARKET IDEAS:

While a portion of the definitively bearish chart set up this week was tempered by the ability of June gold to reject a new low for the move and recover \$40 within the session yesterday. However, with both inflation and jobs data rife over the next two sessions, market control could go in either direction. However, the bear should rule if a positive growth consensus signal is seen from US jobs or unit labor cost data shows inflation. Nonetheless, the edge sits with the bear camp, especially if claims come in lower than expected and the US Unit Labor Costs reading for the first quarter soars as expected. Key support in the gold market today is \$2304.60 and to respect that level requires signs of economic weakening and lower wage pressures.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

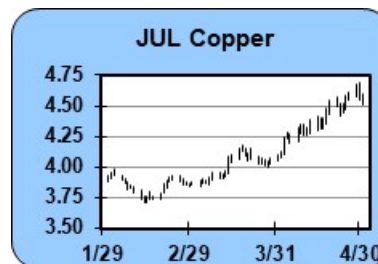
None.

COPPER COMMENTARY

5/2/2024

Bearish charts and a bearish shift in Chinese strategy

GENERAL: As indicated in other coverage today the markets surprisingly managed to "shape" yesterday's US central bank dialogue into a positive for commodities and equities by embracing relief that the Fed was not considering rate hikes! Fortunately for the bull camp, the International Copper Study Group reduced their latest copper surplus forecast and noted their ongoing long-term fear of production issues. However, fear of oversupply is still a prospect given the international Copper Study Group was still expecting a 2024 surplus of 162,000 tonnes. In a fresh and potential major bearish development, Chinese copper producers are reportedly planning to export 100,000 tonnes of copper which would likely overwhelm the world market temporarily and potentially change the paradigm of the current copper market. In fact, Bloomberg heat map signals have shifted bearish off bearish Chinese import arbitrage conditions arising from the recent explosion in spot prices.



MARKET IDEAS:

We think the path of least resistance has shifted down with the threat of significant Chinese copper exports a major threat to a definitively overbought spec and fund positioning following a massive three month rally of \$1.50. Selling resistance in July copper for aggressive traders today is \$4.5420 and at \$4.5495 for conservative traders.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

METALS TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear

elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

COMEX GOLD (JUN) 05/02/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 2273.0. The next area of resistance is around 2349.9 and 2368.6, while 1st support hits today at 2302.1 and below there at 2273.0.

COMEX SILVER (JUL) 05/02/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative 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 now at 26.160. The next area of resistance is around 27.260 and 27.620, while 1st support hits today at 26.530 and below there at 26.160.

COMEX PLATINUM (JUL) 05/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 983.82. The next area of resistance is around 973.25 and 983.82, while 1st support hits today at 947.15 and below there at 931.63.

COMEX COPPER (JUL) 05/02/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 4.48. The next area of resistance is around 4.60 and 4.64, while 1st support hits today at 4.53 and below there at 4.48.

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										
GCEM24	2326.0	47.15	51.99	32.62	23.20	2330.15	2341.96	2360.06	2265.80	2212.77
SIEN24	26.895	38.36	46.29	27.41	16.52	27.19	27.59	28.06	26.31	25.52
PLAN24	960.20	57.01	54.87	30.25	36.28	948.00	936.24	956.43	936.94	929.16
CPAN24	4.56	63.69	66.19	82.98	78.33	4.60	4.54	4.44	4.20	4.10
PAAM24	948.60	33.29	38.79	15.62	12.03	960.80	989.14	1018.99	1015.96	997.24

Calculations based on previous session. Data collected 05/01/2024

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						
GCEM24	COMEX Gold	2273.0	2302.1	2320.8	2349.9	2368.6
SIEN24	COMEX Silver	26.160	26.530	26.890	27.260	27.620
PLAN24	COMEX Platinum	931.62	947.15	957.72	973.25	983.82
CPAN24	COMEX Copper	4.47	4.52	4.56	4.60	4.64
PAAM24	COMEX Palladium	931.55	940.09	948.55	957.09	965.55

Calculations based on previous session. Data collected 05/01/2024

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