



DAILY METALS COMMENTARY

Wednesday May 08, 2024

PRECIOUS METALS COMMENTARY

5/8/2024

No flight to quality interest off attacks Fed weighs

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -9.60, SILVER -0.03, PLATINUM -0.76

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with markets generally soft in Asia and trading higher in the early European trade. Critical economic news released overnight included a jump in Japanese 10 year bond auction yields, continued weakness in German industrial production for March, and softer than expected Italian retail sales for March. The North American session will start out with a weekly private survey of mortgage applications but will only have one top-tier US or Canadian economic number, a March reading on US wholesale trade which is expected to have a sizable downtick from February's 0.5% reading. Fed Vice Chair Jefferson and Boston Fed President Collins will speak during morning US trading hours while Fed Governor Cook will speak during the afternoon. Earnings announcements include Uber Technologies, Anheuser-Busch InBev, Shopify, and Emerson Electric before the Wall Street opening while Airbnb, The Trade Desk and Nutrien report after the close.



MARKET FUNDAMENTALS: With the US dollar posting a four-day high overnight and the bias shifting slightly back toward a hawkish vibe (following Minneapolis Fed Pres. comments suggesting the Fed might be on hold through the end of the year) the bias in gold and silver is down to start today. Furthermore, the gold market remains under residual pressure from news yesterday that PBOC gold buying last month slowed perhaps because of the unending record price run. However, the Peoples Bank of China extended its record of 18 straight monthly additions to reserves with a very minimal purchase of 60,000 ounces which is down 100,000 ounces from March and a very explosive 390,000 ounces below February. On the other hand, gold ETF holdings saw an unusual inflow of 39,016 ounces yesterday but year to date holdings have declined by 5.7%. The bull camp should be discouraged with the lack of strength in gold and silver prices yesterday after getting word of the beginning of the Israeli attack on a southern Gaza city. However, the attack was widely anticipated, and the US dollar was offering spillover pressure to gold, silver, and many physical commodities yesterday. Going forward, the bear camp looks to maintain an edge as flight to quality interest is apparently not waiting in the wings. We also think both gold and silver need further corrective action to balance severe overbought spec and fund long positioning in place into the late April rally. In fact, with Minneapolis Fed President Kashkari saying that US inflation will remain above the Fed's target for some time, this shifts the rate cut pendulum slightly in favor of the bear camp. Uptrend channel support in June gold today is \$2,300.50 with a key pivot point/failure point seen at the recent low of \$2,285.20. We see key support in July silver today at \$27.14, with a trade below \$26.93 potentially sparking a spike down trade.

TODAY'S MARKET IDEAS:

While we think gold and silver have found value and can avoid aggressive liquidation of the type seen since the late April highs, the inability to rally off a distinct flight to quality development in the Middle East is very discouraging for the bull camp in the near term. Therefore, we are open to the idea that gold and silver have found value but pushed into the market, we would be short.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

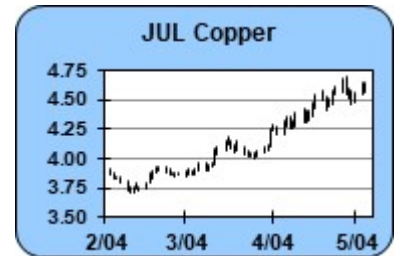
None.

COPPER COMMENTARY

5/8/2024

Corrective action underway targeting \$4.48

GENERAL: Despite ongoing very bullish Goldman views toward copper, the market is tracking lower this morning. In fact, Goldman analysts indicated the world copper market could see a "stock out episode" with global inventories in the fourth running extreme low. The market is also not benefiting from bullish intermediate and long-term industry forecasts from mining giant Antofagasta. However, the trade did see fresh bearish supply side news from Indonesia where the government is expected to extend export licenses for copper concentrate even though the actual volumes are yet to be determined. In another supportive development for long-term bull views another mining executive yesterday suggested mergers and acquisitions within the copper space would not cure the looming shortage. Even though the copper market has benefited from extensive speculation of long-term tightening of global supplies, the bull camp was given an added boost yesterday following comments from a famed investor/manager suggesting world supplies of copper will become very tight in the future. Furthermore, LME copper warehouse stocks continue to fall at a brisk pace and are beginning to become a material supportive force.



MARKET IDEAS:

The bias remains up, but the potential for a significant expansion in volatility is growing from the long chain of higher high trades as the market earlier this week probably approached record net spec and fund long positioning. However, supply fears are deeply entrenched in market psychology and the copper market barely wavered following disappointing Chinese economic news over the past five trading sessions.

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) 05/08/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 2304.8. The next area of resistance is around 2332.3 and 2345.7, while 1st support hits today at 2311.9 and below there at 2304.8.

COMEX SILVER (JUL) 05/08/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 27.922. The next area of resistance is around 27.694 and 27.922, while 1st support hits today at 27.315 and below there at 27.163.

COMEX PLATINUM (JUL) 05/08/2024: The moving average crossover up (9 above 18) indicates a possible

developing short-term uptrend. Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 1014.47. The next area of resistance is around 1004.45 and 1014.47, while 1st support hits today at 972.75 and below there at 951.08.

COMEX COPPER (JUL) 05/08/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 4.52. The next area of resistance is around 4.62 and 4.67, while 1st support hits today at 4.56 and below there at 4.52.

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	2322.1	47.27	51.06	24.95	24.28	2319.65	2327.53	2349.46	2285.60	2229.67
SIEN24	27.505	52.42	53.99	24.67	29.95	27.16	27.21	27.80	26.64	25.80
PLAN24	988.60	68.80	62.70	54.16	70.57	970.38	954.30	953.83	943.14	933.66
CPAN24	4.59	61.41	63.51	71.83	70.34	4.56	4.57	4.50	4.26	4.15
PAAM24	979.70	47.47	46.48	21.30	29.78	962.60	963.30	997.26	1016.62	1000.69

Calculations based on previous session. Data collected 05/07/2024

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	2304.7	2311.8	2325.2	2332.3	2345.7
SIEN24	COMEX Silver	27.162	27.314	27.542	27.694	27.922
PLAN24	COMEX Platinum	951.07	972.75	982.77	1004.45	1014.47
CPAN24	COMEX Copper	4.52	4.55	4.59	4.62	4.67
PAAM24	COMEX Palladium	968.72	973.45	981.22	985.95	993.72

Calculations based on previous session. Data collected 05/07/2024

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