



DAILY METALS COMMENTARY

Friday January 05, 2024

PRECIOUS METALS COMMENTARY

1/5/2024

A major junction for gold, \$ action signals the trend

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD -3.30, SILVER +0.00, PLATINUM -0.63

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mostly down overnight, even as the Chinese government announced new measures to buoy stock prices by pushing asset managers to focus on new equity fund launches rather than creating other investment products. Asian economic data was mixed as the Japanese Jibun Bank service PMI came in below estimates, even as Japanese Household Confidence reached its highest level in 2-years. Indian S&P Services PMI handily beat estimates coming in at 59. In Europe, Germany saw Retails Sales miss estimates by a large margin as they dipped -2.4% from last year. This retail sale pressure is a big reason for Eurozone CPI coming in below estimates again today, registering only a 2.9% rise year over year. The HCOB Construction PMIs for Germany and Italy rose convincingly this month, offsetting Frances drop, taking the Eurozone HCOB Construction PMI up to 43.6. In the UK the HBOS House Price Index managed to rise year over year for the first time in 8 months, as the S&P's UK Construction PMI rose to 46.8, beating estimates. The North American session will start out with the highlight for global markets, the December US employment situation report. December non-farm payrolls are forecast to come in around 150,000 to 170,000 which compares with November's 199,000 reading. The December US unemployment rate is expected to have a minimal uptick from November's 3.7% rate. December average hourly earnings are forecast to have a minimal downtick from November's 4.0% year-over-year rate. December Canadian unemployment is expected to have a minimal uptick from November's 5.8% rate along with a mild monthly increase in net employment. The December Canadian Ivey PMI is forecast to have a moderate downtick from November's 54.7 reading. November US factory orders are expected to have a sizable uptick from October's -3.6% reading. The December ISM services index is forecast to have a minimal uptick from November's 52.7 reading. Richmond Fed President Barkin will speak during early afternoon US trading hours. Earnings announcements will include Constellation Brands before the Wall Street opening.



MARKET FUNDAMENTALS: With a rising dollar and rising interest rates pressuring the markets again this morning and the prospect of US rate cut being pushed back with further strong US jobs data today the slide from the late December high is likely to extend in earnest today. In other words, without a surprisingly weak jobs report reductions in the probability of a March rate cut should continue. Keep in mind, US non-farm payroll counts are still "growing" (albeit monthly additions are shrinking) and impatient bond traders have started to question their perception of the potential for a March cut. Therefore, it is not surprising gold and silver are weakening in the face of yields reaching the highest levels in a month. However, the bull camp is not without some fundamental support as the decline in gold prices this week has reportedly sparked some Indian bargain hunting buying. Unfortunately for the bull camp, the Perth Mint announced overnight that demand for bullion, especially from the US, has dropped significantly, with gold sales down 40% from last year. However, residual weakening demand fears are partially offset by signs of lower production. In fact, a gold mine in Zimbabwe collapsed overnight trapping eleven miners, there was another mine closure this week due to a death at the world's largest gold mine and the Zimbabwe Central Bank indicated last year's gold production was only 30.1 tons, against an expected output of 40 tons, and was down from 35.3 tons a year ago. In conclusion, outside market forces look to continue to dominate gold and silver with the prevailing bias from outside market influences favoring the bear camp. While we doubt silver will manage to diverge positively in the face of downside follow-through in gold today, the silver bulls have seen the March contract respect the \$23.00 level over the prior two trading sessions and the Perth mint

reported an increase in silver demand last month of 9,000 ounces to 681,490 ounces. Technically, silver earlier this week failed at the head and shoulders neckline (\$23.535 on Wednesday), but it should be noted that the market managed to close above that neckline yesterday and is generally holding above that neckline in today's trade at \$23.16.

TODAY'S MARKET IDEAS:

As indicated already, we see the path of least resistance pointing down in gold and silver again today despite yesterday's muted rally attempts. However, the bull camp initially managed to stand up to a significant jump in US treasury yields and has posted only minimal weakness this morning in the face of bearish treasury and dollar action. Perhaps some sellers yesterday have reserved judgment until the better economy/later rate cut view is confirmed by today's nonfarm payroll report. Therefore, even a slightly positive payroll report could result in a downside move in gold and silver.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

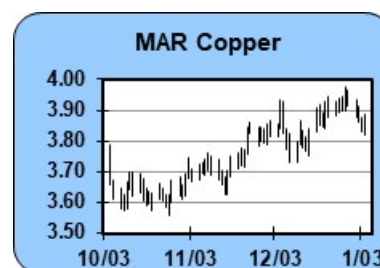
None

COPPER COMMENTARY

1/5/2024

The bias is down tech and fundamental

GENERAL: Copper bears are still firmly in control as rising bond yields, an upside breakout in the dollar, an increase in weekly Shanghai copper, and an increase in "social copper/regional inventories" should embolden the bear camp. However, a portion of the copper trade continues to expect Chinese easing and the speculative trade in copper has likely seen its net short position jump significantly this week. With bond bulls questioning the timing of their rate cut bets, copper demand is potentially vulnerable to key shifts in economic perceptions today. Overnight Freeport asked the Indonesian government for an exception to the new export ban on copper, as they wish to continue exporting copper even as the new restrictions take hold this month. If this request is denied this ban could add to the already worrying drop in global copper exports. Today's Non-Farm Payroll release will give copper bears a better idea of potential shifts in global copper demand and interest rates.



MARKET IDEAS:

With copper prices this week falling sharply despite signs of economic resiliency in the US economy, the market appears set to slide further, especially with another downside violation of the 200-day moving average at \$3.826. While we give the edge to the bear camp declines look to be measured and orderly.

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 (FEB) 01/05/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 2036.0. The next area of resistance is around 2058.3 and 2065.6, while 1st support hits today at 2043.5 and below there at 2036.0.

COMEX SILVER (MAR) 01/05/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 22.760. The next area of resistance is around 23.400 and 23.520, while 1st support hits today at 23.020 and below there at 22.760.

COMEX PLATINUM (APR) 01/05/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 947.50. The next area of resistance is around 978.80 and 995.50, while 1st support hits today at 954.80 and below there at 947.50.

COMEX COPPER (MAR) 01/05/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 3.79. The next area of resistance is around 3.88 and 3.91, while 1st support hits today at 3.82 and below there at 3.79.

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 | | | | | | | | | | |
| GCEG24 | 2050.9 | 47.70 | 51.40 | 64.61 | 59.09 | 2059.98 | 2067.39 | 2049.31 | 2030.24 | 2017.17 |
| SIEH24 | 23.210 | 32.39 | 39.19 | 51.30 | 38.51 | 23.60 | 24.11 | 23.94 | 24.00 | 23.80 |
| PLAJ24 | 966.80 | 44.39 | 50.08 | 75.79 | 60.27 | 990.38 | 996.40 | 974.59 | 942.26 | 933.76 |
| CPAH24 | 3.84 | 43.59 | 48.90 | 64.32 | 50.85 | 3.87 | 3.90 | 3.87 | 3.81 | 3.77 |
| PAAH24 | 1037.80 | 33.16 | 40.49 | 56.16 | 40.90 | 1075.53 | 1137.92 | 1116.68 | 1076.49 | 1094.32 |

Calculations based on previous session. Data collected 01/04/2024

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 | | | | | | |
| GCEG24 | COMEX Gold | 2036.0 | 2043.5 | 2050.8 | 2058.3 | 2065.6 |
| SIEH24 | COMEX Silver | 22.759 | 23.020 | 23.140 | 23.400 | 23.520 |
| PLAJ24 | COMEX Platinum | 947.50 | 954.80 | 971.50 | 978.80 | 995.50 |
| CPAH24 | COMEX Copper | 3.78 | 3.81 | 3.84 | 3.88 | 3.91 |
| PAAH24 | COMEX Palladium | 1005.02 | 1016.55 | 1047.52 | 1059.05 | 1090.02 |

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