



DAILY METALS COMMENTARY

Wednesday May 29, 2024

PRECIOUS METALS COMMENTARY

5/29/2024

A sideways tendency until PCE on Thursday

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD -5.30, SILVER +0.02, PLATINUM -0.40



OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were lower except for the markets in Shanghai which traded fractionally higher. Critical economic news released overnight included a slight dip in Australian Westpac Leading Index for April, a slight softening of New Zealand ANZ Activity Outlook readings for May, softer New Zealand ANZ Business Confidence for May, much weaker than expected Australian construction work done for the first quarter, a hotter than expected Australian monthly consumer price index reading for April, a dip in Japanese consumer confidence, not as bad as feared German GfK consumer confidence, a weaker than expected French consumer confidence reading for May, positive but slower than expected Spanish retail sales, and better than expected Italian business and consumer confidence readings for May. The North American session will start out with weekly private surveys of same-store sales and mortgage applications followed by a May reading on the Richmond Fed manufacturing index which is expected to have a moderate uptick from April's -7 reading. The latest Fed Beige Book will be released during early afternoon US trading hours. New York Fed President Williams and Atlanta Fed President Bostic will speak during afternoon US trading hours. Earnings announcements will include Salesforce, HP, and Agilent Technologies after the Wall Street close.

MARKET FUNDAMENTALS: We expect gold and silver to continue to chop roughly in-line with yesterday's price action until the first of two significant US inflation reports is released tomorrow. However, bullish fundamental information on silver, justifies silver's recent relative strength versus gold as reports of heavy Chinese buying of international silver (because domestic prices are significantly higher) suggests a major demand source has emerged. Apparently, the bullish theme behind significant Chinese interest is surging demand for silver in solar energy applications. Along those lines Shanghai spot silver prices last week were 2% above the 13% Chinese import tax or 15% above international silver prices. Chinese April silver imports were estimated at over 340 tons compared to the five-year average monthly import pace of 310 tons. Another favorable silver theme is silver's relative cheaper pricing versus gold (which allows for what some believe is a cheaper precious metal market long entry) Fortunately for the bull camp, the washout last week resulted in a significant 40,000 contracts drop in gold open interest on relatively active trading as that could increase the odds of a technical low. Another possible contributor to a bottoming in gold and silver prices is the turn down in the US dollar from a deterioration in market views toward the US economy and from ideas that inflation will be steady or only fall minimally. We also think gold and silver yesterday benefited from bargain hunting buying with Chinese and Indian gold buyers recently discouraged by record prices in gold and very lofty prices in silver. In conclusion, the direction of gold and silver will likely be on the dollar especially into the Thursday US PCE report. Shifting to the August gold contract, consolidation low support is building at \$2,350 with the middle of the current consolidation allowing for a drift up to \$2,420 without a significant bullish headline. Silver on the other hand displayed impressive strength yesterday and has established a thin layer of support at \$32.00 and we suspect an upside breakout above the recent high of \$32.75 is in the offing.

TODAY'S MARKET IDEAS:

The path of least resistance remains up with the direction of gold and silver at present seemingly locked onto the dollar. While strength in energy prices yesterday added to the bullish environment for gold and silver traders should not expect that windfall to continue! Consolidation low support in August gold is building at \$2,350 with the

middle of the current consolidation allowing for a drift up to \$2,420. With the aggressive silver strength yesterday, we suspect an upside breakout above the recent high of \$32.75 is in the offing.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

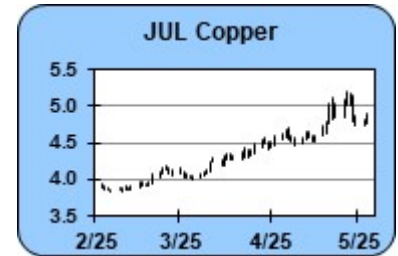
None.

COPPER COMMENTARY

5/29/2024

Expect a chop within a range defined as \$4.7435 to \$4.9030

GENERAL: In a development that should disappoint the bull camp, copper prices this morning are trading lower despite an upward revision in IMF Chinese growth forecasts for this year and next! In fact, the copper market is also discounting a bullish forecast from RBC capital markets overnight which predicted copper will stay strong through the end of this year. The copper market managed to reject a retest of the vicinity of last week's spike low yesterday giving rise to talk of a building consolidation low zone. The trade has certainly balanced a very oversold technical condition and has reduced a portion of its massive net spec and fund long increasing the potential for a technical low. We also suspect the market will continue to derive support from hope of another Chinese property sector stimulus program. On the other hand, Chinese domestic copper stocks remain high with a gain this year of 240% on a year-over-year basis, but that is offset by very strong Chinese daily refined copper production. Furthermore, overnight UBS issued their latest copper supply and demand forecast for 2024 and 2025 pegging the world copper market to the in a deficit of 390,000 metric ton deficit through next year.



MARKET IDEAS:

From a short-term technical perspective, the recent consolidation low just above \$4.7435 becomes a very key pivot point. However, with a lower US dollar, residual hope of another Chinese property sector stimulus, and the IMF raising its Chinese economic outlook the bull camp should see support build under prices. On the other hand, internal Chinese copper supply is very limiting with last Friday's reading a 49-month high!

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) 05/29/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. 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 next downside target is 2323.6. The next area of resistance is around 2376.6 and 2386.9, while 1st support hits today at 2345.0 and below there at 2323.6.

COMEX SILVER (JUL) 05/29/2024: Daily stochastics turning lower from overbought levels is bearish and will tend

to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is 29.989. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 33.212 and 33.778, while 1st support hits today at 31.318 and below there at 29.989.

COMEX PLATINUM (JUL) 05/29/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. 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 next downside objective is now at 1021.88. The next area of resistance is around 1089.34 and 1102.87, while 1st support hits today at 1048.85 and below there at 1021.88.

COMEX COPPER (JUL) 05/29/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next downside target is now at 4.70. The next area of resistance is around 4.93 and 4.99, while 1st support hits today at 4.79 and below there at 4.70.

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	2360.8	49.17	51.45	53.95	40.74	2352.30	2384.12	2359.88	2341.84	2303.25
SIEN24	32.265	71.00	70.19	79.02	78.32	31.18	31.12	29.47	28.21	27.41
PLAN24	1069.10	65.32	64.96	69.92	65.28	1046.38	1060.17	1025.59	978.38	965.57
CPAN24	4.86	54.76	58.06	60.43	51.93	4.81	4.92	4.78	4.51	4.39
PAAM24	977.60	44.72	46.36	55.51	43.17	981.40	1001.30	984.42	1003.63	1009.85

Calculations based on previous session. Data collected 05/28/2024

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	2323.5	2344.9	2355.2	2376.6	2386.9
SIEN24	COMEX Silver	29.988	31.317	31.883	33.212	33.778
PLAN24	COMEX Platinum	1021.87	1048.84	1062.37	1089.34	1102.87
CPAN24	COMEX Copper	4.69	4.78	4.84	4.93	4.99
PAAM24	COMEX Palladium	958.80	967.09	979.80	988.09	1000.80

Calculations based on previous session. Data collected 05/28/2024

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