



## DAILY METALS COMMENTARY Monday May 13, 2024

### PRECIOUS METALS COMMENTARY

5/13/2024

#### A slight edge to the Bears from long liquidation

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**GOLD -20.80, SILVER -0.01, PLATINUM +0.14**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly lower with declines in a modest amount across the board. Critical economic news released overnight included a slight uptick in New Zealand NZ PSI for the month of April, a significant jump/rebound in New Zealand food price index readings for April, a slight softening of Australian banks business conditions for April, and a residually negative Swiss SECO Consumer Climate reading for the second quarter. The North American session will start out with a March reading on Canadian building permits which are expected to have a sharp decline from February's 9.3% reading. The New York Fed's April reading on 1-year consumer inflation expectations are forecast to have a minimal uptick from March's 3.0% reading. Fed Vice Chair Jefferson and Cleveland Fed President Mester will speak during morning US trading hours.



**MARKET FUNDAMENTALS:** Apparently, gold, and silver traders have had a change of heart over the weekend as the recent revival of US rate cut hopes have seemingly dissipated overnight perhaps because of the prospect of lingering inflation signals from the US PPI report tomorrow. However, expectations for the report call for a 0.2% gain, which will match the previous month and in turn that could mean inflation has continued to grow over the last four weeks albeit at a softer rate. In another negative, the gold market continues to see signs of high prices adversity in the Indian gold trade. On the other hand, economic news from China recently has revived signs of growth and that could help to countervail negative Indian demand conditions. In addition to seeing Chinese economic data improve, there have been recent signs of a slight softening of the US jobs market, generally positive sentiment flowing from equities and intensifying battles between Israel and Hamas over the weekend. On the other hand, the gold and silver trade appear to readily embrace any minimal increase in the prospects of a US rate cut later this year, and therefore this week's US PPI and CPI reports will be critical in determining if the US rate cut timing is drawing near or is pushing back into the future. Expectations for this week's US producer price index reading call for a gain of 0.2% which would equal last month's gain and that in turn would leave inflation above the Fed's target. Unfortunately for the bull camp, the latest net spec and fund long in gold was the highest since May 2022 and with prices into the high Friday sitting \$63 an ounce above the level where the COT positioning was gathered, the spec and fund long in gold could be nearing the highest levels of the pandemic era. The Commitments of Traders report for the week ending May 7th showed Gold Managed Money traders net sold 4,007 contracts and are now net long 163,132 contracts. Non-Commercial & non-reportable traders net long 253,652 contracts after net selling 194 contracts. We see first support in June gold today seen at \$2,330.90 and then again down at \$2,320.60. Initial resistance is \$2,385.30 and then again up at \$2,296. Initial support in July silver is \$28.185 and then again down at \$27.77. Silver positioning in the Commitments of Traders for the week ending May 7th showed Managed Money traders added 1,154 contracts to their already long position and are now net long 34,914. Non-Commercial & Non-Reportable traders reduced their net long position by 624 contracts to a net long 70,157 contracts. The Commitments of Traders report for the week ending May 7th showed Platinum Managed Money traders went from a net short to a net long position of 5,436 contracts after net buying 9,244 contracts. Non-Commercial & non-reportable traders net long 20,710 contracts after increasing their already long position by 6,523 contracts. Palladium positioning in the Commitments of Traders for the week ending May 7th showed Managed Money traders net bought 32 contracts and are now net short 11,813 contracts. Non-Commercial & Non-Reportable traders were net short 10,566 contracts after decreasing their short position by

176 contracts.

**TODAY'S MARKET IDEAS:**

Traders should brace for an expansion of volatility as gold and silver see the potential for wild swings in investment and trading interest through this week's primary and ultra-critical US monthly inflation report cycle. Unfortunately for the bull camp, the markets have recently revitalized US rate cut hopes from a favorable interpretation of a second tier wage measure and from a one week surprising jump in US initial claims. However, with the gold and silver trade giving back significant ground over the weekend, it feels as if longs are exiting ahead of the US PPI report tomorrow. While we generally leave the longer term trend edge with the bull camp, we expect volatility to expand greatly and for prices to seek support into the inflation report tomorrow. Therefore, we suggest utilizing a trading range strategy, not expecting prices to establish a fresh trend until after the 730 numbers on Tuesday. We see first support in June gold today seen at \$2,330.90 and then again down at \$2,320.60. Initial resistance is \$2,385.30 and then again up at \$2,396. Initial support in July silver is \$28.185 and then again down at \$27.77.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

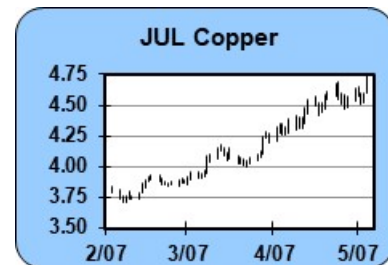
None.

**COPPER COMMENTARY**

**5/13/2024**

**Favorable Chinese economic signals a key market theme**

**GENERAL:** While the massive range up rally on Friday showed signs of a "blowoff" top, the latest news from China has improved and the strong opening this morning shows a market with bullish resiliency. Therefore, traders should intensify their monitoring of Chinese equity markets, Chinese economic reports and fluctuations in the dollar and yuan. From a technical perspective, the copper market might have posted a blowoff top last Friday with the latest COT positioning showing the net spec and fund long at 69,509 contracts which is approaching the record spec long of 87,302 contracts from February 2021. In fact, we suspect the COT positioning report dramatically understates the current net spec and fund long in copper as the market managed to rally \$0.14 into the high Friday from the level where the COT report was measured. The Commitments of Traders report for the week ending May 7th showed Copper Managed Money traders added 1,663 contracts to their already long position and are now net long 65,966. Non-Commercial & non-reportable traders added 3,371 contracts to their already long position and are now net long 69,509.



**MARKET IDEAS:**

While the copper market is becoming significantly overbought from a classic small spec and fund positioning, the trade continues to display bullish fundamental resiliency off signs of improvement in the Chinese economy. Certainly, the inflation reports in the US will produce a fresh outlook on US monetary policy this week and that in turn will impact the dollar which will in turn influence copper, but the trend of prices is likely to be signaled by the direction in Chinese equities. Uptrend channel support in July copper is far below the market at \$4.56 with closer in pivot point pricing at \$4.6810. While we see expanded volatility, we leave the edge with the bull camp and think an upside extension is likely in today's action.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Metals</b>						
<b>Copper</b>	62,176	+4,720	-69,508	-3,368	7,333	-1,349
<b>Gold</b>	226,120	-4,411	-253,652	+194	27,532	+4,217
<b>Palladium</b>	-11,057	-23	10,566	-177	491	+199
<b>Platinum</b>	15,967	+7,652	-20,711	-6,524	4,743	-1,129
<b>Silver</b>	48,763	-429	-70,156	+625	21,394	-195

## 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) 05/13/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 2402.5. The next area of resistance is around 2386.5 and 2402.5, while 1st support hits today at 2353.3 and below there at 2336.0.

COMEX SILVER (JUL) 05/13/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 29.265. The next area of resistance is around 28.800 and 29.265, while 1st support hits today at 28.070 and below there at 27.805.

COMEX PLATINUM (JUL) 05/13/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 1019.10. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1013.70 and 1019.10, while 1st support hits today at 997.70 and below there at 987.10.

COMEX COPPER (JUL) 05/13/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next downside target is 4.52. The next area of resistance is around 4.73 and 4.81, while 1st support hits today at 4.59 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
<b>METALS COMPLEX</b>										
GCEM24	2369.9	61.11	59.43	33.66	46.56	2340.38	2327.27	2342.81	2297.09	2245.25
SIEN24	28.435	67.42	63.98	42.44	58.19	28.00	27.39	27.70	26.88	26.06
PLAN24	1005.70	73.74	66.67	75.18	88.31	992.75	974.10	955.19	948.24	938.39
CPAN24	4.66	65.46	65.63	67.64	67.45	4.60	4.57	4.54	4.30	4.20
PAAM24	981.70	50.03	48.03	30.93	38.83	972.25	962.34	984.74	1013.76	1003.87

Calculations based on previous session. Data collected 05/10/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCEM24	COMEX Gold	2335.9	2353.2	2369.2	2386.5	2402.5
SIEN24	COMEX Silver	27.805	28.070	28.535	28.800	29.265
PLAN24	COMEX Platinum	987.10	997.70	1003.10	1013.70	1019.10
CPAN24	COMEX Copper	4.51	4.58	4.66	4.73	4.81
PAAM24	COMEX Palladium	958.22	967.45	986.72	995.95	1015.22

**Calculations based on previous session. Data collected 05/10/2024**

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