



## DAILY METALS COMMENTARY Tuesday May 14, 2024

### PRECIOUS METALS COMMENTARY

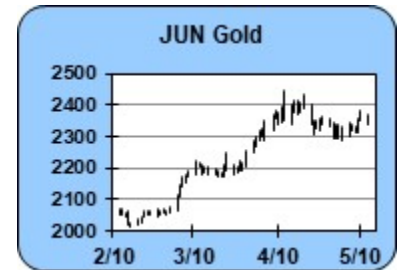
5/14/2024

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

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

**GOLD +1.50, SILVER +0.01, PLATINUM +0.53**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were generally weaker except for the markets in Tokyo, London, and Madrid which traded fractionally higher. Critical economic news released overnight included falling New Zealand electronic card retail sales for April, a significant jump in New Zealand visitor arrivals in March, a slight uptick in Japanese producer price index readings for April, a hot German CPI reading for April, a significant contraction in Japanese Machine Tool Orders for April, stronger than expected GBP average earnings, lower-than-expected GBP claimant count readings for April, a larger than expected decline in GBP jobs, a hotter than expected Swiss producer and import price reading for April, a significant contraction in Swiss producer and import prices, a much higher-than-expected Spanish CPI reading for April, not as bad as feared German ZEW current situation readings for May, much stronger-than-expected German ZEW economic sentiment for May and a much stronger-than-expected euro zone ZEW Economic Sentiment reading for May. The North American session will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The April US producer price index is expected to have a minimal uptick from March's 2.1% year-over-year rate. The April US core producer price index (excluding food and energy) is forecast to hold steady with March's 2.4% year-over-year rate. Fed Chair Powell and Fed Governor Cook will speak during morning US trading hours while Kansas City Fed President Schmid will speak during the late afternoon. Earnings announcements will include Home Depot before the Wall Street opening.



**MARKET FUNDAMENTALS:** While international inflation measures might not actually correlate with inflation in the US, the markets overnight were presented with an avalanche of inflation readings registering a range of results from steady inflation to red hot inflation. In fact, beyond the standard scheduled inflation reports, the markets also saw Japanese and Indian April wholesale price index readings jump at the fastest pace in over a year. However, many central bankers and economists see inflation coming under control throughout the world which in turn makes today's US PPI and tomorrow's US CPI a very critical junction for global inflationary expectations! While we suspect the ebb and flow of central bank monetary policy expectations, currency fluctuations and interest rate fluctuations will ultimately dominate the direction of gold and silver, in the near-term prices might only see a small measure of classic fundamental support from another decline in South African gold output which adds to a very long pre-existing pattern of declining production. South African February gold output was revised to 5% lower with March output reported to have declined by 4.5%! However, the ebb and flow of global central bank purchases, fluctuations in speculative trading and changes in retail demand leave production as a hindsight influence. From a technical perspective, the gold and silver charts favor the bear camp with trading volume on the May recovery bounce notably lower than trading volume seen in the big March and April rallies. However, the fundamental impact on gold and silver could temporarily dominate action today with the bull camp badly needing the potential for the US Fed to cut rates to become a fixture again in the trade. In other words, gold and silver bulls need signs inflation is moderating to set off a favorable outside market chain reaction of lower treasury yields, a weaker US dollar and surging equities. Unfortunately for the bull camp readings in the coming two sessions are likely to favor the bear camp, especially with gold sitting \$59 above the May low and July silver sitting \$2.20 above the early May low. Certainly, signs of improvement in the Chinese economy help facilitate upbeat Chinese gold demand expectations but at present those positives are largely being offset by Indian price shock. Close in support in June gold is \$2,329.60 and then again down at \$2,312.90. Key support in July silver is \$28.185 and then again down at \$27.89.

### **TODAY'S MARKET IDEAS:**

While it is likely the US PPI report will leave the markets without a definitive opinion on the direction of US inflation, we think any reading off expectations calling for a 0.2% gain will cause significant price movement in gold and silver. Pushed into the market, we think inflation will be sticky and therefore aggressive traders should look to secondary chart support levels (given the likelihood of significant volatility) to reenter the long side using further out support pricing, especially given the potential for initial stop loss triggering. Close in support in June gold is \$2,329.60 and then again down at \$2,312.90. Key support in July silver is \$28.185 and then again down at \$27.89.

### **NEW RECOMMENDATIONS:**

None

### **PREVIOUS RECOMMENDATIONS:**

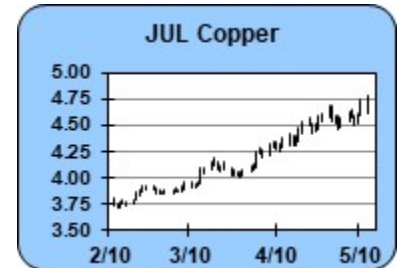
None.

## **COPPER COMMENTARY**

5/14/2024

### **Red-hot bullish speculation whitewashes China concerns**

**GENERAL:** Despite weakness in Chinese equities overnight, a measure of disappointment over the breath of Chinese government housing project support, and the threat of a US/China trade war, copper prices have extended the breakneck rally of the prior five trading sessions with a five-day low to high rally of \$0.34. In fact, bullish sentiment appears so strong that despite spec and fund long positioning in futures and futures options positions nearing record levels, the market does not appear to lack additional buying capacity. Apparently, Asian copper traders have shown some hesitancy to "pay up" and despite what is typically a seasonal upswing in consumption, many buyers are noting softer than expected physical demand. In our opinion, copper is seeing long-term investment interest and speculative buying off the idea that negative Chinese PPI readings lay the foundation for China to extend support to its property sector.



### **MARKET IDEAS:**

With both supply and demand views favoring the bull camp, and the trade seemingly unconcerned about a severe overbought technical condition, the July copper contract is likely to extend on the upside and we expect small specs and funds chase the market higher.

### **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) 05/14/2024: 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. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 2381.6. The next area of resistance is around 2359.1 and 2381.6, while 1st

support hits today at 2326.0 and below there at 2315.2.

COMEX SILVER (JUL) 05/14/2024: 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's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 28.862. The next area of resistance is around 28.680 and 28.862, while 1st support hits today at 28.250 and below there at 28.003.

COMEX PLATINUM (JUL) 05/14/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 1037.37. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1022.95 and 1037.37, while 1st support hits today at 997.05 and below there at 985.58.

COMEX COPPER (JUL) 05/14/2024: A bullish signal was given with an upside crossover of the daily stochastics. Rising stochastics at overbought levels warrant some caution for bulls. 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 near-term upside target is at 4.89. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 4.85 and 4.89, while 1st support hits today at 4.70 and below there at 4.58.

## 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	2342.6	52.02	53.63	38.62	49.05	2344.65	2331.97	2340.75	2300.03	2250.31
SIEN24	28.465	66.35	63.33	50.07	65.32	28.23	27.60	27.69	26.96	26.15
PLAN24	1010.00	74.55	67.29	79.35	87.69	998.13	980.96	958.28	950.14	940.01
CPAN24	4.77	72.23	70.36	71.01	77.62	4.64	4.60	4.56	4.32	4.21
PAAM24	965.80	44.51	44.78	33.45	38.49	968.78	963.79	981.13	1012.44	1003.97

Calculations based on previous session. Data collected 05/13/2024

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	2315.1	2325.9	2348.3	2359.1	2381.6
SIEN24	COMEX Silver	28.002	28.250	28.432	28.680	28.862
PLAN24	COMEX Platinum	985.57	997.05	1011.47	1022.95	1037.37
CPAN24	COMEX Copper	4.57	4.69	4.73	4.85	4.89
PAAM24	COMEX Palladium	939.15	950.30	970.15	981.30	1001.15

Calculations based on previous session. Data collected 05/13/2024

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