



DAILY METALS COMMENTARY

Thursday May 11, 2023

PRECIOUS METALS COMMENTARY

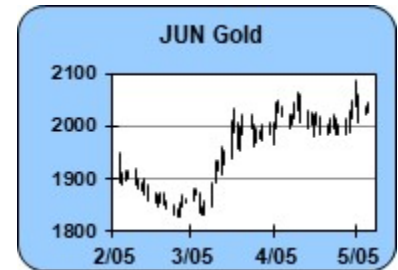
5/11/2023

Gold needs hot inflation numbers to rally.

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD -2.10, SILVER -0.06, PLATINUM -0.97

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were able to shake off early pressure and regain a mildly positive tone coming into this morning's action. Asian shares mostly finished in negative territory, being led to the downside by the Shanghai Composite. However, major European shares and US equity index futures are posting moderate gains early today. Walt Disney reported slightly lower than expected earnings and a decline in streaming customers, which dampened global risk sentiment. Chinese CPI and PPI came in lower than trade forecasts. The Bank of England's monetary policy committee meeting is expected to bring a 25 basis-point hike in UK rates. The April US producer price index is forecast to have a modest downtick from March's 2.7% year-over-year rate. The April US core producer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.4% year-over-year rate. Weekly initial jobless claims are forecast to have a minimal uptick from the previous 242,000 reading, and ongoing claims are expected to show a modest increase from the previous 1.805 million reading. Fed Governor Waller will speak during morning US trading hours.



GOLD / SILVER

Gold and silver were both lower overnight, with July silver making a new low for the week. The markets' inability to hold a CPI-inspired rally on Wednesday hints at a lack of conviction in the bull camp. However, the bear camp is probably in fear of inflation continuing to ease, as today's US PPI report is expected to register a slower inflation rate than CPI. Furthermore, the dollar failed to fall sharply enough to offset disappointment from the lack of a hot US inflation reading. Chinese CPI readings overnight were lower than expected, which further dampened inflationary expectations. Even the US debt ceiling flight to quality angle seems to be on hold, as negotiations are not scheduled to resume until Saturday. We see gold and silver vulnerable to corrective action again today, especially if US inflation readings are more bearish than yesterday.

PLATINUM

July platinum and June palladium were lower overnight, giving up their gains from yesterday in the wake of the lower-than-expected Chinese inflation numbers, which indicated their demand is not recovering as quickly as expected. While the platinum market did not hold all its upside breakout to the highest level since April 24th yesterday, the market did rally in the face of weakness in gold, and the charts remain generally supportive. The most recent platinum ETF holdings report showed a sizable inflow of 10,276 ounces, resulting in a year-to-date gain of 6.7%. The platinum trade so far does not seem to be limited by a lack of spec buying, but the current net long could be approaching its highest levels since April 2021. Palladium also managed to rally in the face of declining gold and silver prices yesterday, which suggested the PGMs are benefiting from relief that US inflation is not worsening and that the chances of a US Fed pause remain good. Unlike the platinum market, the palladium spec and fund net long position (even adjusted for the gains from last week's lows) likely retains further short covering capacity. Another bullish development is the positive flow into ETF holdings with the net gains year-to-date up 10%. However, palladium is approaching a recent top zone, and it has not been held in favor by traders as much as platinum has.

TODAY'S MARKET IDEAS:

The precious metals will be on a razor's edge today with the potential for trend setting action. The most beneficial

outcome would be ultra-hot US PPI readings provided the dollar does not rally off that news and US rate hike threats do not resurface. Silver led the way to the downside overnight, with key support in the July contract coming in at the April low of \$24.735. Support for June gold is at \$2,007.00. Upside targeting for July platinum is the next highest high at \$1142.50, with a failure seen with a trade below \$1065.40.

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). For the remaining position, we are 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.

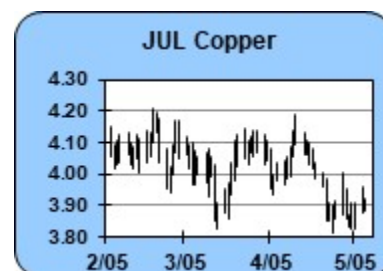
COPPER COMMENTARY

5/11/2023

Chinese demand concerns fueled by sluggish inflation readings

GENERAL: Copper prices remain on the defensive this morning, as they have reached a new four-month low. Weaker than expected Chinese inflation readings have rattled the market, while a pullback in the Shanghai Composite has also pressured prices. With a big range down yesterday and again overnight erasing the recovery from last week's low, the inability to see a risk-on reaction following yesterday's critical US data, and residual limitations from the 14% jump in Peru March copper production, the bear camp has ammunition to continue to press the downside. On the

other hand, reports that Chinese refined copper output has recently increased with smelters restarting operations coupled with and a significant spec and fund net short position could eventually provide some support. The copper trade could also see some support from ideas that China will have a freer hand managing its economic situation. Unfortunately for the bull camp, LME copper warehouse stocks posted a fourteenth straight daily inflow this morning.



MARKET IDEAS:

We give the edge to the bear camp again today, as bearish fundamental and technical forces have gained control over bullish factors. However, the market has become significantly oversold with a spec and fund position showing a large net short position, and this could leave the \$3.7245 level as some form of value.

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) 05/11/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The

market tilt is slightly negative with the close under the pivot. The next upside target is 2067.5. The next area of resistance is around 2051.4 and 2067.5, while 1st support hits today at 2023.8 and below there at 2012.2.

COMEX SILVER (JUL) 05/11/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside objective is 26.688. The next area of resistance is around 26.222 and 26.688, while 1st support hits today at 25.488 and below there at 25.219.

COMEX PLATINUM (JUL) 05/11/2023: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 1153.12. The next area of resistance is around 1140.44 and 1153.12, while 1st support hits today at 1112.55 and below there at 1097.33.

COMEX COPPER (JUL) 05/11/2023: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The near-term upside objective is at 3.95. The next area of resistance is around 3.89 and 3.95, while 1st support hits today at 3.81 and below there at 3.78.

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	2037.6	57.04	56.87	50.82	53.14	2033.18	2028.51	2016.84	1994.57	1960.31
SIEN23	25.855	54.32	58.03	60.46	61.94	26.04	25.91	25.74	24.52	23.82
PLAN23	1126.50	65.28	62.80	45.99	54.00	1097.78	1081.81	1091.13	1034.19	1013.43
CPAN23	3.85	36.41	38.71	22.11	22.25	3.89	3.88	3.93	3.99	4.01
PAAM23	1605.10	66.96	61.58	44.92	62.58	1558.75	1496.79	1528.08	1471.19	1466.42

Calculations based on previous session. Data collected 05/10/2023

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	2012.1	2023.7	2039.8	2051.4	2067.5
SIEN23	COMEX Silver	25.218	25.487	25.953	26.222	26.688
PLAN23	COMEX Platinum	1097.32	1112.54	1125.22	1140.44	1153.12
CPAN23	COMEX Copper	3.77	3.80	3.86	3.89	3.95
PAAM23	COMEX Palladium	1559.42	1582.85	1603.92	1627.35	1648.42

Calculations based on previous session. Data collected 05/10/2023

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