



## DAILY METALS COMMENTARY

Monday October 02, 2023

### PRECIOUS METALS COMMENTARY

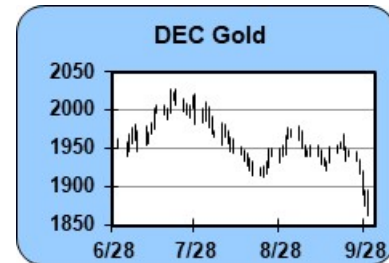
10/2/2023

#### Outside pressure from dollar and treasuries resumes

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

**GOLD -8.30, SILVER -0.05, PLATINUM -0.13**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly higher with that strength limited. Critical economic news release overnight included a larger than expected decline in New Zealand building permits for August, slightly stronger than expected Australian S&P global manufacturing PMI for September, a slightly improved Bank of Japan Tankan all industry capital expenditures manufacturing index and manufacturing index readings, softer than expected Japanese nonmanufacturing readings, softer nationwide UK house price readings for September, a contraction in Swiss real retail sales for August, and better than expected manufacturing PMI readings from Spain, Italy, disappointing German manufacturing PMI for September and a slight improvement in the Italian unemployment rate for August. The North American session will start out with September manufacturing PMI readings for the US and Canada, both of which are expected to hold steady with their previous results. The September ISM manufacturing index is forecast to have a modest uptick from August's 47.6 reading. August construction spending is expected to have a minimal downtick from July's 0.7% reading. Fed Vice Chair Barr will speak during afternoon US trading hours.



**MARKET FUNDAMENTALS:** While the recovery in the dollar is not significant this morning, and the slide in treasuries has not resulted in higher highs in (an upside breakout) in treasury yields, outside forces have clearly shifted back in favor of the bear camp. Apparently, China released its manufacturing PMI readings for September overnight which countervailed recent signs of green shoots and a measure of optimism that was associated with the upcoming extended holiday. Once again, the US Congress "kicked the debt problem down the road" with a continuing resolution pushing the threat into mid-November. With the gold market last week posting a high to low slide of \$84, the fear of a US government shutdown resulted in the market returning to a classic physical (nonfinancial) commodity market personality. Therefore, both gold and silver look to remain hostage to the action in the dollar and US treasuries. Certainly, the US dollar came under significant liquidation pressure following last Wednesday's spike high, but the dollar has rebounded aggressively from its low Friday with a recovery of nearly 70 points which could indicate it retains a bullish posture. With last week soft interpretation US inflation readings, treasury yields near two-decade highs, the Chinese on holiday, and investors continuing to flee from ETF instruments, the path of least resistance remains down. Certainly, gold is oversold from the September high to low washout of \$125 as is silver with its high to low washout of nearly \$3.60, but without a new high for the move in the dollar and/or a significant bounce in treasuries, there is no reason to take control away from the bear camp. Gold positioning in the Commitments of Traders for the week ending September 26th showed Managed Money traders net sold 30,995 contracts and are now net long 35,644 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 22,597 contracts to a net long 132,875 contracts. Similarly, silver from the COT positioning report saw a decline of \$1.20, which should bring down the spec and fund long, but not to a level we would label as "sold out". Silver positioning in the Commitments of Traders for the week ending September 26th showed Managed Money traders were net long 5,846 contracts after increasing their already long position by 3,490 contracts. Non-Commercial & Non-Reportable traders net bought 3,042 contracts and are now net long 31,425 contracts. Initial downside targeting in December gold is the next even number at \$1,850 with a trade back above \$1,901 needed to call the downtrend into question. With the Chinese on holiday and platinum unable to display follow-through in either direction last week, we see the January contract caught within a range defined as \$949 and \$895. The September 26th Commitments of Traders report showed Platinum

Managed Money traders net sold 2,888 contracts which moved them from a net long to a net short position of 1,726 contracts. Non-Commercial & Non-Reportable traders net sold 2,893 contracts and are now net long 12,633 contracts. Palladium positioning in the Commitments of Traders for the week ending September 26th showed Managed Money traders are net short 9,358 contracts after net buying 87 contracts. Non-Commercial & Non-Reportable traders net sold 126 contracts and are now net short 10,558 contracts.

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

While precious metal markets remained insensitive to flight to quality issues, a temporary solution to the debt ceiling and an abatement of a flight to quality threat has resulted in the bottom falling out of precious metal prices this morning. Therefore, precious metal markets are likely to remain tethered to action in the dollar and treasuries. Initial downside targeting in December gold is the next even number at \$1,850, and then down at \$1833, with a trade back above \$1,901 needed to call the downtrend into question. While we thought a Chinese holiday would narrow the activity in the platinum trade, a softer than expected Chinese Caixin manufacturing PMI reading released overnight reversed a recent pattern of more optimistic views toward the Chinese economy the overnight news rekindles platinum demand fears. Therefore, January platinum looks poised to return to \$900 and perhaps last week's lows around \$894.10.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

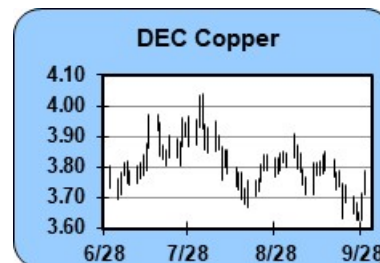
None.

## **COPPER COMMENTARY**

10/2/2023

### **Bearish Chinese news counters fresh supply threats from S.A.**

**GENERAL:** Despite the Chinese economy on an extended holiday, negative headlines continue to flow the world's largest copper consuming nation. In fact, a softer than expected Caixin manufacturing PMI reading counters a recent emerging pattern of more upbeat Chinese economic headlines. Furthermore, according to Bloomberg Chinese investors think the worst of the property sector woes are yet to pass. Fortunately for the bull camp the copper market has held a moderately significant net spec and fund short recently and that could mitigate the magnitude of fresh selling! However, copper at the end of last week forged a bounce of \$0.13 and that probably balanced the oversold condition thereby allowing for some fresh selling this week. Fortunately for the bull camp, Shanghai copper warehouse stocks fell sharply last week and the prospect of a strike in Chile could provide a threat against supply to countervail lingering international copper demand suspicions. A Chilean strike is likely after the union of supervisors at the Chilean "Escondida" mine posted a 99% rejection of the contract offering from the company. Last year the Escondida mine produced 105 million metric tonnes of copper and is therefore a force capable of significantly impacting prices. The Commitments of Traders report for the week ending September 26th showed Copper Managed Money traders added 15,384 contracts to their already short position and are now net short 21,220. Non-Commercial & Non-Reportable traders added 14,992 contracts to their already short position and are now net short 27,903.



#### **MARKET IDEAS:**

While we suspect copper is being supported by a small measure of global relief over the avoidance of a US government shutdown, and a threat against South American production the latest developments from China leave the fundamental bias down. Technical signals also remain bearish with the rally last week unable to regain a downtrend channel resistance line drawn from the August and September highs at \$3.80. Downtrend channel support in December copper today is \$3.796.

#### **NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Metals</b>						
<b>Copper</b>	-29,414	-12,484	27,902	+14,991	1,511	-2,508
<b>Gold</b>	112,525	-24,227	-132,874	+22,597	20,350	+1,630
<b>Palladium</b>	-10,415	-110	10,558	+126	-143	-16
<b>Platinum</b>	7,628	-3,267	-12,633	+2,892	5,005	+374
<b>Silver</b>	17,965	+4,689	-31,425	-3,042	13,460	-1,647

**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 (DEC) 10/02/2023: 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 1837.7. More downside action may be limited by the RSI under 20 putting the market in extremely oversold territory. The next area of resistance is around 1881.8 and 1906.4, while 1st support hits today at 1847.5 and below there at 1837.7.

COMEX SILVER (DEC) 10/02/2023: The downside crossover of the 9 and 18 bar moving average is a negative signal. 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 outside day down is somewhat negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 21.240. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 23.115 and 24.200, while 1st support hits today at 21.635 and below there at 21.240.

COMEX PLATINUM (JAN) 10/02/2023: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close over the pivot swing is a somewhat positive setup. The next downside target is 896.25. The next area of resistance is around 927.20 and 943.05, while 1st support hits today at 903.80 and below there at 896.25.

COMEX COPPER (DEC) 10/02/2023: The daily stochastics gave a bullish indicator with a crossover up. 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 mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 3.81. The next area of resistance is around 3.76 and 3.81, while 1st support hits today at 3.70 and below there at 3.67.

**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
<b>METALS COMPLEX</b>										
GCEZ23	1864.7	15.75	22.43	18.84	8.37	1889.65	1920.24	1930.88	1944.68	1958.03
SIEZ23	22.375	26.93	32.99	30.66	20.23	22.76	23.25	23.28	23.70	24.01
PLAF24	915.50	44.14	44.91	32.33	31.62	910.28	926.59	923.32	932.60	942.30

CPAZ23	3.73	51.01	48.21	25.45	31.45	3.68	3.70	3.74	3.79	3.81
PAAZ23	1256.00	52.60	51.45	54.87	53.94	1245.98	1254.37	1243.56	1249.22	1257.86

Calculations based on previous session. Data collected 09/29/2023

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						
GCEZ23	COMEX Gold	1837.7	1847.4	1872.1	1881.8	1906.4
SIEZ23	COMEX Silver	21.240	21.634	22.720	23.115	24.200
PLAF24	COMEX Platinum	896.25	903.80	919.65	927.20	943.05
CPAZ23	COMEX Copper	3.66	3.69	3.74	3.76	3.81
PAAZ23	COMEX Palladium	1219.37	1232.75	1265.87	1279.25	1312.37

Calculations based on previous session. Data collected 09/29/2023

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