



DAILY METALS COMMENTARY Monday May 06, 2024

PRECIOUS METALS COMMENTARY

5/6/2024

The bias has shifted back to the upside

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +19.40, SILVER +0.07, PLATINUM +0.42**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the markets in Japan and Russia. Critical economic news released overnight included as expected Australian TD Securities Inflation for April, a moderate uptick in the New Zealand commodity price index, a significant rebound in Australian ANZ Job Advertisements for April, as expected but softer than the prior month Chinese Caixin Services PMI for April, a smaller than expected decline in Spanish unemployment in April, better than expected Spanish, French, and overall euro zone services PMI readings, better than expected French German and euro zone composite PMI readings for April, softer than expected HCOB Italian and German services PMI readings for April, and a much smaller than expected "contraction" in euro zone producer prices for March. The North American session will not have any major US or Canadian economic numbers. New York Fed President Williams and Richmond Fed President Barkin will speak during morning US trading hours. Earnings announcements will include Vertex Pharmaceuticals, Palantir Technologies and Williams Companies after the Wall Street closing bell.



MARKET FUNDAMENTALS: With relative calm in the Middle East apparently poised to end soon with an Israeli attack of the southern Gaza city of Rafah, it is not surprising to see gold and silver leap higher to start the new week. While overnight news coverage of the markets suggests gold is rising off US rate cut hopes for later this year, we suspect rate cut hopes are a minimal portion of the fuel for this morning's gains. Classic demand signals were present overnight with the Perth mint April gold sales doubled from March sales while silver sales declined to their lowest level since December. Unfortunately for the bull camp, strong Perth mint gold sales were offset by an outflow from gold ETF holdings of 110,591 ounces on Friday and a total outflow last week of 409,098 ounces. Furthermore, silver ETF holdings last week declined by 6.16 million ounces leaving gold and silver holdings down 5.6% and 1% year-to-date respectively. Another flight to quality injection in today's trade came from Russia where Putin ordered the Russian military to practice tactical nuclear weapon scenarios! However, the action in gold last week should discourage the bull camp as the trade was presented with favorable global gold demand readings from the World Gold Council and prices did not initially benefit. However, given the potential for support from outside market impacts and a looming offensive by Israel, traders should avoid sell orders below \$2,370 in June gold and silver traders should avoid sell orders in silver below \$27.90. With June gold into the close Friday trading \$32 above the level where the most recent COT report was measured, the net spec and fund in gold remains burdensome and near the highest levels in two years! The April 30th Commitments of Traders report showed Gold Managed Money traders are net long 167,139 contracts after net selling 9,018 contracts. Non-Commercial & non-reportable traders are net long 253,846 contracts after net buying 1,240 contracts. Similarly, the silver net spec and fund long remains burdensome at the largest level in 26 months. Silver positioning in the Commitments of Traders for the week ending April 30th showed Managed Money traders are net long 33,760 contracts after net selling 6,195 contracts. Non-Commercial & non-reportable traders reduced their net long position by 4,088 contracts to a net long 70,781 contracts. The Commitments of Traders report for the week ending April 30th showed Platinum Managed Money traders are net short 3,808 contracts after net buying 993 contracts. Non-Commercial & non-reportable traders were net long 14,187 contracts after decreasing their long position by 1,486 contracts. The Commitments of Traders report for the week ending April 30th showed Palladium Managed Money traders are net short 11,845 contracts after net selling 2,137 contracts. Non-Commercial & non-reportable traders net sold 1,612 contracts and are now net short 10,742 contracts.

TODAY'S MARKET IDEAS:

While we are hesitant to move into the long side of gold and silver given the markets lack of favorable reaction to a wave of supportive outside market moves late last week, the situation in the Middle East has flared again with Israel apparently planning to attack the southern city of Rafah after ordering civilians to evacuate. Not surprisingly, international aid agencies are warning of mass casualties in the face of an attack of Rafah and are supposedly maneuvering assets to provide humanitarian assistance if the attack is launched. Furthermore, the Russians have decided to announce military training for tactical nuclear weapons deployment in a development that is likely to prompt flight to quality buying from another sector of the precious metal trade. Unfortunately for the bull camps in both gold and silver, the charts were injured last week, and very lofty net spec and fund long positions leave the markets vulnerable to stop loss selling if key support levels are violated. Key support and a failure price in June gold today is \$2,304.60 and at a recent double low in July silver of \$26.915.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

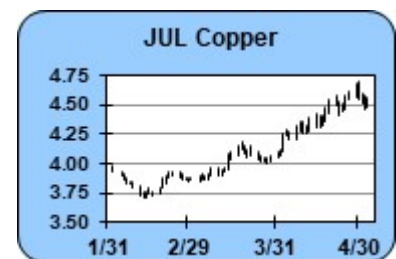
COPPER COMMENTARY

5/6/2024

Last week's reversal up to extend this week

GENERAL: With the reversal/recovery on Friday extended aggressively this morning, the copper trade has found renewed vigor and could test contract highs this week. Apparently, Chinese treatment charges have increased but remain "negative" which seems to imply the reduced smelting capacity in China will remain off-line for now. Reports from China suggest Chinese smelters are turning to local scrap copper which have seen a significant increases in supply in the wake of this year's dramatic appreciation in LME and international prices.

In fact, the explosion in global prices is thought to be drawing out Chinese refined copper exports. Last week the trade estimated Chinese smelters could export 50,000 tons of copper this month. With July copper this morning nearly 7 cents above the level where the last COT report posted the largest long since February 2021, the market is obviously seriously overextended technically. The Commitments of Traders report for the week ending April 30th showed Copper Managed Money traders reduced their net long position by 2,907 contracts to a net long 64,303 contracts. Non-Commercial & non-reportable traders added 2,924 contracts to their already long position and are now net long 66,138. However, the trade is backing up the bullish speculative positioning with Goldman Sachs raising their price projections from \$10,000 to \$12,000 last week and other analysts indicating copper may be rushing to price in longer-term shortages and not necessarily near-term Chinese demand.



MARKET IDEAS:

Certainly, there are plenty of reasons to justify copper's run up as major global copper players are considering buyouts, and China is thought to be supporting its property investment and speculation sectors. However, as indicated already, the net spec and fund long positioning in copper is likely nearing the vicinity of record levels and economic information out of China recently has not been beneficial to the strong demand case. In fact, Chinese Caixin services PMI data for April overnight declined from March. On the other hand, the current aggressive reversal up on the charts has fully discounted soft Chinese Caixin services PMI readings. Close in support is \$4.582.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/23/2024 - 4/30/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	57,456	+2,219	-66,140	-2,926	8,682	+705
Gold	230,531	+1,631	-253,846	-1,240	23,315	-391
Palladium	-11,034	-1,932	10,743	+1,614	292	+320
Platinum	8,315	+82	-14,187	+1,486	5,872	-1,568
Silver	49,192	-7,068	-70,781	+4,087	21,589	+2,980

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) 05/06/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 2263.8. The next area of resistance is around 2333.3 and 2354.7, while 1st support hits today at 2287.9 and below there at 2263.8.

COMEX SILVER (JUL) 05/06/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 25.972. The next area of resistance is around 27.187 and 27.561, while 1st support hits today at 26.393 and below there at 25.972.

COMEX PLATINUM (JUL) 05/06/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 989.45. The next area of resistance is around 975.80 and 989.45, while 1st support hits today at 953.00 and below there at 943.85.

COMEX COPPER (JUL) 05/06/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 4.46. The next area of resistance is around 4.60 and 4.62, while 1st support hits today at 4.52 and below there at 4.46.

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	2310.6	43.28	49.02	26.01	19.94	2312.88	2328.64	2354.37	2276.74	2220.87
SIEN24	26.790	36.55	45.08	21.06	16.47	26.76	27.23	27.90	26.48	25.65
PLAN24	964.40	59.05	56.15	39.50	50.56	957.55	941.43	954.39	939.94	930.93
CPAN24	4.55	60.26	62.90	73.71	66.46	4.54	4.54	4.46	4.22	4.13
PAAM24	948.40	34.28	38.78	13.74	13.64	947.23	971.32	1004.83	1016.02	997.55

Calculations based on previous session. Data collected 05/03/2024

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	2263.7	2287.8	2309.2	2333.3	2354.7
SIEN24	COMEX Silver	25.971	26.392	26.766	27.187	27.561
PLAN24	COMEX Platinum	943.85	953.00	966.65	975.80	989.45
CPAN24	COMEX Copper	4.45	4.51	4.54	4.60	4.62
PAAM24	COMEX Palladium	917.32	933.65	946.82	963.15	976.32

Calculations based on previous session. Data collected 05/03/2024

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