



DAILY METALS COMMENTARY

Thursday May 16, 2024

PRECIOUS METALS COMMENTARY

5/16/2024

Bull control extends if claims rise again

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -2.70, **SILVER** +0.01, **PLATINUM** +0.69

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher in Asia and weaker in the early Europe trade. Critical economic included a softer than expected Japanese GDP, an uptick in the Australian unemployment rate for April, your than expected Japanese industrial production for March, slightly softer than expected but still hot Italian consumer price index readings for April and a smaller than expected Italian global trade surplus. The North American session will start out with a weekly reading on initial jobless claims that are expected to have a moderate downtick from the previous 231,000 reading. Ongoing jobless claims are forecast to have a minimal weekly decline from the previous 1.785 million reading. The May Philly Fed manufacturing survey is expected to have a moderate downtick from April's 15.5 reading. April US housing starts are forecast to have a modest uptick from March's 1.321 million annualized rate. April US building permits are expected to have a mild uptick from March's 1.467 million annualized rate. April readings for the US import price index and US export price index are both forecast to have mild upticks from their March year-over-year readings. 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 at 78.4%. Fed Vice Chair Barr, Richmond Fed President Barkin and Philadelphia Fed President Harker will speak during morning US trading hours while Cleveland Fed President Mester and Atlanta Fed President Bostic will speak during the afternoon. Earnings announcements will include Walmart and Deere & Company before the Wall Street opening while Applied Materials report after the close.



MARKET FUNDAMENTALS: While yesterday's sharp gains in gold and silver were partly supported by outside market action (lower treasury yields, a weaker dollar, and renewed US rate cut hopes), we continue to think there are classic flight to quality buyers moving into gold and silver as hedges against a geopolitical or financial market crisis ahead. Even though the prospect of a significant crisis and the potential flight to quality influences from a crisis, gold has displayed significant corrective action in the face of escalation of the Middle East conflict in the recent past. However, ideas that runaway inflation was behind the recent record run up in gold and silver prices suffered a significant blow yesterday when the US core CPI reading posted the first softening in six months. It goes without saying that seeing the pendulum of US Federal Reserve rate cut bias shift in favor of a cut added to the magnitude of the gains yesterday. However, the Minneapolis Fed Pres. Kashkari suggested the Fed may not be able to cut rates through the rest of the year. On the other hand, a sector of the financial trade raised their projections of a September US rate cut to 61% but that feeling is not dominant in the market despite this week's inflation data. However, today's US initial claims reading could raise rate cut hopes again if initial claims post another upside breakout from last week's level of 231,000. Last week, US initial claims jumped to the highest level since November 2023. Another higher high in US initial claims will force the dollar and treasury yields down further, potentially providing gold and silver with a very strong finish to the trading week. Uptrend channel support in June gold today is \$2,347.50 with closer in support of \$2370 and the first upside resistance point seen at \$2,414.80.

TODAY'S MARKET IDEAS:

As indicated already, we see the path of least resistance pointing up in gold and silver with definitively supportive outside market action expected to return today which in turn should spark follow-through speculative buying.

However, gains could become significant if US claims post a higher high with a print of 232,000 or more.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

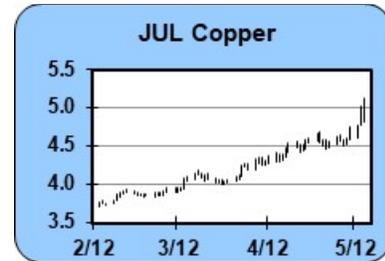
None.

COPPER COMMENTARY

5/16/2024

A blowoff top?

GENERAL: With the July copper presenting a classic blowoff top formation yesterday (major range up reversal, on heavy trading volume, and a decline in open interest) an intermediate top may have been forged. Even though the copper market has posted what appeared to be a blowoff several times over the last two weeks, the magnitude of the gains this week should discourage those looking to sell into the strength. However, the bull camp has several classic bullish fundamentals remaining in its favor with entrenched ideas that global supply is highly unlikely to keep pace with expanding demand global green energy efforts. Along those lines copper bulls can take added confidence from a University of Michigan study indicating that copper mining expansion cannot keep up with demand for the manufacture of electric vehicles in the US and China, with additional demand for electric grid expansion and modernization in China and the US raising the bar for supply flow. On the other hand, talk of a short squeeze has surfaced and arbitrage between London and New York has increased the chances that bullish sentiment is rapidly becoming excessive.



MARKET IDEAS:

With the copper trade early in the week touting a copper squeeze and subsequent chatter suggesting LME supply would flow to the CME, a net spec and fund long near all-time highs, a classic blowoff formation top forges over the prior two sessions and record copper prices in Australia, we suspect a measure of back and fill weakness is at hand. However, with both supply and demand views favoring the bull camp, the July copper contract is likely to find support at \$4.90, but a failure of that level leaves little in the way of support until under \$4.80.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 05/16/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 2424.1. The next area of resistance is around 2413.1 and 2424.1, while 1st support hits today at 2374.1 and below there at 2346.1.

COMEX SILVER (JUL) 05/16/2024: Momentum studies are trending higher but have entered overbought levels. A

positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 30.958. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 30.612 and 30.958, while 1st support hits today at 29.298 and below there at 28.329.

COMEX PLATINUM (JUL) 05/16/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 1097.20. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1089.30 and 1097.20, while 1st support hits today at 1059.90 and below there at 1038.40.

COMEX COPPER (JUL) 05/16/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 5.26. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 5.08 and 5.26, while 1st support hits today at 4.78 and below there at 4.64.

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										
GCEM24	2393.6	64.49	61.78	53.65	70.99	2366.55	2344.54	2338.29	2308.05	2261.26
SIEN24	29.955	80.17	74.05	66.17	83.29	28.90	28.16	27.74	27.16	26.33
PLAN24	1074.60	85.98	77.58	86.89	93.60	1033.18	1002.97	970.36	955.22	944.54
CPAN24	4.92	79.44	75.96	73.29	73.86	4.81	4.68	4.61	4.36	4.25
PAAM24	1015.00	60.82	55.36	44.91	59.76	986.23	975.98	977.38	1010.32	1004.76

Calculations based on previous session. Data collected 05/15/2024

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						
GCEM24	COMEX Gold	2346.1	2374.1	2385.1	2413.1	2424.1
SIEN24	COMEX Silver	28.328	29.297	29.643	30.612	30.958
PLAN24	COMEX Platinum	1038.40	1059.90	1067.80	1089.30	1097.20
CPAN24	COMEX Copper	4.63	4.77	4.94	5.08	5.26
PAAM24	COMEX Palladium	968.25	994.50	1009.25	1035.50	1050.25

Calculations based on previous session. Data collected 05/15/2024

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