



DAILY METALS COMMENTARY Monday January 22, 2024

PRECIOUS METALS COMMENTARY

1/22/2024

Bearish charts, and overbought positioning

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -5.30, SILVER -0.05, PLATINUM -0.51

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were generally higher except for the markets in China which traded significantly weaker. Perhaps the Chinese equity markets were disappointed in the lack of a rate cut by the Peoples China overnight especially after Beijing last week instructed some heavily indebted local governments to halt infrastructure spending programs. Apparently, the Chinese were limited in their ability to support their economy without adding significant pressure to an already falling Chinese currency. There were no major economic reports released overnight with the German central bank monthly report scheduled for publication after this publication. The North American session will only have one top-tier economic number, the Conference Board's December reading on leading indicators which are expected to have a mild uptick from November's -0.5% reading.



MARKET FUNDAMENTALS: While the US dollar is showing some vulnerability on its charts early today, treasury yields may have temporarily peaked leaving the primary outside market influences slightly supportive of gold. However, we see no reason to take control away from the bear camp with the hedge funds reducing their long positioning last week, another week of ETF holding declines, an overbought net spec and fund positioning, a residual negative global commodity market environment, and perhaps most importantly from growing economic concerns in China. With the last COT positioning report showing the net spec and fund long in gold near the highest levels since May 2022, falling trading volume and declining open interest on last week's recovery bounce, the bear camp retains control over the trend. Gold positioning in the Commitments of Traders for the week ending January 16th showed Managed Money traders reduced their net long position by 5,654 contracts to a net long 100,634 contracts. Non-Commercial & non-reportable traders net sold 10,160 contracts and are now net long 210,968 contracts. Certainly, the situation in China could produce a global flight to quality buying situation for gold, but the gold market has not shown much sensitivity to uncertainty issues over the last year. Downtrend channel resistance in February gold this week is \$2,051.85 with critical support and a failure price seen at \$2,017.30. Downtrend channel selling resistance in March silver is \$23.32 today, with that resistance line dropping to \$23.23 on Tuesday. Silver positioning in the Commitments of Traders for the week ending January 16th showed Managed Money traders are net long 6,030 contracts after net selling 1,856 contracts. Non-Commercial & non-reportable traders reduced their net long position by 597 contracts to a net long 40,723 contracts. The Commitments of Traders report for the week ending January 16th showed Platinum Managed Money traders net sold 16,403 contracts and are now net long 681 contracts. Non-Commercial & non-reportable traders are net long 17,717 contracts after net selling 11,017 contracts. The January 16th Commitments of Traders report showed Palladium Managed Money traders were net short 10,768 contracts after increasing their already short position by 2,614 contracts. Non-Commercial & non-reportable traders were net short 10,972 contracts after increasing their already short position by 1,491 contracts.

TODAY'S MARKET IDEAS:

Unless there is a major flight to quality meltdown inside China, the best the bull camp should hope for is a slow erosion in gold prices. However, outside market forces (the US dollar and US interest rate markets) are providing minimal early support today and today's global economic report schedule is unusually thin which should narrow ranges in both gold and silver. Fortunately for the bull camp, recent signs of positive economic traction in the US

economy have not catapulted the dollar sharply higher, but rising US treasury yields and stellar performance in US equity markets should at least underpin the dollar if not lift the index back to the highest level since early December in the coming sessions. Downtrend channel resistance in February gold this week is \$2,051.85 with critical support and a failure price seen at \$2,017.30. Downtrend channel selling resistance in March silver is \$23.32 today with that resistance line dropping to \$23.23 on Tuesday.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

1/22/2024

Last week's recovery offers a fresh short opportunity

GENERAL: Apparently, the copper trade was not disappointed with the lack of an interest rate cut from China overnight, as prices are under only moderate pressure early today. However, some traders expect Chinese inventories to be built up into the February holiday as evidenced by the increase in Chinese bonded supplies last week and the second straight week of increased Shanghai exchange copper inventories. With the aggressive rally at the end of last week lifting the March copper contract toward downtrend channel resistance, the bear camp could be offered an opportunity to get short at favorable risk and reward levels on the charts. In retrospect, seeing the Chinese government instruct local governments with debt problems to halt infrastructure programs is a very troubling sign for the Chinese economy and for the copper market. Unfortunately for the bull camp the PBOC did not cut rates today, and with Chinese equities plummeting overnight, we think March copper is poised to quickly return to the \$3.70 level. In fact, with the recovery from last week's spike low, the net spec and fund short in copper was likely leveled potentially setting the table for an extension of the lower low and lower high pattern in place since the final days of 2023. The Commitments of Traders report for the week ending January 16th showed Copper Managed Money traders added 8,555 contracts to their already short position and are now net short 25,309. Non-Commercial & non-reportable traders are net short 22,467 contracts after net selling 14,045 contracts.



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MARKET IDEAS:

While we are very concerned about the potential for a major copper washout from deteriorating Chinese copper demand prospects, we were very surprised with the markets capacity to rally late last week in the face of the concerning news flow from China. In fact, news from China is rather ominous with reports the central government has ordered some local governments with heavy indebtedness to suspend infrastructure projects, as that hints at concerns of a debt problem in the world's largest copper consuming nation. Nonetheless, Chinese exchange warehouse stocks of copper have continued to rise suggesting anemic economic activity and therefore without some quick shoring up of confidence inside China we suggest traders purchase bear put spreads.

NEW RECOMMENDATIONS:

Buy March copper 3.72/3.65 bear put spread for 0.0170.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/9/2024 - 1/16/2024

	Non-Commercial			Commercial		Non-Reportable	
	Weekly			Weekly		Weekly	
	Net Position	Net Change	Net Position	Net Change	Net Position	Net Change	Net Change

Metals						
Copper	-25,383	-12,363	22,467	+14,045	2,916	-1,682
Gold	182,248	-8,893	-210,968	+10,161	28,720	-1,267
Palladium	-11,561	-2,000	10,971	+1,489	589	+509
Platinum	11,674	-12,160	-17,717	+11,017	6,043	+1,143
Silver	21,567	-1,354	-40,724	+596	19,156	+757

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) 01/22/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 2012.0. The next area of resistance is around 2041.1 and 2051.3, while 1st support hits today at 2021.5 and below there at 2012.0.

COMEX SILVER (MAR) 01/22/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 22.372. The next area of resistance is around 22.917 and 23.141, while 1st support hits today at 22.533 and below there at 22.372.

COMEX PLATINUM (APR) 01/22/2024: The crossover up in the daily stochastics is a bullish signal. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 933.60. The next area of resistance is around 920.00 and 933.60, while 1st support hits today at 896.80 and below there at 887.20.

COMEX COPPER (MAR) 01/22/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 3.82. The next area of resistance is around 3.81 and 3.82, while 1st support hits today at 3.77 and below there at 3.73.

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	2031.3	46.16	47.55	24.22	23.60	2024.20	2031.48	2049.15	2038.75	2029.80
SIEH24	22.725	36.07	38.85	15.84	13.00	22.82	22.98	23.47	23.97	23.78
PLAJ24	908.40	34.64	38.78	12.62	12.88	903.25	920.69	958.11	946.28	937.57
CPAH24	3.79	47.94	47.54	14.22	17.45	3.76	3.77	3.83	3.83	3.79
PAAH24	948.70	32.08	35.63	9.77	11.11	937.63	964.76	1040.72	1053.74	1064.35

Calculations based on previous session. Data collected 01/19/2024

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	2011.9	2021.4	2031.6	2041.1	2051.3
SIEH24	COMEX Silver	22.371	22.532	22.756	22.917	23.141
PLAJ24	COMEX Platinum	887.20	896.80	910.40	920.00	933.60
CPAH24	COMEX Copper	3.73	3.76	3.77	3.81	3.82
PAAH24	COMEX Palladium	922.35	937.20	945.35	960.20	968.35

Calculations based on previous session. Data collected 01/19/2024

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