



DAILY METALS COMMENTARY

Friday May 12, 2023

PRECIOUS METALS COMMENTARY

5/12/2023

Bank sector issues and US debt limit are two bullish factors.

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD -10.00, SILVER -0.04, PLATINUM -1.31

OUTSIDE MARKET DEVELOPMENTS: Global equity markets have regained a generally positive tone coming into this morning's action. Asian stock markets had mixed results with moderate losses for the Shanghai Composite and Hong Kong Hang Seng and a mild gain in the Japanese Nikkei. However, European stocks and US equity index futures are posting mild early gains this morning after being led to the upside by the French CAC-40. First quarter UK GDP was lower than expected, but UK industrial production was higher than trade forecasts. French CPI and Spanish CPI were in-line with estimates. There will be April readings for the US import price index and export price index today, both of which are expected to have moderate upticks from their March readings. A private survey of May consumer sentiment is forecast to have a minimal downtick from the previous 63.5 reading. San Francisco Fed President Daly and St. Louis Fed President Bullard will speak during afternoon US trading hours.



GOLD / SILVER

Gold and silver extended their downside moves overnight. Fed Governor Michelle Bowman stated that the Fed will probably need to raise interest rates further if inflation stays high, adding that key data so far this month has not convinced her that price pressures are receding. This further diminished any optimism remaining from the lower-than-expected PPI data yesterday. The next meeting between President Biden and Congressional leaders regarding the debt ceiling has been postponed until next week, and this news could provide some safe-haven support to gold. However, Speaker McCarthy remarked that one should not draw any conclusions from the delay. Gold ETF holdings increased 363,091 ounces yesterday (+0.4%), bringing them 0.5% higher on the year. This was their biggest one-day increase since April 2022 and their fifth straight day of growth. Silver holdings increased 2.187 million ounces, bringing them up 0.5% on the year. The increases suggest investor interest remained resilient in the face of yesterday's selloffs. With the inflation data out of the way, it appears that the next opportunity for a gold rally would be failure to reach an agreement on the debt crisis or renewed concerns about the banking sector. Pac-West shares declined 23% on Thursday after it was reported that the bank saw deposits fall 9.5% (\$1.5 billion) last week. Silver experienced a much more dramatic selloff than gold yesterday with a downside breakout to its lowest level since April 4. That seemed to be the theme across the industrial metals, as copper also broke out to the downside to trade to its lowest level since November 30, with PGMs under pressure as well.

PLATINUM

July platinum may have fallen victim to a risk off mood in the industrial metals on Thursday. Lower-than-expected Chinese inflation numbers raised concerns that demand is not recovering as quickly as expected, which can be particularly concerning to PGM bulls, as they may be counting on a big increase in Chinese vehicle sales. Another limiting factor is that the spec and fund net long could be approaching its highest levels since April 2021. July platinum fell right to the 50% retracement of the May 5-10 recovery bounce overnight; that retracement comes in at \$1,090.30. A break below there would put the next downside target at \$1,079.10. Key support for June palladium comes in at \$1,542.50, followed by \$1,516.20.

TODAY'S MARKET IDEAS:

The gold market seems to lack a fundamental catalyst to drive higher unless a banking crisis re-emerges, or no progress is made on the debt ceiling. The market could also face pressure if silver continues its steep selloff. June gold extended its downward move overnight to its lowest level in a week. The market has fallen back into the second half of April trading range bounded roughly by \$1,981 and \$2,025. July silver also worked lower overnight after Thursday's massive decline. It fell right to the 0.382 retracement of the March-April rally at \$24.03. A break below there would leave the next downside target at \$23.28.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

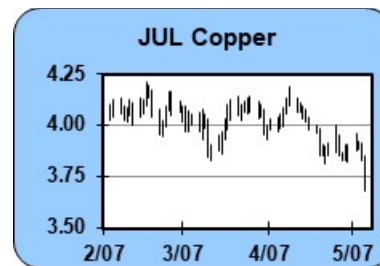
Long 2 May Gold \$2,000 puts for \$13.00. Long June gold futures from \$2,023. *Hit objective on the long June gold futures position of \$2,043. Hit objective of \$19.00 on the May gold puts giving the remaining short June call position/long June put position a cushion of \$20 from the long futures and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

5/12/2023

Eleventh weekly draw in a row for Shanghai exchange copper stocks provides support

GENERAL: Copper found its footing overnight and managed a modest recovery off its lows after a sharp selloff this week that has taken the market down to its lowest level since late November. Shanghai exchange copper stocks fell another 16,536 tonne this week, for its eleventh straight weekly decline, and this has provided a boost to copper prices this morning. The pullback in Chinese equity markets in the wake of their surprisingly sluggish April inflation data has gone into a second day, with a moderate loss in the Shanghai Composite overnight. The disappointing economic data out of China does not bode well for copper demand. Chile's government increased their forecast for 2023 average copper prices from \$3.74 previously to \$3.85.



MARKET IDEAS:

While the bear camp started out the session with the upper hand following more than a 20-cent decline since Tuesday, July futures appears to be finding support from the decline in Shanghai exchange copper stocks this week. If global markets can maintain a positive tone today, copper may see some short covering to end the week. Close-in support for July copper is at \$3.6750, with resistance at \$3.7500.

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) 05/12/2023: A crossover down in the daily stochastics is a bearish signal. 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 1995.1. The next area of resistance is around 2035.2 and 2056.8, while 1st support hits today at 2004.4 and below there at 1995.1.

COMEX SILVER (JUL) 05/12/2023: The close below the 40-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 23.567. The next area of resistance is around 25.237 and 26.236, while 1st support hits today at 23.903 and below there at 23.567.

COMEX PLATINUM (JUL) 05/12/2023: Momentum studies are trending higher from mid-range, which should support 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 setup is somewhat negative with the close under the 1st swing support. The next upside objective is 1143.47. The next area of resistance is around 1122.05 and 1143.47, while 1st support hits today at 1086.95 and below there at 1073.28.

COMEX COPPER (JUL) 05/12/2023: A crossover down in the daily stochastics is a bearish signal. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 3.57. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 3.78 and 3.90, while 1st support hits today at 3.61 and below there at 3.57.

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	2019.8	49.13	51.96	49.63	47.40	2031.75	2030.71	2017.49	1998.67	1962.59
SIEN23	24.570	31.51	40.99	53.58	39.80	25.67	25.83	25.69	24.61	23.86
PLAN23	1104.50	58.66	58.70	49.54	56.64	1106.95	1083.47	1093.65	1037.73	1016.09
CPAN23	3.69	25.04	30.29	20.40	16.99	3.85	3.86	3.91	3.98	4.01
PAAM23	1554.00	56.36	55.12	51.28	64.00	1575.55	1501.69	1527.72	1475.46	1467.62

Calculations based on previous session. Data collected 05/11/2023

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	1995.0	2004.3	2025.9	2035.2	2056.8
SIEN23	COMEX Silver	23.566	23.902	24.901	25.237	26.236
PLAN23	COMEX Platinum	1073.27	1086.95	1108.37	1122.05	1143.47
CPAN23	COMEX Copper	3.56	3.60	3.73	3.78	3.90
PAAM23	COMEX Palladium	1480.12	1509.75	1568.62	1598.25	1657.12

Calculations based on previous session. Data collected 05/11/2023

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