



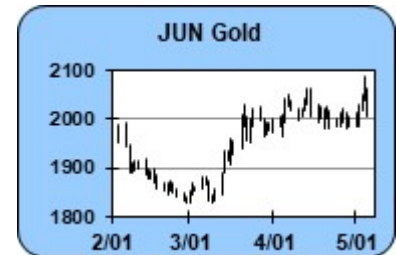
DAILY METALS COMMENTARY Monday May 08, 2023

PRECIOUS METALS COMMENTARY 5/8/2023

A slight corrective tilt with low volatility today

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
GOLD +7.80, SILVER +0.00, PLATINUM +1.46**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were generally higher except for markets in Japan, Russia, and Germany which traded fractionally lower. Critical economic news released overnight included a stronger than expected Japanese Jibun Bank Services PMI reading for April, a contraction in Australian building permits, stronger than expected but weaker than the prior month national Australia bank's business conditions for April, a stronger than expected German industrial production versus year ago levels, a noted month over month contraction in German industrial production and a much weaker than expected euro zone Sentix Investor Confidence reading for May. The North American session will start out with March wholesale trade which is expected to hold steady with February's 0.1% reading. The New York Fed's April reading on consumer inflation expectations is forecast to have a modest downtick from March's 4.7% reading. Earnings announcements will include Tyson Foods before the Wall Street opening while PayPal Holdings, McKesson, Suncor Energy and Devon Energy report after the close.



GOLD / SILVER

While today's economic report slate is benign, data in subsequent sessions will likely produce significant reactions in gold and silver with China releasing import and export figures tonight and the US releasing key inflation readings later in the week. Overnight China apparently raised its gold holdings by 8.09 tons last month, resulting in October through April gold reserve additions of 120 tons. The overall Chinese gold reserves is pegged at 2,076 tons, but we suggest that number is an unsubstantiated figure likely to be strategically understated by the Chinese central bank. Last week gold ETF holdings increased by 138,847 ounces but those holdings remain down 0.2% on the year. On the other hand, silver ETFs reduced their holdings by 1.2 million ounces last week with year-to-date gains in silver holdings 0.2%. With the big range down failure at the end of last week, the bias in gold is down and to a lesser degree down in silver. Clearly, the strong US nonfarm payroll reading and the downtick in the unemployment rate reduced economic uncertainty interest in gold and at the same time provided a very minimal lift in the US dollar. However, with the June gold contract into the Friday high trading \$60 an ounce above the level where the last COT positioning report put the net in spec long at the highest level since last April, the net long in gold is likely approaching the highest levels since the beginning of the pandemic! The Commitments of Traders report for the week ending May 2nd showed Gold Managed Money traders were net long 147,816 contracts after increasing their already long position by 14,642 contracts. Non-Commercial & Non-Reportable traders had 247,048 contracts net long after increasing their already long position by 10,241 contracts. Even the fundamental side of the equation favors more downside action in gold as Indian buyers are showing signs of high price sensitivity, the World Gold Council posted softer 1st quarter demand readings, and the Chinese economy has failed to show positive traction following the removal of activity restrictions. In conclusion, the path of least resistance is down with initial targeting in June gold seen at \$1,982 and a breakout below that level seen if the dollar manages to regain 102.00. In our opinion, the dollar lacks bullish buzz as evidenced by the failure to range sharply higher Friday despite patently strong monthly jobs news and because of a slight shift against a Fed "pause" because of the jobs data. As in the gold market, the silver market also saw reversal action from last week's high but the damage on the charts was not as significant as in gold and in retrospect did not appear to damage the charts. We suspect better economic news from the US will provide support to silver as a physical/industrial commodity and think silver ETF investment patterns will remain positive. However, a measure of back and fill balancing of a large net spec and fund long would not be surprising, especially with July silver into

the high Friday trading \$0.80 above the level where the last positioning report was measured. Therefore, adjusting for the post report gains the net long in silver is likely the largest in 13 months. The Commitments of Traders report for the week ending May 2nd showed Silver Managed Money traders were net long 27,131 contracts after increasing their already long position by 1,964 contracts. Non-Commercial & Non-Reportable traders net long 47,448 contracts after net buying 4,411 contracts. Initial and perhaps unreliable support is seen at \$25.355 with the \$25.00 level solid support unless the dollar soars and or gold falls precipitously.

PLATINUM

We are surprised with the higher trade in platinum this morning given an initial stronger dollar trade and negative Chinese economic comments from a major industrial equipment manufacturer. However, the trade will be presented with Chinese import and export data (including physical commodities) tonight and those readings will likely set the trend for the week in platinum. Expectations call for positive export and import data but data softer than in the prior report. Unfortunately for the bull camp platinum ETF holdings last week declined by 7,448 ounces but remain 6.5% higher year-to-date. Fortunately for the bull camp the July platinum contract from the last COT positioning report mark off has declined \$36 likely pulling the net spec and fund long back away from the highest levels in 14 months. The Commitments of Traders report for the week ending May 2nd showed Platinum Managed Money traders were net long 21,337 contracts after decreasing their long position by 3,074 contracts. Non-Commercial & Non-Reportable traders long 32,477 contracts after decreasing their long position by 2,420 contracts. Uptrend channel support from the March and May lows is \$1,079.30 today and rises to \$1,059.80 on Friday. With the palladium market holding a net spec and fund short near record levels (adjusted into the low Friday) and palladium ETF holdings last week increasing by 17,202 ounces (holdings are up 10% year-to-date) the market has fundamental and technical justification for this morning's 6 day high. While the palladium market generally remains out of favor due to the entrenched expectation that platinum prices are set to narrow their premium verses platinum, the market has seemingly found value at the \$1400 level. Palladium positioning in the Commitments of Traders for the week ending May 2nd showed Managed Money traders are net short 5,385 contracts after net selling 640 contracts. Non-Commercial & Non-Reportable traders were net short 6,668 contracts after increasing their already short position by 403 contracts. Fortunately for the bull camp the quasi-double low at \$1,400 last week coincided with a reversal in short-term bearish technical signals and therefore the market has probably found a low but lacks upside capacity.

TODAY'S MARKET IDEAS:

We see the path of least resistance in gold and silver pointing down with macroeconomic uncertainty declining and a reduction in flight to quality buying interest. In addition to the better-than-expected nonfarm payroll report reducing economic uncertainty, the report was strong enough to begin to question a "pause" by the Fed. In conclusion, the path of least resistance is down with initial targeting in June gold seen at \$1,982 and a breakout below that level seen if the dollar index manages to regain 102.00. Initial and perhaps unreliable support is seen at \$25.355 in July silver with the \$25.00 level solid support unless the dollar soars and gold falls precipitously. Uptrend channel support from the March and May lows is \$1,079.30 today and rises to \$1,059.80 on Friday.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

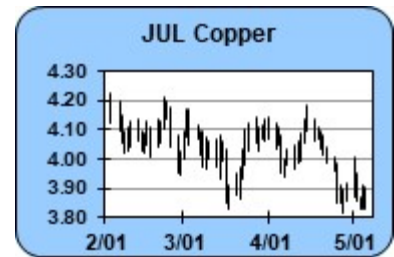
Long 2 May Gold \$2,000 puts for \$13.00. Long June gold futures from \$2,023. *Hit objective on the long June gold futures position of \$2,043. Hit objective of \$19.00 on the May gold puts giving the remaining short June call position/long June put position a cushion of \$20 from the long futures and \$12.00 from the long May puts (\$32.00).

Remaining position, Short a June gold \$2,000 call at 33.00 and long a June gold \$1,970 put for 31.00. *Use an objective on the long \$1,970 put of \$15.00.

COPPER COMMENTARY

5/8/2023

Chinese growth suspicions should meter gains today



GENERAL: Despite disappointing economic views toward the Chinese industrial/construction industry from a major global equipment manufacturer and lingering disappointment from Chinese PMI readings last week, the July copper contract has posted a 4-day high and appears capable of retesting \$4.00. However, the prospects of a technical low in copper are higher than for a fundamental low in prices following comments from the Komatsu CFO that his company does not see any sign of recovery in China so far this year. The construction and mining machinery company suggested China may have over invested in 2020 resulting in softer demand for equipment in 2021 and 2022. In addition to a triple low around Friday's low of \$3.8250, the copper market holds a net spec and fund short near the highest levels since October and the US nonfarm payroll report Friday should help to cushion sagging global economic expectations. The May 2nd Commitments of Traders report showed Copper Managed Money traders added 5,178 contracts to their already short position and are now net short 15,667. Non-Commercial & Non-Reportable traders were net short 17,003 contracts after increasing their already short position by 7,000 contracts. Unfortunately for the bull camp, Chinese data last week was very disappointing and that will increase the importance of Chinese import and export data to be released tonight. While weekly Shanghai copper warehouse stocks declined again and extended a pattern of declines, the magnitude of the outflow was very modest at 2,176 tonnes. Obviously monthly Chinese copper import statistics are one of the most important fundamental reports released in the monthly cycle for copper pricing and without something positive from imports of copper and copper products the \$3.80 level could be violated on Tuesday.

MARKET IDEAS:

While we see last week's triple low around \$3.82 as a credible support zone, without something positive from Chinese import and Export data tonight, we expect a trade back to 3.83.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long July copper \$4.05/\$4.20 bull call spread at 0.037.

Commitment of Traders - Futures and Options - 4/25/2023 - 5/2/2023						
Metals	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Copper	-22,765	-3,932	17,003	+7,001	5,762	-3,068
Gold	225,163	+15,339	-247,048	-10,241	21,885	-5,098
Palladium	-6,433	-595	6,669	+404	-235	+192
Platinum	27,779	-2,438	-32,477	+2,419	4,698	+18
Silver	34,087	+2,198	-47,449	-4,413	13,361	+2,213

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) 05/08/2023: The upside crossover of the 9 and 18 bar moving average is a positive signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close below the 1st swing support could weigh on the market. The near-term upside target is at 2084.0. The next area of resistance is around 2052.4 and 2084.0, while 1st support hits today at 1998.2 and below there at 1975.5.

COMEX SILVER (JUL) 05/08/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 27.134. The next area of resistance is around 26.639 and 27.134, while 1st support hits today at 25.640 and below there at 25.135.

COMEX PLATINUM (JUL) 05/08/2023: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 1036.40. The next area of resistance is around 1081.20 and 1088.40, while 1st support hits today at 1055.20 and below there at 1036.40.

COMEX COPPER (JUL) 05/08/2023: A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 3.96. The next area of resistance is around 3.93 and 3.96, while 1st support hits today at 3.86 and below there at 3.80.

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										
GCEM23	2025.3	53.47	54.63	47.05	52.95	2039.63	2016.99	2016.52	1982.93	1952.90
SIEN23	26.140	63.72	63.80	53.25	63.37	26.08	25.69	25.75	24.20	23.65
PLAN23	1068.20	49.76	52.83	43.35	30.54	1064.73	1079.01	1081.37	1025.03	1006.22
CPAN23	3.89	42.13	42.20	17.97	18.25	3.87	3.88	3.97	4.00	4.02
PAAM23	1486.80	50.78	50.29	25.07	22.00	1441.55	1467.18	1511.39	1459.99	1466.10

Calculations based on previous session. Data collected 05/05/2023

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						
GCEM23	COMEX Gold	1975.4	1998.1	2029.7	2052.4	2084.0
SIEN23	COMEX Silver	25.134	25.639	26.134	26.639	27.134
PLAN23	COMEX Platinum	1036.40	1055.20	1062.40	1081.20	1088.40
CPAN23	COMEX Copper	3.79	3.85	3.87	3.93	3.96
PAAM23	COMEX Palladium	1425.77	1461.05	1477.27	1512.55	1528.77

Calculations based on previous session. Data collected 05/05/2023

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