



## PRECIOUS METALS COMMENTARY

5/23/2024

### More liquidation follow-through off hawkish Fed news

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

**GOLD** -34.90, **SILVER** -0.10, **PLATINUM** -1.31

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mixed with declines generally posted in Asia and the rest of the world mostly trading higher. Critical economic news released overnight included a much stronger-than-expected New Zealand retail sales, slightly and unchanged private Australian bank composite/manufacturing/services data, better-than-expected private bank manufacturing PMI readings for May, much weaker than expected Japanese private bank services PMI readings for May, softer Australian consumer inflation expectations for May, better-than-expected French German and euro zone HCOB manufacturing PMI readings for May, softer than expected French HCOB princes PMI suspected on HCOB's PMI, weaker than expected GBP S&P global composite and services PMI readings for May and better-than-expected GBP S&P global manufacturing PMI for May. The North American session will start out with a weekly reading on initial jobless claims which are expected to have a minimal downtick from the previous 222,000 reading. Ongoing jobless claims are forecast to have a modest weekly increase from the previous 1.794 million reading. The Chicago Fed's April national activity index is expected to have a minimal uptick from March's 0.15 reading. The April Canadian new housing price index is forecast to have a minimal uptick from March's -0.4% year-over-year rate. A May "flash" reading on US manufacturing PMI is expected to hold steady with the previous 50.0 reading. April US new home sales are forecast to have a minimal downtick from March's 693,000 annualized rate. The Kansas City Fed's May manufacturing index is expected to have a mild uptick from April's -13 reading. Atlanta Fed President Bostic will speak during afternoon US trading hours. Earnings announcements will include Medtronic and NetEase before the Wall Street opening while Intuit and Workday report after the close.



**MARKET FUNDAMENTALS:** While the declines yesterday in gold and silver were blamed on fear of hawkish statements from the last Fed meeting minutes, the declines this morning are the result of a realization of hawkish news from the actual release. Apparently, the Fed had a debate on whether policy was tight enough to bring inflation down as quickly as was hoped for and some policymakers were disappointed in the economic information they have seen since the March meeting. Therefore, a minimal higher high for the move in the US dollar adds to the liquidation bias in markets that were significantly overdone into the recent highs. In another slightly disappointing development yesterday, both gold and silver ETF holdings declined breaking a six-day pattern of inflows to gold and suggesting that small investors are not decisively bullish yet! However, traders should watch to see if investment in gold and silver ETF instruments is revived by price weakness. Recent dialogue indicated buyers suffered price shock and are waiting for lower prices. In a supportive development overnight the Peoples Bank of China reportedly added 225 tons of gold to its reserves last year which represents the largest annual purchase since 1977. In other words, the Chinese added the most gold reserves in modern trading. In the end, the Takeaway from the Fed meeting minutes is bearish and perhaps very bearish as a reduction in rate (cuts) prospects is disappointing but chatter of the need to hike rates gives the bear camp ongoing confidence today. Downside buying support today is seen at \$2341 with lower and more conservative long entry pricing in Gold at the 50 day moving average of \$2321.25.

#### TODAY'S MARKET IDEAS:

In addition to a bearish breakdown on the charts, gold and silver are under additional pressure from a hawkish interpretation of US Fed sentiments from their last policy meeting. In today's action further macroeconomic pressure will be seen if claims or ongoing claims decline and/or if new home sales surprise with an uptick. Initial

support in July silver is well below the market today at \$29.70. Downside buying support today is seen at \$2341 with lower and more conservative long entry pricing at the 50 day moving average of \$2321.25.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

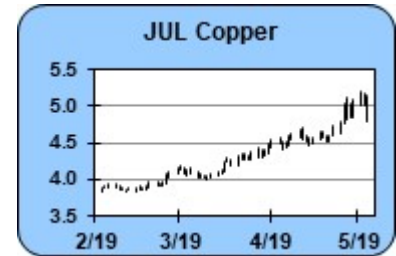
None.

**COPPER COMMENTARY**

5/23/2024

**Profit taking underway with bearish macro influences remaining**

**GENERAL:** While there does not appear to be a specific event puncturing Chinese copper demand expectations, that mantra has combined with a severely overbought technical condition for a definitively bearish track today. However, the source of the reversal was likely price shock at Chinese factories given record pricing and to a lesser degree macro pressures from hawkish Fed news. The bearish bias is furthered by the lack of positive price response to a local lawsuit filed against Rio Tinto in the Papua New Guinea which could disrupt production. Ongoing volatility is justified considering recent record high pricing and significantly overbought spec and fund long categories in futures especially with dollar adversity and reduced delayed US rate cut prospects in lay.



**MARKET IDEAS:**

While the copper market has managed to throw off corrective action recently, the overnight trade added to yesterday's chart damage and demand fundamentals have shifted in favor of the bear camp. In conclusion, traders should view the for \$4.80 level in July copper as a pivot point and wait for evidence of bargain hunting buying from a jump in trading volume.

**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) 05/23/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 2341.0. The next area of resistance is around 2408.9 and 2445.9, while 1st support hits today at 2356.5 and below there at 2341.0.

COMEX SILVER (JUL) 05/23/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next

downside objective is 29.914. The next area of resistance is around 31.812 and 32.863, while 1st support hits today at 30.338 and below there at 29.914.

COMEX PLATINUM (JUL) 05/23/2024: 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 close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 1025.28. The next area of resistance is around 1059.75 and 1077.47, while 1st support hits today at 1033.65 and below there at 1025.28.

COMEX COPPER (JUL) 05/23/2024: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 4.56. The next area of resistance is around 4.97 and 5.21, while 1st support hits today at 4.65 and below there at 4.56.

## 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	2382.7	52.82	55.08	75.62	74.02	2414.48	2389.24	2357.02	2332.46	2290.28
SIEN24	31.075	66.85	67.54	84.52	84.23	31.71	30.23	28.77	27.81	27.01
PLAN24	1046.70	61.04	62.77	82.01	74.42	1065.38	1051.72	1010.37	969.48	957.99
CPAN24	4.80	51.51	56.61	74.74	69.25	5.01	4.91	4.74	4.46	4.34
PAAM24	1003.80	52.12	51.32	71.53	74.70	1019.13	1002.20	982.04	1005.75	1008.50

Calculations based on previous session. Data collected 05/22/2024

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	2340.9	2356.4	2393.4	2408.9	2445.9
SIEN24	COMEX Silver	29.913	30.337	31.388	31.812	32.863
PLAN24	COMEX Platinum	1025.27	1033.64	1051.37	1059.75	1077.47
CPAN24	COMEX Copper	4.55	4.64	4.88	4.97	5.21
PAAM24	COMEX Palladium	988.52	995.55	1005.02	1012.05	1021.52

Calculations based on previous session. Data collected 05/22/2024

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