



## PRECIOUS METALS COMMENTARY

5/17/2024

### Bull control but temporary headwinds from Fed talk

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

**GOLD +1.30, SILVER +0.00, PLATINUM -0.09**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were divided evenly between winners and losers with Asian markets generally higher and European markets generally softer. Critical economic news released overnight included a higher-than-expected New Zealand producer price index for the first quarter, softer than expected Chinese fixed asset investment, a larger decline than expected in Chinese house prices, a much stronger than expected Chinese industrial production reading for April versus year ago levels, a very disappointing Chinese retail sales reading for April, an uptick in French ILO unemployment for the first quarter, significant weakness in a Swiss industrial production reading for the first quarter and flat euro zone harmonized Index of consumer prices. The North American session will start out with the April Canadian new housing price index which is forecast to have a minimal uptick from March's -0.4% reading. The Conference Board's April reading on leading indicators is expected to hold steady with March's -0.3% reading. Fed Governor Waller and San Francisco Fed President Daly will speak during morning US trading hours.



**MARKET FUNDAMENTALS:** While the gold and silver markets are showing positive action early today, both markets look to face a small measure of outside market pressure from a tick higher in US treasury yields and a higher high versus Thursday in the US dollar. While the gold and silver trade were lifted off the recent low by a glimmer of hope for a US rate cut earlier this (the best odd of a cut is 51.1% for the September Fed meeting) the impact from the Fed yesterday shifted slightly negative with at least two members indicating borrowing costs need to stay higher for longer! Even though overnight Chinese economic data (particularly retail sales came in softer than expected and house prices fell more than expected) the outlook for the Chinese economy and therefore for precious metals and commodities was saved by a very unusual and direct Chinese government support for the Chinese housing market. However, in a potential negative or drag on gold prices today reports from the Indian gold market suggest high prices are discouraging some purchases. However, the charts in gold and silver remain bullish with the trade posting higher highs yesterday and both markets approaching the 2024 highs. It should be noted that bullish chatter toward silver is on the rise and given silver's capacity to diverge positively with gold yesterday and given the low gold/silver ratio silver could be poised to forge a three year high. Therefore, we think a "buy breaks" mentality will remain in place with both gold and silver seeing ongoing outside market support from lower US treasury yields. Uptrend channel support in June gold today is \$2,354.45 with the next resistance level pegged at \$2,412. In silver, the bulls should control with the charts reaffirming bullish control, and silver managing to gain in the face of losses in gold yesterday, along with views that silver is a cheaper entry for entering the pre-existing uptrends in precious metal markets. In fact, platinum could also be seen as a cheaper alternative to gold with prices yesterday posting a fresh 12 month high and giving off the appearance of joining the bull market environment.

#### TODAY'S MARKET IDEAS:

While we leave the trend in favor of the bull camp, we suggest traders expect increased volatility today as significant recent gains leave technical signals overbought and the bull camp in need of a steady diet of US news pushing the pendulum toward a US rate cut. Uptrend channel support in June gold today is \$2,354.45, with the next resistance level pegged at \$2,412. In silver, the bulls should control with the charts reaffirming bullish control,

silver managing to gain in the face of losses in gold yesterday, and from views that silver is a cheaper entry for entering the pre-existing uptrends in precious metal markets.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

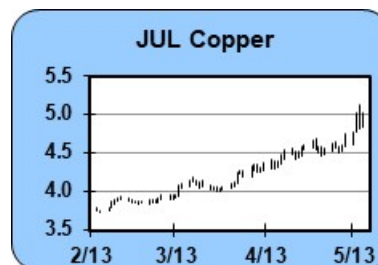
None.

**COPPER COMMENTARY**

5/17/2024

**A blowoff top but Chinese support for housing to cushion today**

**GENERAL:** While the copper market might be a bit exhausted from the massive May rally of \$0.68 and from the extensive volatility over the prior seven trading sessions, a bullish bias remains in place. However, the market could have been undermined by a much larger than expected decline in a Chinese house price index and from softer than expected Chinese retail sales. Fortunately for the bull camp the Chinese government has launched a unique and perhaps powerful stimulus for the economy with local governments granted the power to buy apartments, and the PBOC reducing mortgage rates, lowering downpayments and establishing a fresh lending loan facility financed by 300 billion yuan. While not always the case, increased futures margins can prompt profit-taking and other liquidation from traders unwilling to "put up more margin money".



**MARKET IDEAS:**

While we expect volatility to remain in place in the last trading session of the week, (with copper significantly overbought and likely holding a record net spec and fund long), Chinese direct economic/financial support for its property sector provides fresh fundamental support for prices. Key support in July copper today is \$4.845 with a major reversal seen with a trade below \$4.8140.

**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) 05/17/2024: 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. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next upside target is 2412.6. The next area of resistance is around 2395.1 and 2412.6, while 1st support hits today at 2367.7 and below there at 2357.7.

COMEX SILVER (JUL) 05/17/2024: 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. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is

at 30.377. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 30.100 and 30.377, while 1st support hits today at 29.550 and below there at 29.278.

COMEX PLATINUM (JUL) 05/17/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 1106.00. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1087.89 and 1106.00, while 1st support hits today at 1054.90 and below there at 1040.00.

COMEX COPPER (JUL) 05/17/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 4.73. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 4.97 and 5.08, while 1st support hits today at 4.80 and below there at 4.73.

## 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	2381.4	60.32	59.16	60.45	74.39	2369.73	2352.27	2340.43	2312.02	2266.65
SIEN24	29.825	79.48	73.39	72.04	85.39	29.17	28.48	27.85	27.26	26.44
PLAN24	1071.40	86.14	77.75	88.16	91.13	1049.23	1014.76	978.14	957.83	947.43
CPAN24	4.88	72.46	71.32	71.79	68.96	4.87	4.72	4.63	4.38	4.26
PAAM24	998.40	54.50	51.67	51.33	64.18	990.40	981.53	976.43	1008.71	1005.47

Calculations based on previous session. Data collected 05/16/2024

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	2357.6	2367.6	2385.1	2395.1	2412.6
SIEN24	COMEX Silver	29.277	29.550	29.827	30.100	30.377
PLAN24	COMEX Platinum	1040.00	1054.89	1073.00	1087.89	1106.00
CPAN24	COMEX Copper	4.72	4.79	4.90	4.97	5.08
PAAM24	COMEX Palladium	965.32	979.65	1002.82	1017.15	1040.32

Calculations based on previous session. Data collected 05/16/2024

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

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.