



DAILY METALS COMMENTARY Tuesday May 21, 2024

PRECIOUS METALS COMMENTARY

5/21/2024

Bull control but volatility could become severe

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -17.70, SILVER -0.06, PLATINUM -1.84

OUTSIDE MARKET DEVELOPMENTS: Global equities overnight were lower with the Hang Seng the weakest following a loss of 1.4%. Critical economic news released overnight included a contraction in Australian Westpac Consumer Confidence for May, a contraction in New Zealand credit card spending, as expected German producer prices for April a significant jump in the euro zone current account balance for March, barely positive euro zone construction output and an expansion in the euro zone trade balance for March. The North American session will start out with a private weekly survey of same-store sales followed by April Canadian CPI which is expected to have a mild downtick from March's 2.9% year-over-year rate. Another busy day of Fed commentary will include Richmond Fed President Barkin, New York Fed President Williams, Fed Governor Waller and Atlanta Fed President Bostic speaking during morning US trading hours while Fed Vice Chair Barr will speak during the afternoon. Earnings announcements will include Lowe's and AutoZone before the Wall Street opening.



MARKET FUNDAMENTALS: Clearly, volatility has expanded and is likely to stay elevated with gold and silver continuing to march to their own drummer. In fact, the dollar and treasuries have basically held within a narrow range over the prior four trading sessions with a very minimal downtrend bias seen in both markets. It should be noted that gold ETF holdings are beginning to rise consistently, with last week posting an inflow of 230,227 ounces, and with the addition of 135,000 ounces in just the last two sessions. However, in addition to a need to balance yesterday's sharp run up, the market saw Chinese bullion imports slow last month reportedly due to record prices. On the other hand, it should be noted that yuan silver futures prices posted a record in China (with records dating back to only 2012) Apparently, Chinese gold imports declined to 136 tons last month for a 30% decline from March and they posted the lowest monthly import tally this year. However, Russian central bank gold holdings reportedly increased by 5.1 tons providing an offset to the drop in Chinese gold demand. A portion of yesterday's rally might have been attributable a US Fed comment suggesting that US rates are currently restrictive has that ever so slightly pushes the rate policy pendulum in favor of the doves. It should be noted that the silver market is reportedly seeing an increase in demand from the solar industry providing a short-term overbought market with fresh fundamental support. As indicated over the prior three days, volatility in gold and silver is likely to remain very significant. In fact, after streaking to an all-time high, the gold market at times yesterday fell back \$43 before stabilizing into midsession. It should be noted that gold and silver at times showed definitive divergence with gold softening and silver generally holding its gains. Certainly, the gold market is significantly overbought in spec and fund categories while the silver market has a smaller relative long position and therefore it should retain significant buying capacity if conditions warrant. On the other hand, silver has already forged an explosive 2024 rally of \$10.30 but it remains \$18 below all-time highs. The massive run up in gold and silver back in the early 1980s was forged on runaway inflation and while US inflation looks to be under some control, the 1980 rallies did not have the number of global flight to quality events adding to the equation. Traders should expect little outside market impact from the dollar and US treasury yields today as the US economic report slate remains thin.

TODAY'S MARKET IDEAS:

We leave the bias pointing up with one of several flight to quality instruments likely to support prices in the near-term. As indicated in the primary coverage section, US scheduled economic data is mostly absent today and with

currencies showing signs of consolidation instead of direction, gold could build some consolidation before returning to uptrend status. In our opinion, the silver market is likely to get the brunt of fresh speculative buying as many traders view the market as a cheaper gold substitute. In fact, given the string of record highs in gold, expectations that silver can return to its record highs above \$50 per ounce are beginning to surface. However, we are not sure in the wisdom that all-time highs in gold mean silver will also reach all-time highs given the fundamental differences between the two markets. Critical support in silver from the Monday trade is \$31.28 and again at \$31.18. Uptrend channel support in gold is \$2,386.50 with closer in support pegged at \$2,405.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

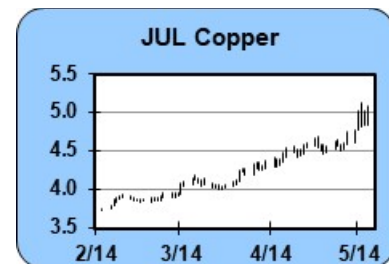
None.

COPPER COMMENTARY

5/21/2024

Upside momentum and widespread bullishness equals volatility

GENERAL: While the copper market on Monday once again posted a major range up move (and a new record high in some measures) it reversed sharply providing another blowoff top type formation. However, the market has managed to overcome similar "blowoff top" type action recently. In fact, it appears that copper is starting to flow into LME copper warehouse stocks which could be a sign of a frothy market and a sign that physical owners are beginning to step in and capitalize off record pricing. However, the trade remains concerned about Panamanian, Chilean, and Peruvian supply flows. On the other hand, high prices are likely to stimulate scrap supply and could begin to reduce demand from already high-cost green energy demand. In a positive demand development Chinese April refined copper output jumped sharply by 9.2%.



MARKET IDEAS:

While the bias remains up with the bull trend clearly dominating sentiment, risk versus reward of getting long at record or near record high levels is not advised especially with the net spec and fund long positioning (if adjusted for the gains after the COT report was released) likely at a very high level as well.

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) 05/21/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2473.7. The next area of resistance is around 2450.1 and 2473.7, while 1st support hits today at 2407.1 and below there at 2387.6.

COMEX SILVER (JUL) 05/21/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 33.507. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 32.695 and 33.507, while 1st support hits today at 31.125 and below there at 30.368.

COMEX PLATINUM (JUL) 05/21/2024: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The outside day down is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 1022.03. The next area of resistance is around 1085.14 and 1119.42, while 1st support hits today at 1036.45 and below there at 1022.03.

COMEX COPPER (JUL) 05/21/2024: 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 close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 5.29. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5.20 and 5.29, while 1st support hits today at 5.01 and below there at 4.91.

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	2428.6	69.64	65.66	72.83	83.23	2405.25	2373.66	2350.61	2322.66	2278.79
SIEN24	31.910	88.62	82.34	80.64	87.31	30.69	29.38	28.29	27.53	26.71
PLAN24	1060.80	69.23	68.08	88.02	85.23	1073.08	1036.70	995.48	963.47	952.74
CPAN24	5.10	81.33	78.13	75.61	80.32	4.99	4.82	4.70	4.43	4.30
PAAM24	1031.59	64.09	58.31	64.74	78.38	1014.43	990.58	976.94	1005.94	1006.61

Calculations based on previous session. Data collected 05/20/2024

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	2387.5	2407.0	2430.6	2450.1	2473.7
SIEN24	COMEX Silver	30.367	31.125	31.937	32.695	33.507
PLAN24	COMEX Platinum	1022.02	1036.44	1070.72	1085.14	1119.42
CPAN24	COMEX Copper	4.90	5.00	5.10	5.20	5.29
PAAM24	COMEX Palladium	992.30	1015.59	1024.30	1047.59	1056.30

Calculations based on previous session. Data collected 05/20/2024

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