



DAILY METALS COMMENTARY

Wednesday May 22, 2024

PRECIOUS METALS COMMENTARY

5/22/2024

Bull control but volatility to flare later today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -6.80, SILVER -0.01, PLATINUM -0.25

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with declining markets outnumbering those posting gains. Critical economic news least overnight included as expected Japanese import/export data for April, stronger than expected Japanese machinery orders for March, no change in New Zealand interest rates, a hotter than expected GBP CPI for April, hotter than expected GBP producer price index inputs, softer than expected GBP producer price index output readings, steady and still elevated GBP retail price index readings for April, a surprise jump in GBP public-sector net borrowing for April and a surprising jump in GBP DCLG house price index for March. The North American session will start out with a weekly private survey of mortgage applications followed by the first top-tier US economic number of the week, an April reading on existing home sales that is forecast to have a minimal uptick from March's 4.19 million annualized rate. The minutes from the early May FOMC meeting will be released during early afternoon US trading hours. Chicago Fed President Goolsbee will speak during morning US trading hours. Earnings announcements will include TJX, Analog Devices and Target before the Wall Street opening while NVIDIA, Synopsys, and Snowflake report after the close.



MARKET FUNDAMENTALS: While today could be a very critical pivot point for gold from a macroeconomic perspective, (US Fed meeting minutes release, 20 year US treasury bond auction, and existing home sales) it should be noted that internal fundamentals remain generally positive. In fact, gold ETF holdings have now risen for six straight days and silver ETF holdings yesterday jumped by a notable 2.8 million ounces. In a minimal and perhaps temporary negative development, gold saw a forecast overnight from Commerzbank suggesting gold prices will fall back to \$2300 in the second half of this year. Countervailing the bearish \$2300 price projection by Commerzbank is a forecast Morgan Stanley of a target of \$2760 an ounce. In another very minimal negative impact, the US dollar continues to grind out slow gains with a pattern of higher lows and higher highs leaving the index near a five-day high in the early action. Traders should expect a minimal knee-jerk reaction to US existing home sales data early in the session with expectations of a positive reading potentially sparking a minimal and temporary wave of gold and silver selling. However, the primary focus of the day will be the afternoon release of the last US FOMC meeting minutes notes which we think will have to definitively favor the doves or we expect gold to see late pressure. On the other hand, a mid-session 20 year US treasury bond auction could have an impact on gold but only if the results show unusually good or bad results. An added threat to the bull camp is news that both Indian and Chinese buyers are beginning to hesitate with prices near record highs. On the other hand, recent headlines suggest Russian and Chinese central bankers are committed to adding to gold reserves and there could be noted buying in breaks from Indian commercial finance companies given ongoing reports of very strong demand for Indian gold loans. Uptrend channel support in June gold today is \$2,395.70 with a trade above \$2,448.80 a potential catalyst for an upside surge.

TODAY'S MARKET IDEAS:

While we leave a general edge with the bull camp in gold and silver, the market continues to rally without a consistently dominating theme which leaves the gold and silver trade vulnerable to significant two-sided volatility in the wake of scheduled data and from out of nowhere geopolitical events. Furthermore, the markets will see recent Fed policy views which are likely to result in the trade reevaluating its expectations of US rate cut timing again, which in turn will probably prompt a significant dollar reaction. Uptrend channel support in June gold today

is \$2,395.70 with a trade above \$2,448.80 a potential catalyst for a surge in prices.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

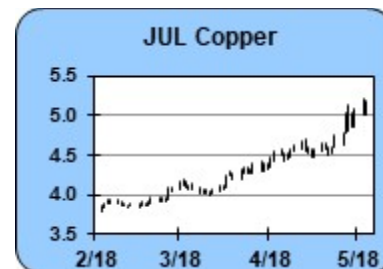
None.

COPPER COMMENTARY

5/22/2024

Profit taking underway with macro influences key today

GENERAL: With a three-day low early today some of the allure of copper has dissipated perhaps because of a measure of price shock. In fact, chatter from the Asian markets overnight suggests Chinese demand is likely to soften given record prices and we suspect some longs are banking profits and seeking the safety of the sidelines ahead of this afternoon's US FOMC meeting minutes release. Another indirect and perhaps temporary pressure on copper came from reports of significant bottlenecks in the historic buildout of Chinese solar power as that could result in a demand kink. Clearly, the copper market was massively overbought into this week's highs as evidenced by Bloomberg coverage overnight indicating LME speculators have built the largest bullish position in seven weeks. While not as important of an impact, a slight reduction in rate cut hopes from the Bank of England this morning probably added a wrinkle of long liquidation this morning. It is also possible that copper is seeing a delayed reaction to news from southern copper earlier this week of the company's expectation to increase copper production in Peru by 20% this year. Last year southern copper produced 374,149 tons of copper in Peru! While LME copper warehouse stocks are showing a developing pattern of inflows, so far aggressive price appreciation has not pulled in significant supply to the exchange.



MARKET IDEAS:

With the July copper contract unable to post a higher high yesterday, and starting out today with a lower high and lower low the short term technical picture has turned down. We suspect copper will see an impact today from big picture macroeconomic developments with less focus on internal copper market fundamentals. Uptrend channel support in July copper today is \$4.95.

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) 05/22/2024: 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 slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 2454.3. The next area of resistance is around 2440.8 and 2454.3, while 1st support hits today at 2411.2 and below there at 2395.0.

COMEX SILVER (JUL) 05/22/2024: Studies are showing positive momentum but are now in overbought territory,

so some caution is warranted. 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 objective is at 33.567. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 32.974 and 33.567, while 1st support hits today at 31.535 and below there at 30.688.

COMEX PLATINUM (JUL) 05/22/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 1029.03. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1081.05 and 1091.62, while 1st support hits today at 1049.75 and below there at 1029.03.

COMEX COPPER (JUL) 05/22/2024: 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. The close over the pivot swing is a somewhat positive setup. The next upside target is 5.26. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5.18 and 5.26, while 1st support hits today at 5.02 and below there at 4.94.

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	2426.0	68.13	64.80	76.48	83.51	2414.23	2386.06	2355.23	2328.04	2284.90
SIEN24	32.255	86.39	81.42	85.02	91.44	31.45	29.95	28.58	27.69	26.88
PLAN24	1065.40	71.09	69.35	86.12	81.92	1072.58	1045.98	1003.68	966.54	955.70
CPAN24	5.10	81.51	78.25	77.49	82.08	5.03	4.88	4.73	4.45	4.32
PAAM24	1030.30	63.08	57.66	69.95	80.75	1017.78	998.59	979.52	1005.65	1007.64

Calculations based on previous session. Data collected 05/21/2024

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	2394.9	2411.1	2424.6	2440.8	2454.3
SIEN24	COMEX Silver	30.687	31.534	32.127	32.974	33.567
PLAN24	COMEX Platinum	1029.02	1049.75	1060.32	1081.05	1091.62
CPAN24	COMEX Copper	4.93	5.02	5.09	5.18	5.26
PAAM24	COMEX Palladium	1004.77	1016.55	1032.27	1044.05	1059.77

Calculations based on previous session. Data collected 05/21/2024

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