



DAILY METALS COMMENTARY

Friday May 10, 2024

PRECIOUS METALS COMMENTARY

5/10/2024

Apparently, a minor increase in rate cut hope is very powerful

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +34.40, SILVER +0.05, PLATINUM +0.89

OUTSIDE MARKET DEVELOPMENTS: Overnight global equity markets were higher with gains reaching near 4% in the Hang Seng index in Hong Kong. Critical economic news released overnight included a smaller than expected decline in Japanese household spending, a much weaker than expected Japanese eco-watchers current and Outlook survey, a much weaker than expected Japanese eco-watchers Outlook survey, a stronger-than-expected GBP GDP reading for the first quarter, improved GBP industrial production, a much improved GBP manufacturing production, and very disappointing Italian industrial output for the month of March. The North American session will start out with April Canadian unemployment which is expected to have a minimal uptick from March's 6.1% rate along with a moderate monthly increase in net employment. A private survey of May US consumer sentiment is forecast to have a mild downtick from the previous 77.2 reading. Fed Governor Bowman, Dallas Fed President Logan and Minneapolis Fed President Kashkari will speak during morning US trading hours while Chicago Fed President Goolsbee and Fed Vice Chair Barr will speak during the afternoon. Earnings announcements will include Enbridge before the Wall Street opening.



MARKET FUNDAMENTALS: While we understand the premise, seeing gold and silver explode on the upside from a revival of US rate cut hopes appears to be an overreaction. In fact, outside market impacts from treasuries, currencies, and oil prices this morning are not registering noted action seemingly indicating the metals rallies are occurring in isolation. Sentiment is so bullish that expectations toward US CPI and PPI next week are factoring a downtick in inflation which in turn translates into higher rate cut expectations. Earlier this week the CME Fed watch tool did not have a probability of a rate cut above 50% for any meeting through September and yet the improvement in rate cut prospects in the wake of the precious metal rallies this morning is in a mere percentage points. In fact, the highest probability of a rate cut is in the September 18th meeting with a 50.3% prospect of a cut. Certainly, it is possible that the situation in the Middle East is prompting speculative buying ahead of the weekend and it is also possible that the Biden administration levy of tariff on Chinese electric vehicles could spark a reaction from Beijing and the potential for a trade war. Obviously, the technical picture shifts aggressively into the bull camp after seven days of sideways chop, which might have reduced a very large net spec and fund long held into the middle of April thereby allowing the sharp recovery from last week's low. With the gold market rising sharply yesterday before the announcement of a US tariff on Chinese electric vehicles overnight, increase rate cut sentiment appears to be the catalyst this morning. Gold and silver are also likely drafting support from improved Chinese economic news earlier this week as China remains the largest consumer of gold. Not surprisingly, bullish sentiment toward gold and silver has ramped up further with an analyst overnight projecting gold prices to \$2500. It should also be noted that the sharp gains in gold and silver and the sideways action in the dollar have unfolded despite hawkish Federal Reserve commentary late yesterday from the San Francisco Fed. Even the silver market is catching favorable press coverage this morning as it should with the overnight upside extension resulting in a silver rally of almost 3 dollars since the beginning of May!

TODAY'S MARKET IDEAS:

Obviously, control is firmly in the bull camp this morning with massive gains forged without outside market help and a seemingly overblown ideas of increased prospects of a US rate cut. However, given powerful upside action on the charts, follow-through is likely with the situation in the Middle East adding a minimal input to a very bullish

environment. Critical support in June gold is now \$2364.40 with upside targeting is now \$2404.30. Near-term upside targeting in July silver is \$29.29, with key support at \$28.58 this morning.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

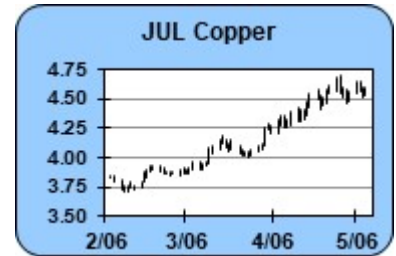
None.

COPPER COMMENTARY

5/10/2024

Favorable Chinese economic signals combined with fresh rate cut hopes

GENERAL: Despite a US announcement to impose tariffs on Chinese and LME cash to futures spread pricing signaling more than adequate prompt supply, the trade is embracing longer-term expectations of significant global copper supply shortages. In fact, the contango in the London market posted the widest spread since 1994 apparently because of expectations the Chinese will dump 50,000 tons of copper onto the market this month and potentially drop another 50,000 tons onto the market next month. In retrospect, improved Chinese economic data (from several different measures) justifies the recovery especially after weeks of sideways chop and a high to low washout this week of \$0.14. While LME Copper stocks posted a minor decline of 925 tons overnight, Shanghai copper warehouse stocks increased by 2,036 tons, but that news is clearly overshadowed by a plethora of bullish headlines.



MARKET IDEAS:

While the copper trade saw a delayed reaction to a series of favorable Chinese economic signals earlier this week and has discounted the prospect of a crimp in Chinese copper demand for electric vehicle following a US tariff, the path of least resistance is firmly in the bull camp. In fact, with the upside breakout overnight putting copper prices at the highest level since April 2022 we suspect shorts are scrambling out with stop loss buy orders and momentum systems are poised to chase prices even higher. Unfortunately for the bull camp, the net spec and fund long in copper (adjusted for the post COT report rally of \$0.20) likely puts the spec positioning near record high levels. Given the aggressive rally off this week's low, support is off the market today down at \$4.6945 and upside targeting becomes \$4.77.

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) 05/10/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 2384.6. The next area of resistance is around 2373.7 and 2384.6, while 1st support hits today at 2332.5 and below there at 2302.1.

COMEX SILVER (JUL) 05/10/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. 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 next upside objective is 29.371. The next area of resistance is around 29.097 and 29.371, while 1st support hits today at 28.033 and below there at 27.242.

COMEX PLATINUM (JUL) 05/10/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 1007.92. The next area of resistance is around 1002.45 and 1007.92, while 1st support hits today at 986.75 and below there at 976.53.

COMEX COPPER (JUL) 05/10/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 4.50. The next area of resistance is around 4.64 and 4.66, while 1st support hits today at 4.56 and below there at 4.50.

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	2353.1	56.89	56.68	27.19	32.82	2331.10	2324.77	2344.44	2293.04	2239.50
SIEN24	28.565	65.72	62.76	34.57	47.36	27.78	27.30	27.71	26.80	25.97
PLAN24	994.60	69.55	63.61	69.08	83.71	983.10	969.43	953.62	946.67	936.75
CPAN24	4.60	59.02	61.50	67.74	63.73	4.59	4.58	4.52	4.29	4.18
PAAM24	971.30	47.27	46.34	27.25	33.96	973.43	962.24	987.67	1015.18	1003.28

Calculations based on previous session. Data collected 05/09/2024

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	2302.0	2332.4	2343.3	2373.7	2384.6
SIEN24	COMEX Silver	27.241	28.032	28.306	29.097	29.371
PLAN24	COMEX Platinum	976.52	986.75	992.22	1002.45	1007.92
CPAN24	COMEX Copper	4.49	4.55	4.58	4.64	4.66
PAAM24	COMEX Palladium	935.15	955.30	967.15	987.30	999.15

Calculations based on previous session. Data collected 05/09/2024

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