



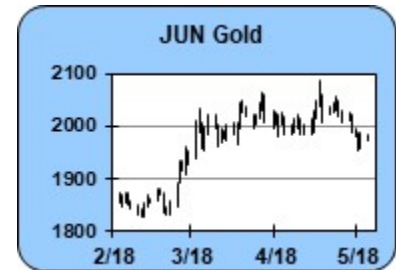
DAILY METALS COMMENTARY Tuesday May 23, 2023

PRECIOUS METALS COMMENTARY 5/23/2023

The bears control with tech damage adding selling momentum

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD -19.20, SILVER -0.05, PLATINUM -1.05**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were lower except for the FTSE 100. Critical economic news released overnight included a slight decline in Australian S&P global composite PMI readings for May, better-than-expected Australian S&P global manufacturing PMI, better-than-expected Australian S&P global services PMI readings for May, better-than-expected Japanese Jibun bank manufacturing PMI, better-than-expected Japanese bank services PMI, significantly higher than expected GBP public sector net borrowing for April, better-than-expected French HCOB manufacturing PMI reading for May, softer than expected French HCOB services PMI readings, better-than-expected German composite PMI, better-than-expected German services PMI, softer than expected German manufacturing PMI, softer than expected GBP composite, manufacturing, and services PMI readings for May. The North American session will start out with a weekly private survey of same-store sales followed by the April Canadian industrial product price index (IPPI) which is expected to have a moderate uptick from March's -1.8% year-over-year rate. The May US "flash" manufacturing PMI is forecast to have a minimal uptick from the previous 50.2 reading. April new home sales are expected to have a mild downtick from March's 683,000 annualized rate. The Richmond Fed's May manufacturing index is forecast to have a moderate downtick from April's -10 reading. Dallas Fed President Logan will speak during morning US trading hours. Earnings announcements will include Lowe's and AutoZone before the Wall Street opening while Intuit, Palo Alto Networks and Agilent Technologies report after the close.



GOLD / SILVER

Gold and silver prices remain in a liquidation watch, with silver breaking out down early and gold also nearing a downside breakout in the early going. In addition to strength in the US dollar, the metals are also undermined from an upside breakout in US treasury yields. Adding to the interest rate pressure on gold and silver prices are comments from the J.P. Morgan CEO who suggested investors should prepare for a 6.75% Fed funds rate. In a positive development, Indian gold demand reportedly showed some improvement in the wake of recent price declines. On the other hand, the Indian Rupee on Monday fell to the lowest level since mid-March and that could rob the gold market of Indian bargain-hunting buying. In short, Indian buyers look to remain price sensitive. Going forward we think it is also possible that gold and silver will not see flight to quality buying later this week if debt ceiling talks fail. In fact, the US debt ceiling conundrum continues to put upward pressure on US treasury rates, and one could conclude that global investors are set to demand higher yields in exchange for the added risk of a deterioration in the "full faith and credit" of the United States. Yesterday gold ETF holdings increased by 211,617 ounces and are 0.3% higher year-to-date. We see further corrective potential in gold with a slide below \$1,950 likely and a possible return to \$1,928.40 expected if the markets settle into recession speculation because of the inability to get a debt ceiling deal. Yesterday silver ETF holdings fell by a minimal 93,925 ounces and are 0.3% higher year-to-date. Support and targeting in July silver is \$23.26 and then again down at \$23.01 later this week.

PLATINUM

With platinum forging a 6-day high yesterday in the wake of a higher dollar, weaker gold, and rising interest rates, the platinum trade continues to throw off bullish signals. However, it could be difficult for Platinum to avoid the big picture outside market selling of physical commodities if the debt ceiling negotiations break down. From a technical perspective, the platinum trade seemingly backed off attacking the market following the washout last week potentially indicating a lack of aggressive bearishness when July platinum nears \$1,050. Fortunately for the

bull camp platinum ETF holdings yesterday increased by 4,507 ounces and are now 9.8% higher year-to-date. Unfortunately for the bull camp, the net spec and fund long in platinum remains overbought at 31,134 contracts thereby leaving the market vulnerable to a wave of stop loss selling if the market fails to hold support at \$1,050. While the technical condition of the palladium market is more constructive than in the platinum market, the fundamental picture in palladium is significantly more bearish than in platinum. However, with the COT positioning report in palladium from last week showing a net spec and fund short of 5,311 contracts and ETF holdings in palladium up 14% year-to-date there are issues helping to underpin palladium prices above \$1,400.

TODAY'S MARKET IDEAS:

As indicated already, we give the edge to the bear camp in gold and silver again today with expectations of further economic uncertainty in the US fostering physical/industrial use fears and not sparking flight to quality buying. Furthermore, outside market influences of rising rates, a stronger dollar and weaker equities add to softer internal demand signals. Therefore, we advise traders to implement stops on longs and be patient waiting for a spike down washout this week possibly to \$1,928.40 in gold and to \$23.26 in July silver.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

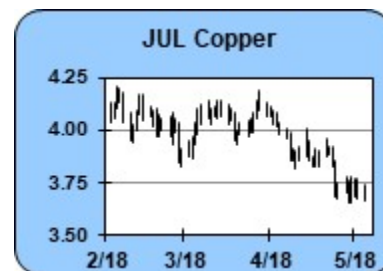
None.

COPPER COMMENTARY

5/23/2023

More down with both supply and demand news bearish

GENERAL: With a risk off vibe flowing from international equity markets, another large daily LME copper warehouse stock inflow and negative comments on the Chinese economy from the PBOC the downside breakout extension overnight is justified. In fact, a financial report from the Peoples Bank of China indicates economic development is experiencing headwinds from demand contraction and an unexpected downturn. Another negative short-term/positive long-term development came from Goldman Sachs lowering its 2023 average copper price estimate by roughly 10%. However, Goldman ultimately expects copper prices to reach \$10,000 per tonne over the coming 12 months. Unfortunately for the bull camp, daily LME copper warehouse stocks have now increased for 22 consecutive trading sessions adding oversupply fears to fresh Chinese copper demand concerns. In other words, building exchange supply could be indicative of a market lacking solid demand outside of China. Fortunately for the bull camp, the most recent COT spec and fund position posted a significant short of 28,992 contracts and that could lower the magnitude of stop loss selling waves ahead.



MARKET IDEAS:

We see internal and external market influences pressuring copper prices further over the coming sessions. In fact, traders should not rule out the prospect of a big picture commodity market washout later this week if US debt ceiling talks break down and concerns for the US economy escalate. Rounding out the bearish environment for copper is concerning economic comments from the Chinese National Bank. As indicated already, we see the market testing the next key consolidation low support level at \$3.60.

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) 05/23/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 1961.9. The next area of resistance is around 1981.2 and 1990.0, while 1st support hits today at 1967.2 and below there at 1961.9.

COMEX SILVER (JUL) 05/23/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 23.768. The next area of resistance is around 24.119 and 24.327, while 1st support hits today at 23.840 and below there at 23.768.

COMEX PLATINUM (JUL) 05/23/2023: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 1055.23. The next area of resistance is around 1088.84 and 1099.42, while 1st support hits today at 1066.75 and below there at 1055.23.

COMEX COPPER (JUL) 05/23/2023: A crossover down in the daily stochastics is a bearish signal. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 3.62. The next area of resistance is around 3.71 and 3.75, while 1st support hits today at 3.65 and below there at 3.62.

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	1974.2	37.73	42.42	21.83	16.39	1975.03	1998.62	2011.32	2008.46	1978.33
SIEN23	23.980	34.02	38.97	15.95	13.23	24.07	24.42	25.14	24.97	24.11
PLAN23	1077.80	50.05	51.60	35.52	33.73	1073.45	1080.72	1079.83	1051.96	1031.72
CPAN23	3.67	36.64	37.15	17.17	16.29	3.72	3.73	3.81	3.95	3.96
PAAM23	1492.20	47.57	48.73	44.75	41.97	1487.78	1517.10	1500.68	1487.08	1470.47

Calculations based on previous session. Data collected 05/22/2023

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	1961.8	1967.1	1975.9	1981.2	1990.0
SIEN23	COMEX Silver	23.767	23.840	24.047	24.119	24.327
PLAN23	COMEX Platinum	1055.22	1066.74	1077.32	1088.84	1099.42
CPAN23	COMEX Copper	3.61	3.64	3.68	3.71	3.75
PAAM23	COMEX Palladium	1463.10	1474.69	1498.10	1509.69	1533.10

Calculations based on previous session. Data collected 05/22/2023

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