



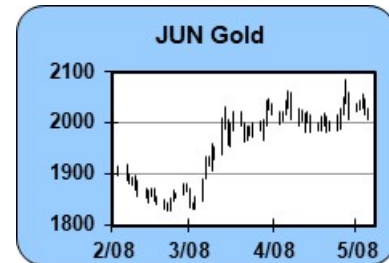
## DAILY METALS COMMENTARY Tuesday May 16, 2023

### PRECIOUS METALS COMMENTARY 5/16/2023

**The bears control unless debt ceiling talks fail miserably**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
GOLD -8.50, SILVER -0.02, PLATINUM -0.17**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mixed with Asian stocks lower in European markets tracking minimally higher. Critical economic news released overnight included disappointing Chinese industrial production and retail sales gains for April, a sharp contraction in Australian Westpac consumer confidence readings for May, an uptick in GBP the claimant count rate for April, stronger than expected GBP average earnings including bonus, a slight contraction in GBP average earnings excluding bonuses, a downtick in Italian consumer price index readings for April a larger than expected increase in euro zone employment, a surprisingly weak euro zone ZEW survey of economic sentiment and a not as weak as feared German ZEW current situations survey for May. The North American session will start out with a private weekly survey of same-store sales followed by April Canadian CPI which is expected to have a modest downtick from March's 4.3% year-over-year rate. April US retail sales are forecast to have a sizable uptick from March's -0.6% reading. April US industrial production is expected to have a moderate downtick from March's 0.4% reading while April US capacity utilization is forecast to hold steady with March's 79.8% reading. March business inventories are expected to hold steady with February's 0.2% reading, while the May NAHB housing market index is forecast to hold steady with April's 45 reading. Cleveland Fed President Mester and Atlanta Fed President Bostic will speak during morning US trading hours while New York Fed President Williams and Dallas Fed President Logan will speak during the afternoon.



### GOLD / SILVER

Despite noted weakness in the dollar this morning the gold market continues to retrench, and its charts look bearish into today's potentially critical US debt ceiling negotiations. Perhaps the gold market is undermined following reports from the Indian government that their April gold imports declined 45%-to-3-month lows largely attributable to record prices crimping demand. India reportedly imported only 16 tons of gold in April compared with 29 tons last April. Reuters pegged the average monthly Indian import tally for April is 71 tons! A measure of flight to quality buying of gold, silver, platinum, and palladium could return if today's meeting between the US President and Congressional leaders fails to solve the debt ceiling problem. If the debt ceiling negotiations unfold as in the past, no deal will surface until the last minute. In fact, it may be the job of the gold, silver, equity markets, currency markets and the treasury markets to apply pressure to the negotiators to get a deal. According to Bloomberg and other market pundits, gold remains the "best" flight to quality instrument, especially if the crisis is isolated within the US. China released industrial production and retail sales readings for April today, both of which failed to rebound as significantly as predicted. In our opinion, the precious metal markets have transitioned from markets needing signs that inflation is not contained and is becoming more sensitive to investment interest. In a minimally negative development gold ETF holdings yesterday declined by 20,722 ounces but remained 0.3% higher year-to-date. Uptrend channel support in June gold today is \$2,013.30 with that support level increasing to \$2,017.15 on Wednesday. The silver market appears to have failed at solid support this morning at the \$24.00 level, shifting the charts bearish and potentially targeting \$23.73. Therefore, the bull camp will need positive action in US equities following the adjournment of the US debt ceiling meeting today between the US President and Congressional leaders. Unfortunately for the bull camp in silver, silver ETF holdings yesterday declined by 542,140 ounces but remain 0.5% higher year-to-date.

## PLATINUM

In a very major overnight development platinum ETF holdings saw a massive inflow of 40,014 ounces, which is a single day gain of 1.2% which in turn puts the year-to-date gain in holdings at 9.3%. Unfortunately for the bull camp, the platinum market retains a significant net spec and fund long positioning relative to the last 12 months. Platinum bulls should see some support from the Chinese addition of liquidity yesterday and could see very minimal support from Chinese industrial production and retail sales reports, as they depicted growth even if the growth was softer than anticipated. While the July platinum contract forged a 6-day low yesterday, the market managed to reject that washout and trade nearly \$8 above its early low. Pivot point support in July platinum is \$1,065.40. Like the platinum market, the palladium market also saw a noted inflow to ETF holdings yesterday with 4,357 ounces added pushing the year-to-date gain in holdings up to 13%. Unlike the platinum market, the palladium market should be capable of rejecting noted selling, as the net spec and fund short remains significant and that positioning could be forced to the sidelines today if there is a budget deal. The palladium market has also rejected pricing around the recent washout low in a manner that indicates value is present around the \$1,500 level.

### TODAY'S MARKET IDEAS:

We are bearish toward metals until there appears to be a debt ceiling deal which should temper fears of recession. Certainly, gold and silver could suddenly leap higher off flight to quality buying, but that strength would likely be tempered by flight to quality buying of the US dollar. It is likely that the negotiations on the debt ceiling will yield a solution which increases the debt ceiling, with another piece of legislation "promising" to reduce spending in future budget negotiations. Uptrend channel support in June gold today is \$2,010.30 with that support level increasing to \$2013.15 on Wednesday. The silver market appeared to find solid support at the \$24.00 level yesterday, but that level was violated overnight shifting the charts in favor of the bear camp. Obviously, today is another trading session capable of setting the trends in gold and silver over the coming weeks.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

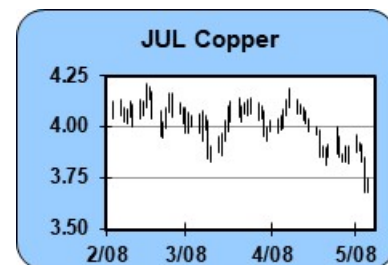
Long 2 May Gold \$2,000 puts for \$13.00. Long June gold futures from \$2,023. \*Hit objective on the long June gold futures position of \$2,043. Hit objective of \$19.00 on the May gold puts giving the remaining short June call position/long June put position a cushion of \$20 from the long futures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

5/16/2023

### Big LME stocks build and softer than expected Chinese data bearish

**GENERAL:** While we think the copper market forged an intermediate low with yesterday's washout, another very significant 6,952-ton inflow to LME copper warehouse stocks overnight has deflated supply tightness fears again. The large single day inflow to LME copper warehouse stocks follows a long string of daily inflows and that virtually erases last week's 16,000-tonne plus outflow from Shanghai copper warehouse stocks even though that outflow was the 11th straight weekly outflow. On the other hand, daily LME copper warehouse stocks are expected to continue a very consistent pattern of inflows ahead which could be the result of soft demand forces or more likely might be the result of arbitrage with Shanghai. Certainly, seeing the Chinese central bank provide liquidity yesterday serves to countervail the disappointment from the decline in new loans inside China from last week. It should be noted that Chinese economic data overnight showed positive activity, but the strength of the activity was much smaller than anticipated by the trade!



### MARKET IDEAS:

With a large daily LME copper warehouse stock inflow and softer than expected Chinese industrial production and retail sales readings the path of least resistance in copper remains down. Obviously, last week's low of \$3.6770 is a key support level but traversing a failure in the US debt ceiling negotiations without a significant downside extension in copper will be extremely difficult.

**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) 05/16/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 2003.7. The next area of resistance is around 2028.7 and 2036.2, while 1st support hits today at 2012.5 and below there at 2003.7.

COMEX SILVER (JUL) 05/16/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 24.120. The next area of resistance is around 24.625 and 24.780, while 1st support hits today at 24.295 and below there at 24.120.

COMEX PLATINUM (JUL) 05/16/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is 1048.00. The next area of resistance is around 1081.70 and 1091.20, while 1st support hits today at 1060.10 and below there at 1048.00.

COMEX COPPER (JUL) 05/16/2023: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 3.67. The next area of resistance is around 3.78 and 3.82, while 1st support hits today at 3.71 and below there at 3.67.

**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
<b>METALS COMPLEX</b>										
GCEM23	2020.6	49.72	52.13	45.13	40.77	2023.38	2032.90	2018.13	2005.25	1967.77
SIEN23	24.460	31.96	40.28	37.49	22.69	24.85	25.56	25.55	24.78	23.93
PLAN23	1070.90	46.33	50.22	46.29	41.48	1090.50	1082.90	1090.03	1042.57	1020.73
CPAN23	3.74	31.72	34.48	18.72	17.95	3.76	3.83	3.87	3.97	4.00
PAAM23	1530.30	52.14	52.34	55.30	58.15	1550.80	1521.28	1515.63	1482.28	1468.36

Calculations based on previous session. Data collected 05/15/2023

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCEM23	COMEX Gold	2003.6	2012.4	2019.9	2028.7	2036.2
SIEN23	COMEX Silver	24.120	24.295	24.450	24.625	24.780
PLAN23	COMEX Platinum	1048.00	1060.10	1069.60	1081.70	1091.20
CPAN23	COMEX Copper	3.66	3.70	3.74	3.78	3.82
PAAM23	COMEX Palladium	1503.02	1516.05	1531.52	1544.55	1560.02

**Calculations based on previous session. Data collected 05/15/2023**

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