



DAILY METALS COMMENTARY Monday May 15, 2023

PRECIOUS METALS COMMENTARY

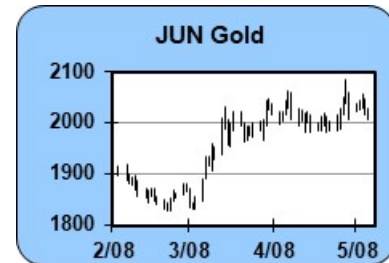
5/15/2023

Several bearish issues but support could build here

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +4.00, SILVER +0.01, PLATINUM +0.63

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the Russian and Spanish markets which traded fractionally lower. Critical economic news released overnight included a decline in the New Zealand business PSI reading for April, softer than expected Japanese producer prices, a negative Japanese machine-tool order for April, a significant contraction in German wholesale prices, a slight rise in Swiss producer and import prices in April and much weaker than expected euro zone industrial production. The North American session will start out with April Canadian housing starts which are expected to have a modest uptick from March's annualized rate. The New York Fed's May Empire State manufacturing survey is forecast to have a moderate downtick from April's 10.8 reading. March Canadian wholesale sales are expected to have a modest uptick from February's -1.7% reading. The March Treasury International Capital (TIC) reports will be released during mid-afternoon US trading hours and will show net changes to Chinese and Japanese Treasury holdings. Atlanta Fed President Bostic and Minneapolis Fed President Kashkari will speak during morning US trading hours while Richmond Fed President Barkin will speak during the afternoon.



GOLD / SILVER

With the significant jump in the US dollar at the end of last week, a new high in the Dollar this morning, a slight rise in US interest rates and softer than expected Chinese new loan data last week, the commodity markets are facing signs of slowing instead of signs of out-of-control inflation. Fortunately for the bull camp, the recent correction in gold prices prompted fresh buying interest in India after seeing those buyers back off with prices above \$2,020. Unfortunately for the bull camp, soft US scheduled data, strength in the dollar and global economic slowing fears leaves global gold demand expectations disappointing and leaves the bear camp with an edge with respect to demand fundamentals. Even though we suspect the latest COT positioning report overstates the net spec and fund long (due to the washout late last week), the net spec and fund long was near 12-month highs. Gold positioning in the Commitments of Traders for the week ending May 9th showed Managed Money traders were net long 146,626 contracts after decreasing their long position by 1,190 contracts. Non-Commercial & Non-Reportable traders net bought 4,932 contracts and are now net long 251,980 contracts. However, the bull camp should be cheered with gold ETF holdings last week seeing inflows of 426,772 ounces resulting in a year-to-date gain of 0.3%. While we suspect the gold market will continue to erode on its charts, we expect the market to generally respect support around \$2,000. However, we see critical/failure support at \$1,982. Like the gold market, the silver market saw inflows to silver ETF holdings last week of 2.91 million ounces resulting in a year-to-date gain of 0.6%. While the net spec and fund long positioning in silver was not as overbought as gold on a relative basis recently, the market was long enough to justify last week's late selling wave. On the other hand, into the low on Friday, July silver was trading nearly \$2.00 lower likely balancing the net spec and fund long and increasing the potential of \$24.00 as a solid support level. The May 9th Commitments of Traders report showed Silver Managed Money traders are net long 27,169 contracts after net buying 38 contracts. Non-Commercial & Non-Reportable traders added 857 contracts to their already long position and are now net long 48,305.

PLATINUM

As in other precious metal markets, the platinum market caved in off fears of slowing, tempering inflation

prospects, higher interest rates, a firmer US dollar and disappointment in the magnitude of Chinese new loan demand. Fortunately for the bull camp, platinum ETF holdings continue to receive interest with year-to-date gains of 8%. Last week platinum ETF holdings increased by a very significant 43,628 ounces, with Friday alone adding 39,880 ounces which in turn is a 1.2% gain of total ETF holdings in a single session. Unfortunately for the bull camp, the net spec and fund long in the platinum market sits near the highest levels since March 2022 partially justifying the washout but potentially signaling the markets capacity to find solid support at a recent quasi-double low at \$1,043.60. The May 9th Commitments of Traders report showed Platinum Managed Money traders are net long 22,329 contracts after net buying 992 contracts. Non-Commercial & Non-Reportable traders had a net long 33,312 contracts after increasing their already long position by 835 contracts. Not surprisingly, the palladium market saw a less aggressive liquidation than platinum and the rest of the precious metal markets last week. We attribute the relatively smaller losses in palladium to the heavy net spec and fund short the market has been maintaining consistently over the prior trading months. Palladium positioning in the Commitments of Traders for the week ending May 9th showed Managed Money traders reduced their net short position by 623 contracts to a net short 4,762 contracts. Non-Commercial & Non-Reportable traders were net short 5,881 contracts after decreasing their short position by 787 contracts. The palladium market should also draft support from continued inflows to palladium ETF holdings with holdings currently 12% higher year-to-date.

TODAY'S MARKET IDEAS:

We give the edge to the bear camp as precious metal prices severely damaged their charts last week, there has been a slight dampening of inflation concerns, renewed concerns of slowing industrial and jewelry demand and the markets are moderately concerned about further strength in the dollar. In conclusion, each market has a consolidation low level that was almost reached on Friday leaving only modest additional downside likely early this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

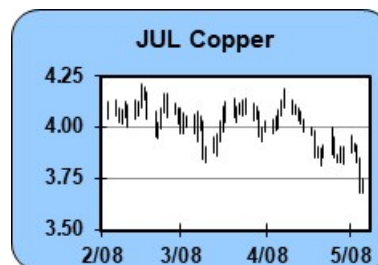
Long 2 May Gold \$2,000 puts for \$13.00. Long June gold futures from \$2,023. *Hit objective on the long June gold futures position of \$2,043. Hit objective of \$19.00 on the May gold puts giving the remaining short June call position/long June put position a cushion of \$20 from the long futures and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

5/15/2023

Declining Shanghai stocks, China ban on Aussie Concs supportive

GENERAL: As in most physical commodity markets, the copper market was very disappointed with the lack of positive forward momentum in the Chinese economy following a very discouraging new loan report. However, the copper market should be cheered by news of a Chinese central Bank liquidity injection and by the substantial decline in Shanghai copper warehouse stocks as they fell by 16,536 tonnes last week extending a streak of outflows. In other words, seeing warehouse stocks draw down over time should indicate industrial activity is beginning to draw down domestic supplies or is anticipating a winding up of activity. It should also be noted that a trade battle between China and Australia has resulted in a Chinese ban on Australian copper concentrate imports thereby removing a key source of supply for Chinese industrial activity. While the most recent COT positioning report showed one of the largest net shorts since last July, that net short is dramatically understated given the decline of \$0.21 from that report measurement. The May 9th Commitments of Traders report showed Copper Managed Money traders were net short 16,170 contracts after increasing their already short position by 503 contracts. Non-Commercial & Non-Reportable traders net sold 3,710 contracts and are now net short 20,713 contracts.



MARKET IDEAS:

While fundamentals are mostly bearish because of the lack of economic recovery evidence (from scheduled data) in China, a recovery in China should not be ruled out ahead. However, in the near term the path of least resistance is down but more likely mixed with the net spec and fund short position likely nearing the most bearish levels since the beginning of the pandemic. We see reliable support at \$3.699 and then again at \$3.684.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

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

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	-25,823	-3,058	20,713	+3,710	5,110	-652
Gold	225,537	+374	-251,980	-4,932	26,443	+4,558
Palladium	-5,557	+876	5,881	-788	-324	-89
Platinum	28,944	+1,165	-33,312	-835	4,368	-330
Silver	34,380	+293	-48,305	-856	13,925	+564

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) 05/15/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 1994.2. The next area of resistance is around 2026.8 and 2038.3, while 1st support hits today at 2004.8 and below there at 1994.2.

COMEX SILVER (JUL) 05/15/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 23.893. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 24.615 and 24.852, while 1st support hits today at 24.135 and below there at 23.893.

COMEX PLATINUM (JUL) 05/15/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 1022.15. The next area of resistance is around 1086.19 and 1124.55, while 1st support hits today at 1035.00 and below there at 1022.15.

COMEX COPPER (JUL) 05/15/2023: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 3.65. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 3.76 and 3.79, while 1st support hits today at 3.69 and below there at 3.65.

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	2015.8	47.37	50.84	47.32	42.58	2028.73	2033.50	2017.41	2002.32	1965.13
SIEN23	24.375	28.48	38.26	44.89	27.49	25.25	25.71	25.62	24.70	23.89
PLAN23	1060.60	43.19	48.08	48.01	44.95	1100.20	1083.02	1091.62	1040.09	1018.37
CPAN23	3.72	27.75	32.00	18.94	16.03	3.79	3.84	3.89	3.98	4.00
PAAM23	1513.80	49.43	50.62	53.87	59.05	1563.15	1509.13	1520.55	1478.55	1468.50

Calculations based on previous session. Data collected 05/12/2023

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	1994.1	2004.7	2016.2	2026.8	2038.3
SIEN23	COMEX Silver	23.892	24.134	24.372	24.615	24.852
PLAN23	COMEX Platinum	1022.14	1034.99	1073.34	1086.19	1124.55
CPAN23	COMEX Copper	3.64	3.68	3.71	3.76	3.79
PAAM23	COMEX Palladium	1470.40	1486.30	1525.40	1541.30	1580.40

Calculations based on previous session. Data collected 05/12/2023

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