



## DAILY METALS COMMENTARY Wednesday May 15, 2024

### PRECIOUS METALS COMMENTARY

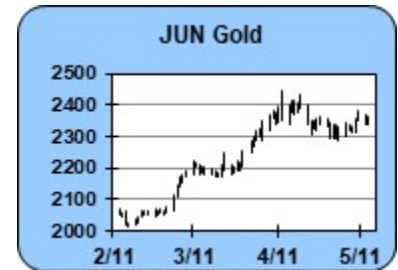
5/15/2024

**The bulls have increased their grip on the trend**

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

**GOLD +9.20, SILVER +0.02, PLATINUM +1.49**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly higher except for the markets in China, Japan, and France. Critical economic news released overnight included slightly softer gains in Australian wage price index readings than expected, as expected and residually hot French consumer price index readings for April, unchanged euro zone employment for the first quarter, as expected euro zone GDP growth of 0.3% and stronger than expected euro zone industrial production for March. The North American session will start out with a weekly private survey of mortgage applications followed by the highlight for global markets, the April US consumer price index which is forecast to hold steady with March's 3.5% year-over-year rate. The April US core consumer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.8% year-over-year rate. April US retail sales are forecast to have a mild downtick from March's 0.7% reading. The New York Fed's May Empire State manufacturing survey is expected to have a moderate uptick from April's -14.3 reading. March US business inventories are forecast to have a moderate downtick from February's 0.4% reading. The May NAHB housing market index is expected to hold steady with April's 51 reading. March Canadian manufacturing sales are forecast to have a sizable downtick from February's 0.7% reading. The March Treasury International Capital (TIC) report will come out during mid-afternoon US trading hours and will show net changes to Japanese and Chinese treasury holdings. Minneapolis Fed President Kashkari and Fed Governor Bowman will speak during afternoon US trading hours. Earnings announcements will include Cisco Systems after the Wall Street close.



**MARKET FUNDAMENTALS:** Not only did the Fed's Powell thwart a surge in inflationary fears following yesterday's hotter than expected US PPI readings, but he also seems to have rekindled US rate cut hopes! However, the second critical monthly US inflation reading in the form of CPI later this morning will be difficult to discount if it posts hotter than expected readings. Certainly, the gold and silver markets will continue to track and react to the ebb and flow of US rate cut prospects, but with strength in a wide array of physical commodities, a breakdown in the US dollar, steady to lower US interest rates and the potential for fresh inflation fuel from US and Chinese trade tariffs, it is possible that gold and silver will begin to behave like inflationary hedges. As indicated already, the Fed chairman yesterday quickly offset the hotter than expected PPI and given a similar hot CPI reading today we do not expect a Fed bailout. In fact, the most recent commentary from the Minneapolis Fed Pres. (who speaks hours after the CPI release) has been neutral to hawkish toward the interest rate question as he thinks rates will hold steady through the end of the year. While gold and silver look to focus on macroeconomic issues, the bull camp should find confidence in the extension of a very long pattern of declining South African gold production. Apparently, South African gold output in February was revised even lower to a decline of 5% with South African March gold output pegged to have declined by 4.5%! It should also be noted that South African gold output declines are not isolated issue as South African PGM output in March declined by 3.6% and key PGM mining companies continue to warn of extreme cost pressures and a lack of investment for new supply! In the end, we hesitate to suggest that gold, silver, platinum, and palladium are returning to classic fundamental trading, but escalating concerns global inflation could get out of control are not out of the question now. Key support in June gold today is \$2,353.60 with a more conservative support and pivot point seen down at \$2,337.90.

#### TODAY'S MARKET IDEAS:

As indicated already, the ability to post gains yesterday in the precious metal markets seems to alter the focus of

the markets from bull hopes of rate cuts, to bull hopes of an inflationary problem ahead. However, the argument for a flight to quality focus also has several other potential origins ranging from uncertainty in the Middle East, a global inability to snuff out inflation, concerns of a US debt problem, the potential for severe US political instability, and ideas that the dollar is losing flight to quality investment to gold. Furthermore, gold and silver have managed impressive gains while Bitcoin has faltered, suggesting gold and silver have regained their status as the go to flight to quality instruments.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

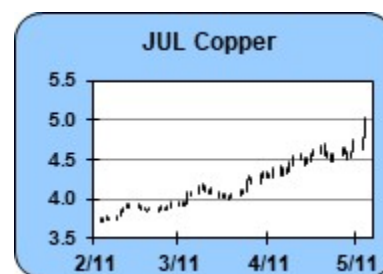
None.

**COPPER COMMENTARY**

**5/15/2024**

**Red-hot bullish speculation unless a risk-off environment surfaces**

**GENERAL:** With July copper prices exploding again overnight and the most active futures contract holding a massive premium, the press is touting the prospects of a full blown short squeeze. In fact, one could suggest a large portion of a short squeeze has already taken place, except open interest has not come down and it appears speculative trading has combined with commercial and long-term investment fund interest to produce what is becoming a historic rally. Therefore, the trade looks to continue to ride a wave of broad speculative buying interest partially built on expectations of long-term global supply deficits and expanding demand from Chinese electric grid needs and new demand from the push toward green energy. However, speculation is beginning to show some froth with arbitrage between the CME and LME pulling LME stocks into the US. As indicated already copper is also benefiting from fund buying apparently triggered by a series of key chart resistance level violations and that in turn probably raises the net spec and fund long to the vicinity of record highs. It is also possible that a noted portion of buying interest in copper is the result of speculation that a contraction in recent Chinese PPI readings has given the Chinese central bank the latitude to expand their list of real estate development loans that will be granted.



**MARKET IDEAS:**

With both supply and demand views favoring the bull camp, talk of a short squeeze, an inflationary environment, and bullish charts, the July copper contract is likely to extend on the upside and likely to see small specs and funds chase the market even 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) 05/15/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next

upside objective is 2382.1. The next area of resistance is around 2374.3 and 2382.1, while 1st support hits today at 2349.7 and below there at 2332.8.

COMEX SILVER (JUL) 05/15/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 29.403. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 29.147 and 29.403, while 1st support hits today at 28.473 and below there at 28.054.

COMEX PLATINUM (JUL) 05/15/2024: 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. 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 objective is at 1076.07. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1065.55 and 1076.07, while 1st support hits today at 1027.05 and below there at 999.08.

COMEX COPPER (JUL) 05/15/2024: 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. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 5.15. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 5.02 and 5.15, while 1st support hits today at 4.77 and below there at 4.64.

## 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	2362.0	57.38	57.00	44.84	57.32	2356.10	2335.49	2338.94	2303.39	2255.59
SIEN24	28.810	70.49	66.27	58.03	74.13	28.53	27.82	27.70	27.05	26.23
PLAN24	1046.30	82.64	74.20	83.75	92.35	1013.75	991.20	963.43	952.31	942.10
CPAN24	4.89	78.32	75.06	73.13	77.47	4.73	4.64	4.59	4.34	4.23
PAAM24	982.40	50.88	48.68	37.48	45.54	975.30	967.54	978.02	1011.11	1004.32

Calculations based on previous session. Data collected 05/14/2024

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	2332.7	2349.6	2357.4	2374.3	2382.1
SIEN24	COMEX Silver	28.053	28.472	28.728	29.147	29.403
PLAN24	COMEX Platinum	999.07	1027.05	1037.57	1065.55	1076.07
CPAN24	COMEX Copper	4.63	4.76	4.89	5.02	5.15
PAAM24	COMEX Palladium	950.70	967.40	980.70	997.40	1010.70

Calculations based on previous session. Data collected 05/14/2024

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