



## DAILY METALS COMMENTARY Monday March 28, 2022

### PRECIOUS METALS COMMENTARY

3/28/2022

**\$ strength, oil weakness and slowing fears bearish**

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**GOLD -21.70, SILVER -0.03, PLATINUM -1.07**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mixed with general weakness seen in Asia and Pacific rim stocks with minimal positive action seen throughout the rest of the world. Critical economic news of importance released overnight included a Bank of England speech and a shift of daylight savings time in the UK, Switzerland, and overall, Euro zone. The North American session will start out with the February goods trade balances which is expected to have a modest uptick from January's \$107.3 billion monthly deficit. February wholesale inventories are forecast to have a minimal downtick from January's 0.8% reading. The Dallas Fed's March manufacturing business index is expected to have a moderate downtick from February's 14 reading.



### GOLD / SILVER

From a fundamental perspective, the gold and silver markets continue to see modest investment and flight to quality demand, but also some buying interest off the potential for inflation buying. Obviously, the war in Ukraine continues to provide a steady flow of flight to quality buying interest, but another layer of sanctions on Russia likely infuriates the Russian leader and that could lead to more volatile actions from Russia and more volatility in gold and silver. However, the latest sanctions involve efforts to isolate Russia from selling gold to the world market, and for some that moderates a fear of sudden physical supply wave of availability in the world bullion market. Estimates on amount of Russian gold reserves range from \$140 billion to as high as \$220 billion. Certainly, Russia will find some outlet for sales to buyers willing to buck sanctions but tightening restrictions should reduce the net amount of gold flowing from Russia. Unfortunately for the bull camp, the upside breakout in treasury yields on Friday will undermine some longs this week and discourage some fresh would-be buyers (treasury yields last Friday reached the highest level since April 2019!). With a week over week gain in gold and silver prices, the short-term charts still favor the bull camp. In fact, with last Thursday's upside breakout forged on a pickup in volume, the bull camp appears to have "capacity". A limiting force for gold and silver bulls is seen from signs that the dollar index might be poised to extend the 2022 uptrend pattern. Unfortunately for the bull camp, the most recent COT positioning net spec and fund long (adjusted for the gains since the COT report was measured) is near the largest level since March 2020. The March 22nd Commitments of Traders report showed Gold Managed Money traders are net long 133,992 contracts after net selling 13,509 contracts. Non-Commercial & Non-Reportable traders were net long 314,689 contracts after decreasing their long position by 17,756 contracts. While the most recent COT report understates the net spec and fund long in silver (due to the rally of \$0.80 following the report) the net spec and fund long is near the highest level since February 2020! The March 22nd Commitments of Traders report showed Silver Managed Money traders reduced their net long position by 4,225 contracts to a net long 44,242 contracts. Non-Commercial & Non-Reportable traders were net long 66,536 contracts after decreasing their long position by 2,950 contracts. As of the most recent gold and silver ETF holdings readings, gold holdings were 7.7% higher on the year while silver ETF holdings are a mere 0.8% higher.

### PLATINUM

Obviously, the charts in the palladium market are severely damaged with last Friday's major downside failure. The palladium market was knocked sharply downward last Friday by UBS suggestions that Russian supplies from Nornickel were being redirected which could mean some supply is working its way to the world market.

Apparently, UBS sees the supply flow as material, as they downwardly revised their palladium price forecast from \$3,000 to \$2,700. At the end of last week, palladium ETF holdings were 2.1% higher on the year with a total holding tally of 2.5 million ounces. Given that palladium supply is channeled through Switzerland and given the potential Russia surged exports in the beginning of the crisis, tightness in palladium could be months in developing. With the large washout since the COT report was measured, (nearly \$220 into the low this morning) the net spec and fund short in palladium has increased which should slow stop loss selling but may not prevent a temporary retest of \$2,200. The Commitments of Traders report for the week ending March 22nd showed Palladium Managed Money traders reduced their net long position by 205 contracts to a net long 289 contracts. Non-Commercial & Non-Reportable traders were net short 233 contracts after increasing their already short position by 19 contracts. Key support in June Palladium is \$2,186 and a trade back above \$2,385 would reverse a pattern of lower highs. Like palladium the platinum market also broke down on its charts at the end of last week and has returned to the psychological support level on the charts around \$1,000 but with platinum prices close to the middle of the trading range forged since last July, selling should thin and the market should respect support at \$983.70. Platinum positioning in the Commitments of Traders for the week ending March 22nd showed Managed Money traders were net long 15,709 contracts after increasing their already long position by 230 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 28 contracts to a net long 27,705 contracts.

#### **TODAY'S MARKET IDEAS:**

While gold remains the bull leader of the precious metal complex, it could completely diverge with silver, palladium, and platinum. However, the entire complex looks to start under pressure with gold violating several key chart points overnight. Key support in June gold today is seen at \$1924.60 with another critical failure point seen at \$1920. May silver key support today is seen at \$25.05 and a trade below \$25.00 potentially sparks a slide back to the March lows.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

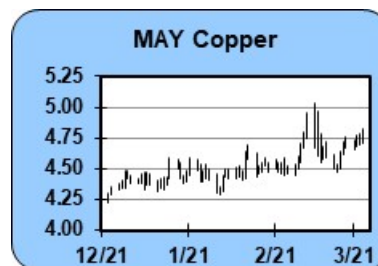
Long April Gold \$1920/\$1990 bull call spread at \$18.00. Exit position at the market. Between \$38.40 and \$34.00.

## **COPPER COMMENTARY**

**3/28/2022**

### **Ongoing Chinese demand fears joined by global demand fears**

**GENERAL:** With a 3-day low in copper at the end of last week partially undermining the charts, sentiment in the marketplace oscillating between recession, inflation, and Chinese demand fears, volatility looks to extend. However, we see the bear camp with an edge especially with the surge in Chinese infections that began in mid-February continuing its pace well above the daily rates seen since the end of the initial flare in infections at the beginning of the pandemic. We do note that from the March peak in Chinese infections they have come down in the last week. The copper market should see support from news last week of a 21.2% single week decline in Shanghai copper warehouse stocks. In fact, on the week Shanghai copper stocks declined by 27,451 tonnes! Fortunately for the bull camp, the most recent net spec and fund long in copper is well below the peak readings of the past year. Copper positioning in the Commitments of Traders for the week ending March 22nd showed Managed Money traders were net long 36,521 contracts after increasing their already long position by 7,214 contracts. Non-Commercial & Non-Reportable traders are net long 34,921 contracts after net buying 7,715 contracts.



#### **MARKET IDEAS:**

We see the path of least resistance pointing down in copper with a key pivot point to start the trading week seen at \$4.68 and then again down at \$4.642. However, those pressing the short side of the copper market \$0.14 below last week's high, should watch for any sign that Chinese infections are coming under control!

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 3/15/2022 - 3/22/2022						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
<b>Metals</b>						
<b>Copper</b>	26,995	+7,907	-34,921	-7,713	7,926	-192
<b>Gold</b>	281,201	-15,471	-314,690	+17,755	33,488	-2,285
<b>Palladium</b>	-1,208	-199	232	+18	975	+180
<b>Platinum</b>	20,449	+519	-27,705	+29	7,256	-547
<b>Silver</b>	48,998	-3,629	-66,536	+2,950	17,538	+679

**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 (APR) 03/28/2022: The daily stochastics gave a bullish indicator with a crossover up. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside objective is at 1976.4. The next area of resistance is around 1965.2 and 1976.4, while 1st support hits today at 1942.8 and below there at 1931.5.

COMEX SILVER (MAY) 03/28/2022: The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 26.251. The next area of resistance is around 25.902 and 26.251, while 1st support hits today at 25.338 and below there at 25.122.

COMEX PLATINUM (APR) 03/28/2022: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 976.98. The next area of resistance is around 1021.25 and 1047.17, while 1st support hits today at 986.15 and below there at 976.98.

COMEX COPPER (MAY) 03/28/2022: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside target is 4.79. The next area of resistance is around 4.73 and 4.79, while 1st support hits today at 4.66 and below there at 4.63.

**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
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**METALS COMPLEX**

GCEJ22	1954.0	54.30	55.10	27.63	28.54	1943.80	1935.12	1956.36	1893.83	1875.14
SIEK22	25.620	54.22	54.84	32.92	33.38	25.41	25.28	25.55	24.37	24.07
PLAJ22	1003.70	36.21	40.88	21.73	18.20	1020.18	1022.58	1060.13	1048.82	1030.90
CPAK22	4.69	53.11	53.93	42.30	45.49	4.73	4.69	4.69	4.57	4.54
PAAM22	2394.30	38.57	44.09	18.88	16.28	2480.18	2469.14	2641.94	2452.41	2319.04

Calculations based on previous session. Data collected 03/25/2022

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>						
GCEJ22	COMEX Gold	1931.4	1942.7	1953.9	1965.2	1976.4
SIEK22	COMEX Silver	25.121	25.337	25.686	25.902	26.251
PLAJ22	COMEX Platinum	976.97	986.15	1012.07	1021.25	1047.17
CPAK22	COMEX Copper	4.62	4.65	4.71	4.73	4.79
PAAM22	COMEX Palladium	2275.27	2320.55	2422.77	2468.05	2570.27

Calculations based on previous session. Data collected 03/25/2022

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