



PRECIOUS METALS COMMENTARY

5/3/2024

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

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -0.40, SILVER +0.00, PLATINUM +1.04

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher while Japanese and Chinese markets traded lower. Critical economic news released overnight included a softer than expected Australian Bank composite PMI reading, a softer than expected Australian bank services PMI reading, a significant jump in Australian home loans in March, a much stronger-than-expected Australian investment lending for homes tally for March, an expansion of the French budget deficit, a contraction in French industrial output for March, a notable downtick in Italian unemployment March, and better than expected GBP S&P global/CIPS composite, an as expected euro zone unemployment rate for March, and services PMI readings for April. The North American session will start out with the highlight for global markets, the April US employment situation report. April non-farm payrolls are expected to come in around 240,000 which compares to March's 303,000 reading. April US unemployment is forecast to hold steady at a 3.8% reading while April average hourly earnings are expected to hold steady with March's 4.1% year-over-year rate. The April ISM services index is forecast to have a mild uptick from March's 51.4 reading. New York Fed President Williams and Chicago Fed President Goolsbee will speak during late afternoon US trading hours. Earnings announcements will include Hershey and Cheniere Energy before the Wall Street opening.



MARKET FUNDAMENTALS: With a downside breakout in the dollar index overnight to the lowest level since April 12th, a portion of the bear camp should be discouraged. However, gold has clearly established a pattern of lower highs and remains within the lower quarter of the range of the last 30 days in a fashion that favors the bear camp. Furthermore, gold ETF holdings yesterday declined by a VERY significant 193,328 ounces for a 0.2% daily decline, with silver ETF holdings declining by 4.3 million ounces in the last two days! In retrospect, we were surprised with the markets managing to spin this week's Fed news into a positive by embracing relief that the Fed was not poised to "hike rates" especially after numerous second and third tier US inflation readings remained hot and the Fed specifically indicating "progress on inflation had stalled". Certainly, notable declines in the dollar will serve to increase the odds June gold will respect \$2300 and might help July silver respect a recent double low around \$26.52, but the trade has temporarily seen flight to quality issues go quiet. So far, widespread, and sometimes violent protests in favor of Hamas at US universities has added light flight to quality interest but that issue has not become an important feature of the daily gold and silver trade yet. In fact, today's focus will likely hinge on the US monthly payroll reading which in turn will impact market perceptions of the direction of US Fed policy and influence the direction of the US dollar trade. Nonfarm payrolls are expected to be moderately lower than last month but still in a healthy growth range. Therefore, the bull camp will need soft US data to respect key support as a strong reading (above 250,000) could shift the pendulum back in favor of a rate hike. On the other hand, it is possible that weakness early in the session will attract bargain hunting buyers later today from those looking to position ahead of a possible weekend flareup in Middle East tensions. However, despite the massive drop in gold and silver prices, the net spec and fund long positions likely remain burdensome and capable of further stop loss selling from violations of key charts support levels.

TODAY'S MARKET IDEAS:

While we leave the edge with the bear camp, gold appears to be building a consolidation low pattern around the \$2,300 level and with a downside breakout in the dollar the prospects of respecting support have increased into

critical US data this morning. Therefore, it goes without saying that the inability to hold consolidation low support at \$2,291.70 could ignite another wave of selling today. On the other hand, speculators might return to the long side on noted weakness in the afternoon trade as they position for a potential Israeli onslaught of the southern city of Rafah over the weekend.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

5/3/2024

Bearish charts & a bearish shift in Chinese producer strategies

GENERAL: In retrospect, the copper market initially managed to take another round of soft Chinese data in stride and in fact posted higher highs afterward. However, a very definitive reversal was forged early this week in a market that was massively overbought in spec and fund categories. While a sustained holiday in China might have allowed a portion of this week's selloff and it is possible Chinese buyers came off the bench on the slide below \$4.50 yesterday, fear of softening Chinese copper demand remains a feature in the trade. We suspect optimism from global equities and a downside breakout in the dollar have also added to the market's rejection of probes below \$4.50 this morning. However, in addition to the net spec and fund long positioning reaching extreme overbought levels, news that Chinese producers may be planning to export 100,000 tonnes of copper certainly added fuel to this week's liquidation pattern and that should remain a residual headwind for copper prices.



MARKET IDEAS:

While we will not rule out additional downside action and a potential retest of \$4.40, we suggest traders shy away from pressing copper prices \$0.35 below this week's high! Even though copper has not tracked tightly with the ebb and flow of US economic data, today's US jobs news is likely to have a temporary and potentially noted impact on the dollar which has been a very supportive element early in the trade. Pushed into the market we favor the bear case on rallies of three or four cents.

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) 05/03/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 2272.0. The next area of resistance is around 2333.3 and 2355.6, while 1st support hits today at 2291.5 and below there at 2272.0.

COMEX SILVER (JUL) 05/03/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside objective is 25.963. The next area of resistance is around 27.290 and 27.582, while 1st support hits today at 26.480 and below there at 25.963.

COMEX PLATINUM (JUL) 05/03/2024: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 981.17. The next area of resistance is around 971.84 and 981.17, while 1st support hits today at 952.55 and below there at 942.58.

COMEX COPPER (JUL) 05/03/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 4.40. The next area of resistance is around 4.56 and 4.63, while 1st support hits today at 4.45 and below there at 4.40.

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	2312.4	43.79	49.38	28.98	21.12	2321.88	2331.93	2357.73	2271.42	2216.85
SIEN24	26.885	37.17	45.55	23.35	16.14	26.97	27.32	27.98	26.40	25.58
PLAN24	962.20	58.11	55.54	33.93	42.33	956.73	937.71	955.46	938.34	929.78
CPAN24	4.50	53.32	58.53	77.34	67.07	4.57	4.54	4.45	4.21	4.11
PAAM24	939.10	29.61	36.26	13.79	11.00	954.53	978.79	1012.48	1015.99	996.85

Calculations based on previous session. Data collected 05/02/2024

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	2272.0	2291.5	2313.8	2333.3	2355.6
SIEN24	COMEX Silver	25.962	26.480	26.772	27.290	27.582
PLAN24	COMEX Platinum	942.57	952.55	961.87	971.84	981.17
CPAN24	COMEX Copper	4.39	4.44	4.51	4.56	4.63
PAAM24	COMEX Palladium	910.67	925.84	937.17	952.34	963.67

Calculations based on previous session. Data collected 05/02/2024

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