



DAILY METALS COMMENTARY

Wednesday May 24, 2023

PRECIOUS METALS COMMENTARY

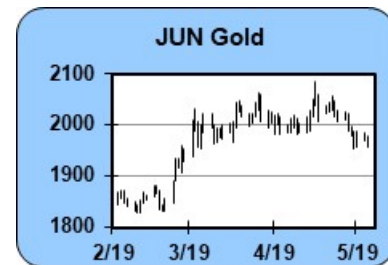
5/24/2023

The bias is down with the trade confident in a US Deal

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +1.50, SILVER -0.01, PLATINUM -0.38

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were lower with many markets declining by more than 1%! Critical economic news released overnight included softer than expected New Zealand retail sales, a 25-basis point rate hike by the Reserve Bank of New Zealand, a contraction in Australian Westpac leading index readings for April, much hotter than expected GBP CPI, softer than expected GBP Producer Price Index, hotter than expected GBP retail price index readings for April, softer than expected German IFO business climate readings for May, softer than expected German IFO current assessment readings for May, much better-than-expected German IFO expectations survey for May and a noted moderation in a GBP DCLG house price index for March. The North American session will start out with MBA mortgage applications for the week ending May 19th, a speech by the Fed's Waller, a 5 year note auction at midsession and the release of the FOMC meeting minutes.



GOLD / SILVER

With the dollar seemingly poised to grind out more gains, US interest rates elevated and a significant outflow from gold ETF holdings of 23,917 ounces the bear camp holds an edge into the Wednesday US trade. In addition to strength in the US dollar, the metals were also undermined from another upside breakout in US treasury yields yesterday. In a positive development, Indian demand reportedly showed some improvement early this week following last week's washout. 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 bargain-hunting buying. Therefore, Indian buyers look to remain price-sensitive, but we also think gold and silver might not benefit from a big picture macroeconomic volatility event. However, the US debt ceiling conundrum is showing signs of atypical views toward US treasuries and therefore one must consider the global bond trade could be poised to shift investment away from US treasuries which would push US rates even higher creating the potential for further downside extension action in gold and silver. Rising interest rate fears were accentuated yesterday following two Fed member indications that US rates might need to move higher and remain elevated through the end of this year. We see corrective potential in gold with a slide below \$1,950 likely and a possible return to \$1,928.40 if the markets settle into recession speculation. The silver market should be supported because of a very large 2.7 million ounces inflow to silver ETF holdings yesterday which pushed the year-to-date gain up to 0.7%. Projected support and targeting in July silver is \$23.48 and then again down at \$23.40 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 trade continues to show bullish resiliency. However, the July contract this morning has damaged its charts with a probe below \$1050 and the market is likely feeling spillover pressure from an unfolding pattern of noted weakness in global equities. On the other hand, Commerzbank raised its platinum price forecast to \$1300 from \$1250 by the end of 2024 and more importantly platinum ETF holdings jumped by a scorching 9,903 ounces yesterday and are now 10% higher year-to-date. From a technical perspective, the platinum market probe below \$1050 after a very poor close on Tuesday projects a slide to the next lower support level of \$1042.70. 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

\$1,042.70. With the palladium market facing demand losses from substitution, a minimal outflow from ETF holdings yesterday and an extension of this week's lower low pattern early today the bear camp has control. However, with the COT positioning report in palladium from last week showing a net spec and fund short of 5,311 contracts and prices into the low this morning \$63 an ounce lower than where the positioning was measured, the market is becoming mostly liquidated. Even though ETF holdings saw a slight decline yesterday, ETF holdings in palladium have gained 14% year-to-date. With risk-off sentiment expected to extend near term downside targeting in June Palladium is \$1407.

TODAY'S MARKET IDEAS:

As indicated already, we leave the edge to the bear camp in gold and silver again today with economic uncertainty in the US fostering physical/industrial use fears. Apparently, concern for a US default is not sparking flight to quality buying which means the market expects a deal to be hammered out at some point. Furthermore, US Dollar strength looks to extend, and the August gold contract has corrected the oversold condition from the first two days of this week's trade and has now encountered consolidation high resistance around the \$2000 price level. Therefore, we advise traders to implement profit stops on longs and become patient waiting for a spike down washout this week to buy August gold at \$1,928.40 and wait for a slide to \$23.40 in July silver to get long.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

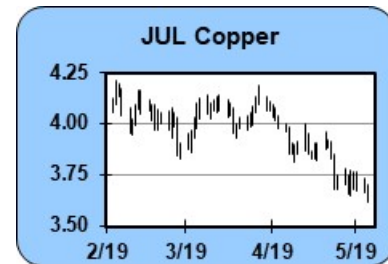
None.

COPPER COMMENTARY

5/24/2023

More declines from deteriorating global economic views

GENERAL: With another lower low/downside breakout overnight and the lowest trade since the end of November, the technical condition in copper favors the bear camp. Furthermore, LME copper warehouse stocks saw another daily inflow (the 23rd consecutive inflow) overnight and the market saw fresh and concerning dialogue regarding the Chinese economy. Apparently, the copper trade is disappointed with the lack of Chinese government action to support their economy in the wake of disappointing data. Detracting from the bearish environment, the International Copper Study Group report yesterday indicated the March surplus in the global copper market narrowed to just 2,000 metric tons versus a surplus of 196,000 metric tons in the previous month. According to Goldman Sachs, they were wrong on the return of the great commodity bull market because of what they call the "great destocking", where users liquidated hedges because of demand concerns.



MARKET IDEAS:

Going forward we see external market influences continuing to pressure copper prices over the coming sessions. However, the copper market is also facing definitively bearish supply and demand fundamentals and given the fresh damage on the charts overnight, targeting in the July contract is now the late November low down at \$3.5595.

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) 05/24/2023: 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 daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 1948.1. The next area of resistance is around 1988.8 and 1996.5, while 1st support hits today at 1964.6 and below there at 1948.1.

COMEX SILVER (JUL) 05/24/2023: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 23.204. The next area of resistance is around 24.067 and 24.313, while 1st support hits today at 23.513 and below there at 23.204.

COMEX PLATINUM (JUL) 05/24/2023: The close under the 40-day moving average indicates the longer-term trend could be turning down. The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 1041.23. The next area of resistance is around 1069.95 and 1085.82, while 1st support hits today at 1047.65 and below there at 1041.23.

COMEX COPPER (JUL) 05/24/2023: 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is 3.57. The next area of resistance is around 3.68 and 3.73, while 1st support hits today at 3.60 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	1976.7	39.25	43.25	20.04	16.55	1972.68	1991.90	2010.17	2007.94	1980.59
SIEN23	23.790	30.75	36.55	14.91	12.83	24.01	24.20	25.05	24.99	24.15
PLAN23	1058.80	43.05	46.97	32.92	27.73	1067.20	1073.89	1077.85	1053.30	1033.54
CPAN23	3.63	34.07	35.39	16.11	13.99	3.69	3.71	3.80	3.94	3.96
PAAM23	1446.70	41.08	44.31	41.18	34.04	1478.23	1499.50	1498.14	1488.11	1470.78

Calculations based on previous session. Data collected 05/23/2023

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	1948.1	1964.6	1972.3	1988.8	1996.5
SIEN23	COMEX Silver	23.203	23.512	23.758	24.067	24.313
PLAN23	COMEX Platinum	1041.22	1047.65	1063.52	1069.95	1085.82
CPAN23	COMEX Copper	3.56	3.59	3.65	3.68	3.73
PAAM23	COMEX Palladium	1422.60	1432.19	1451.60	1461.19	1480.60

Calculations based on previous session. Data collected 05/23/2023

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