

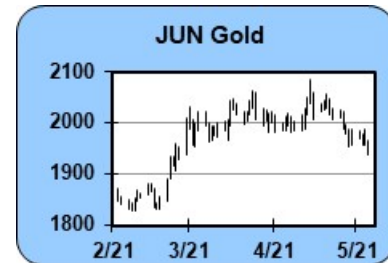


PRECIOUS METALS COMMENTARY
5/26/2023

Prices nearing fundamental and technical lows

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +10.00, SILVER +0.03, PLATINUM +0.96

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher except for markets in Japan, Germany, Spain, and Hong Kong. Critical economic news released overnight included not as hot as expected Tokyo consumer price index readings for May, softer than expected Australian retail sales for April, better than expected Japanese coincident and leading economic index readings for March, better-than-expected GBP retail sales for April, lower than expected Swiss employment, a slight dip in French consumer confidence and softer than expected Italian business and consumer confidence readings for May. The North American session will start out with April personal income which is expected to have a minimal uptick from March's 0.3% reading, while April personal spending is forecast to have a moderate uptick from March's unchanged reading. April Canadian wholesale sales are expected to have a modest downtick from March's -0.1% reading. April wholesale inventories are forecast to hold steady with the previous unchanged reading. April durable goods are expected to have a sizable downtick from March's 3.2% reading. The April goods trade balance is forecast to have a modest decline from March's \$84.6 billion monthly deficit. A private survey of May consumer sentiment is expected to have a sizable downtick from April's 63.5 reading.



GOLD / SILVER

Even though August gold has recovered from a fresh low for the move overnight, the charts generally favor the bear camp. According to some press outlets, gold is higher this morning because of a retrenchment in the dollar, but that retrenchment is insignificant early on with dollar charts retaining a bullish set up. However, the parties to the debt ceiling negotiations appear to be so confident in their ability to strike a deal next week, that the President and Congress are leaving Washington for the holidays! In the end, if the dollar has rallied several weeks off the fear of a default and a deal is forming, the dollar bulls and gold bears will have a significant test of their capacity early next week. Therefore, the \$1950 level in August gold might be some form of temporary/key bottom with \$23.00 potentially a strong value zone in July silver. On the other hand, the pendulum regarding the Fed's next rate decision (next week) has moved slightly in favor of a hike following a stubborn US PCE reading and somewhat positive US jobs news. In other words, another major negative for gold and silver prices will face a key junction next week setting the stage for a key pivot for price trends in June. Regardless of the Fed's stance next week, gold and silver this week faced the highest US treasury yields since March 9th and we suspect Treasury markets are also poised to shift trend action next week. We suspect precious metal and many other physical commodity markets are experiencing selling in the wake of credible evidence of a minimal flare in Chinese Covid infections. In other words, the trade is concerned that the latest flare could result in a return to lock down which would surely dampen gold demand by the world's largest consumer (China). Yesterday gold ETF holdings fell 4,998 ounces while silver ETF holdings increased by 100,343 ounces.

PLATINUM

As in other precious metal markets and many physical commodities markets, the platinum market liquidation wave might be poised to pause. Furthermore, several major financial market issues will come to a head next week and without a technical default or a US rate hike we expect a short covering bounce in platinum. Obviously, fears of slower demand from China from fresh Covid infections played a major role in the current selloff. Fortunately for the bull camp platinum ETF holdings yesterday saw a noted inflow of 4,795 ounces resulting in a

year-to-date gain of 10%. In the last COT positioning report the platinum market held a net spec and fund long of 31,134 contracts, which was near the highs of the last 2 years. However, we see platinum as oversold from a short-term technical perspective and we could see several negative fundamental influences peak next week. With the palladium market also holding up impressively in the face of large declines in gold, silver, and platinum yesterday the \$1,400 level is given added credence as a value zone. Furthermore, the latest COT spec and fund position in palladium was short 5,311 contracts which has probably limited stop loss selling and put the market near a sold-out condition. As indicated in other precious metal market coverage today a series of bearish fundamentals appear to be factored into prices and with a series of key fundamental events next week palladium is positioned to make a key low.

TODAY'S MARKET IDEAS:

Even though the bear camp retains an edge from both fundamental and technical perspectives early today, we see bearish fundamentals coming to an end or at least accepted by the trade next week. With gold, silver, platinum, and palladium prices also falling from dollar strength, surging treasury yields, fears of a US default and fears of a 2nd Chinese Covid infection wave, market sentiment has become extremely negative. However, the big question is whether precious metal markets will see relief rallies week next week when and if a debt ceiling deal is reached?

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

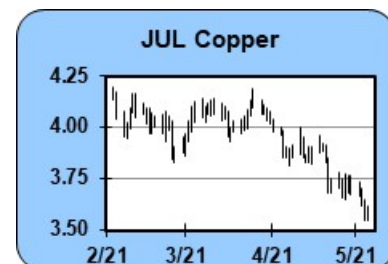
None.

COPPER COMMENTARY

5/26/2023

Short covering and a pause in selling from exhaustion?

GENERAL: With the Chinese infection wave out in the open despite government attempts to squash the news, a large weekly decline in Shanghai copper warehouse stocks, less concern for a US default and mostly better than expected US scheduled data yesterday, the rally this morning is justified by several fundamental arguments. Furthermore, the copper market was significantly oversold from classic short-term technical measures and the net spec and fund short (adjusted into the low on Wednesday) likely registered a net spec and fund short near the largest levels since March 2020! However, LME copper warehouse stocks posted a 25th consecutive day of inflows today but that negative news was partially offset by another noted decline in weekly Shanghai copper stocks.



MARKET IDEAS:

While the recovery off Wednesdays low is probably a function of the oversold status of the market, the trade has factored a long list of bearish fundamentals into prices and the trade will face several very significant fundamental junctions next week many of which should be capable of setting fresh trends throughout the commodity marketplace. However, fundamental sentiment has shifted slightly positive for copper today with the trade anticipating a US debt ceiling deal and chatter in the markets calling for Chinese infrastructure spending to stimulate the Chinese economy. The bias has shifted up today but a major junction/trend decision loom next week.

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 (AUG) 05/26/2023: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 1938.9. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1972.6 and 1991.4, while 1st support hits today at 1946.4 and below there at 1938.9.

COMEX SILVER (JUL) 05/26/2023: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 22.709. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 23.282 and 23.598, while 1st support hits today at 22.838 and below there at 22.709.

COMEX PLATINUM (JUL) 05/26/2023: 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 tilt is slightly negative with the close under the pivot. The next downside target is 1011.20. The next area of resistance is around 1034.80 and 1044.40, while 1st support hits today at 1018.20 and below there at 1011.20.

COMEX COPPER (JUL) 05/26/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 3.52. The next area of resistance is around 3.62 and 3.65, while 1st support hits today at 3.56 and below there at 3.52.

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										
GCEQ23	1959.5	28.90	35.83	15.11	9.29	1981.25	1995.52	2024.21	2025.32	2002.00
SIEN23	23.060	22.93	30.28	11.05	7.04	23.62	23.92	24.82	25.00	24.21
PLAN23	1026.50	34.35	40.68	23.25	13.48	1047.68	1060.98	1072.35	1055.22	1035.65
CPAN23	3.59	32.01	33.58	12.87	10.38	3.62	3.68	3.76	3.92	3.94
PAAU23	1418.20	37.69	41.40	27.70	17.55	1442.35	1477.83	1500.68	1500.09	1482.46

Calculations based on previous session. Data collected 05/25/2023

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						
GCEQ23	COMEX Gold	1938.8	1946.3	1965.1	1972.6	1991.4
SIEN23	COMEX Silver	22.708	22.837	23.153	23.282	23.598
PLAN23	COMEX Platinum	1011.20	1018.20	1027.80	1034.80	1044.40
CPAN23	COMEX Copper	3.51	3.55	3.58	3.62	3.65
PAAU23	COMEX Palladium	1366.47	1393.44	1415.97	1442.94	1465.47

Calculations based on previous session. Data collected 05/25/2023

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