



DAILY METALS COMMENTARY

Tuesday May 09, 2023

PRECIOUS METALS COMMENTARY

5/9/2023

White House debt ceiling meeting to yield flight to quality buying

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -1.90, SILVER -0.02, PLATINUM -0.80

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were down with some losses of nearly 1%! Overnight economic news included stronger-than-expected New Zealand electronic credit card retail sales, an increase in GBP BRC Like for like Retail sales, a surprisingly large decline in Japanese household spending, a bigger than expected contraction in Australian retail sales for the first quarter, softer than expected Chinese import data, a surprise contraction in a GBP Halifax House Price index for April, and no change in the Japanese Labor Cash Earnings report for March. The North American session will have a monthly private survey of small business optimism and a weekly private survey of same-store sales. Fed Governor Jefferson will speak during morning US trading hours. Earnings announcements will include Duke Energy and Global Foundries before the Wall Street opening while Airbnb, Occidental Petroleum and Electronic Arts report after the close.



GOLD / SILVER

In retrospect, the gold market has held up better than we anticipated following the major reversal action last week. While gold spent nearly the entire Monday trade in positive territory, it forged a much tighter trading range relative to the action last week, perhaps because the trade is looking ahead to the uncertainty of the US CPI report on Wednesday morning. However, a portion of the trade sees the US CPI report as potentially supportive of the idea that consumer inflation will remain elevated. The gold market is likely seeing pressure from disappointing Chinese commodity import data this morning which has fostered a risk off view toward many physical commodities. On the other hand, Chinese exports increased last month which should provide stimulus to that economy going forward. An issue that could provide fresh flight to quality buying in gold today, is a debt ceiling meeting at the White House as we expect the meeting to yield a quick stalemate as the President has made it clear he will not negotiate. The gold market clearly derived a significant amount of buying on the October through early May rally of \$400 off the inflation theme and the threat inflation is not slayed yet could result in a June gold rally above \$2,100 later this week. In today's action gold should see minimal residual support from the 85,362-ounce inflow to gold ETF holdings yesterday but holdings year-to-date are nearly flat. While we do not want to be seen as offering conflicting advice, it is possible that a hotter than expected inflation reading Wednesday could in addition to the strong nonfarm payroll reading from last Friday could result in the markets removing the "hope for a pause" by the Fed from the equation thereby creating a series of headwinds for gold, silver, and many physical commodity markets. In other words, a market decision that the Fed will shift back into a rate hike posture could revitalize the dollar and create problems for gold and silver. At least into the Wednesday US CPI report we expect June gold to hold above \$2,000 with closer in pivot point support seen at \$2007. Unfortunately for the bull camp in silver ETF holdings saw an outflow yesterday of 1.3 million ounces, leaving the year-to-date change in holdings at zero. While the silver market spent a large portion of the Monday trade in negative territory, the market basically held near the Friday close which represented the middle of a very wide \$1.02 daily trading range. Therefore, silver posted a significant setback and aggressively rejected a large portion of the washout potentially indicating value above \$25.41. Despite the divergence in gold and silver prices on Monday we think silver will correlate tighter with gold in the coming 72 hours.

PLATINUM

In retrospect, the 3-day low to high recovery in July platinum of \$50 per ounce is partially justified by the noted improvement in global economic sentiment following the US jobs report last week. However, soft Chinese commodity import readings overnight has resulted in demand concerns for commodities in general, despite the improvement in Chinese export activity. Unfortunately for the bull camp platinum ETF holdings yesterday fell by a very material 6,132 ounces reducing the year-to-date gain to 6.3%. While we expect platinum to correlate with gold in the coming trading sessions, weak Chinese economic signals from their monthly trade report could allow physical commodity demand fears an edge over precious metal/flight to quality influences on platinum. A key pivot point is \$1,065.40 and initial resistance is seen at \$1,103.80. While palladium ETF holdings fell by a minimal 93 ounces yesterday, holdings remained 10% higher year-to-date! With palladium short-term overbought from a 3-day rally of \$170, support might be located well below the market down at \$1500.

TODAY'S MARKET IDEAS:

While we were surprised with the magnitude of the rally in gold yesterday, the market continues to face a series of possible flight to quality issues with the US debt ceiling situation likely taking a front seat this morning. However, the main event of the week will likely be tomorrow's US CPI report with expectations calling for a gain of 0.4%, which we think will move the Fed needle slightly away from "pause" status. In today's action we give the bull camp an edge with close in support at \$2022.

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.

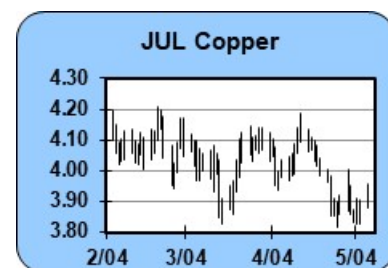
COPPER COMMENTARY

5/9/2023

Demand and supply developments favor the bear camp

GENERAL: We give the edge to the bear camp today in copper as the trade overnight was disappointed with overall Chinese physical commodity import data. While Chinese January through April unwrought copper imports fell 12.6% versus year ago levels, January through April copper concentrate and copper ore imports increased by 6.7%. In an ongoing negative and slowly expanding bearish situation, LME copper warehouse stocks continue to extend a very long daily string of inflows which might be indicating soft demand for copper outside of China.

Fortunately for the bull camp, the decline in Shanghai copper warehouse stocks released last Friday was the 10th straight weekly decline with the amount of copper left in the Shanghai copper exchange warehouse system now only 3 days of Chinese consumption. Like other physical commodities the copper trade could see some slight pressure when the White House debt ceiling meeting adjourns this morning with absolutely no progress. With July copper into the high on Monday managing a gain of \$0.13 off the prior week's low, a measure of short covering from a large net spec and fund short has probably taken place.



MARKET IDEAS:

Given soft recent Chinese PMI readings, slack physical commodity import readings and suggestions from a major construction and mining machinery company executive that China is not showing signs of recovery, the demand side of the equation in the copper trade favors the bear camp. However, copper and copper futures positioning showed a very bearish speculative opinion again last week and further selling could yield a "mostly liquidated"

market. In fact, July copper has managed to build a shelf of support just above \$3.80 but without positive Chinese economic news the upside should be limited.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

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) 05/09/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 2043.9. The next area of resistance is around 2035.6 and 2043.9, while 1st support hits today at 2020.6 and below there at 2013.8.

COMEX SILVER (JUL) 05/09/2023: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 26.273. The next area of resistance is around 26.132 and 26.273, while 1st support hits today at 25.918 and below there at 25.844.

COMEX PLATINUM (JUL) 05/09/2023: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The next downside target is now at 1050.88. The next area of resistance is around 1099.34 and 1113.87, while 1st support hits today at 1067.85 and below there at 1050.88.

COMEX COPPER (JUL) 05/09/2023: The daily stochastics gave a bullish indicator with a crossover up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 4.00. The next area of resistance is around 3.96 and 4.00, while 1st support hits today at 3.89 and below there at 3.84.

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	2028.1	54.40	55.19	48.02	50.06	2040.08	2019.18	2016.42	1986.22	1955.20
SIEN23	26.025	60.66	61.92	56.80	63.89	26.13	25.77	25.76	24.30	23.70
PLAN23	1083.60	56.55	56.99	40.29	34.22	1067.03	1077.82	1084.71	1027.31	1008.18
CPAN23	3.92	49.41	46.66	19.82	24.16	3.88	3.88	3.96	4.00	4.02
PAAM23	1563.40	62.00	57.95	29.10	37.16	1477.15	1476.34	1517.37	1462.53	1464.96

Calculations based on previous session. Data collected 05/08/2023

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	2013.7	2020.5	2028.8	2035.6	2043.9
SIEN23	COMEX Silver	25.843	25.917	26.058	26.132	26.273
PLAN23	COMEX Platinum	1050.87	1067.84	1082.37	1099.34	1113.87
CPAN23	COMEX Copper	3.83	3.88	3.92	3.96	4.00
PAAM23	COMEX Palladium	1481.57	1527.15	1554.07	1599.65	1626.57

Calculations based on previous session. Data collected 05/08/2023

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