



DAILY METALS COMMENTARY

Wednesday January 24, 2024

PRECIOUS METALS COMMENTARY

1/24/2024

Supportive outside mkt influences \$, rates, Commodities

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +7.30, SILVER +0.04, PLATINUM +0.95

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the market in Japan which traded moderately lower. Critical economic news released overnight included as expected New Zealand CPI, stronger than expected Australian Judo Bank Manufacturing PMI readings for January, a sharper than expected decline in Japanese imports, a stronger-than-expected Japanese export tally for December, disappointing Australian leading index, stronger than expected Jibun Bank Services PMI readings for January, slightly weaker than expected Japanese bank manufacturing PMI readings for January, an increase in New Zealand credit card spending in December, softer than expected HCOB French, German, and euro zone composite PMI readings for January, stronger-than-expected HCOB manufacturing PMI readings in France, Germany, and the euro zone, better than expected GBP S&P Global/CIPS manufacturing, composite, and services PMI readings for January. The North American session will start out with a weekly private survey of mortgage applications followed by the January US "flash" manufacturing PMI which is forecast to hold steady with the previous 47.9 reading. The Bank of Canada is not expected to change Canadian rates or policy at today's meeting. A busy day of earnings announcements will include Abbott Labs, AT&T, General Dynamics, and Freeport-McMoRan before the Wall Street opening while Tesla, IBM, ServiceNow, Lam Research and CSX report after the close.



MARKET FUNDAMENTALS: With outside market forces of lower US rates and a weaker US dollar, both gold and silver start the Wednesday trade with a relatively strong bid. In fact, as of this writing the dollar sat just above a downside breakout and a six-day low which could result in gold and silver adding to the early noted gains. For a change, the silver market could take a leadership role with Fresnillo projecting 2024 silver production to be 7 million ounces below 2023. Unfortunately for the bull camp Fresnillo also posted a 13% year-over-year increase in silver production for 2023. Furthermore, yesterday silver ETF holdings jumped by more than 15.9 million ounces in what was probably a bet by a fund or a large investor. It is also possible that metals and other commodities are drafting fresh lift from improving global macroeconomic sentiment as global equity markets continue to rise sharply and in turn improve psychology among consumers. Obviously, many physical commodity markets are severely oversold and have factored in the potential for very disappointing Chinese consumption. However, overnight the Chinese announced they would cut bank reserve ratio requirements starting February 5th and with that stimulus for their economy that could boost their commodity consumption in the second half of the first quarter. While the recent increase in Indian gold and gold findings duties will negatively impact Indian consumption, J.P. Morgan forecast increased investment demand for gold this year which should partially offset the bearish Indian news. Unfortunately, the best projection for gold price action today is for further coiling with today's US economic report slate mostly third tier data points and risk on in equities merely cushioning gold and silver demand hopes instead of ratcheting them higher. While we favor the downside from a trend perspective, we think \$2017.40 will be key support today and \$2039.30 will be resistance.

TODAY'S MARKET IDEAS:

The bull camp has the edge today with outside market impacts bullish, news of a Chinese stimulus move (cutting bank reserve ratios), ongoing risk on from equities, and a 15.9 million ounce a single day inflow to silver ETF holdings providing a positive tilt early in today's trade. The longer term key support levels for February gold are

the 200-day moving average down at \$2,011.40 and then at the 100-day moving average of \$1,996.40. Downtrend channel resistance is at \$2,045.60 today with that downtrend channel resistance line falling to \$2,043.30 on Thursday. Near-term support in March silver today is at \$22.30 and then again down at \$22.08.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

1/24/2024

Better Chinese sentiment = higher prices for now

GENERAL: Apparently, the copper market has shifted sentiment with respect to China, as the country announced it would reduce its bank reserve ratio requirements with that news a bullish surprise. However, the announcement is the first substantial stimulus applied by the government in many weeks! It is also likely that the Chinese stimulus announcement has lifted most physical commodity markets this morning and could continue to lift commodity prices ahead. More importantly the ratio reduction has lifted the Chinese currency and in turn weakened the US dollar. The market is also deriving speculative buying interest from chatter that the Chinese government might have further stimulus action in the pipeline! In fact, there are news reports that that Chinese government was considering a "sizable" stimulus package for their equity markets which led to a sizable rebound in Chinese stocks yesterday and has sparked more gains this morning. A chain of gains in Chinese equities will provide carryover support to the copper market as that may lead to stronger Chinese copper demand in the second half of the first quarter of this year. Fortunately for the bull camp, LME copper stocks declined today after climbing to a 2-week high yesterday following a third daily build over the prior 4 sessions.



MARKET IDEAS:

With a much-improved outlook for the Chinese economy from the announcement of a stimulus effort, supportive outside market influences from a weaker dollar and softer US interest rates, the sharp upward extension overnight is justified. In fact, Chinese equity markets have now posted back-to-back gains and there are rumors that the Chinese government has a major stimulus package in the works which would magnify optimism following the Chinese bank reserve ratio reduction announcement. With copper prices climbing above their 50-day and 200-day moving averages a fresh wave of technically fueled buying is in motion. Near-term support for March copper is now at \$3.90, with the trend reversed by the Chinese news.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long March copper 3.72/3.65 bear put spread for 0.0170. *Exit at the market.

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) 01/24/2024: 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 close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 2048.3. The next area of resistance is around 2038.9 and 2048.3, while 1st support hits today at 2020.5 and below there at 2011.4.

COMEX SILVER (MAR) 01/24/2024: The daily stochastics have crossed over up which is a bullish indication. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 22.878. The next area of resistance is around 22.762 and 22.878, while 1st support hits today at 22.348 and below there at 22.049.

COMEX PLATINUM (APR) 01/24/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 925.65. The next area of resistance is around 917.20 and 925.65, while 1st support hits today at 900.20 and below there at 891.65.

COMEX COPPER (MAR) 01/24/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 3.85. Daily studies suggest buying dips today. The next area of resistance is around 3.83 and 3.85, while 1st support hits today at 3.78 and below there at 3.74.

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	2029.7	46.34	47.45	24.95	26.93	2027.40	2029.62	2044.13	2040.59	2030.47
SIEH24	22.555	34.73	37.42	14.80	15.26	22.57	22.79	23.24	23.91	23.75
PLAJ24	908.70	35.07	38.84	13.69	15.19	906.88	910.20	948.07	946.30	937.39
CPAH24	3.80	49.73	48.56	19.47	26.82	3.77	3.77	3.81	3.83	3.79
PAAH24	946.80	33.29	36.10	12.20	15.12	945.00	954.94	1011.51	1049.55	1057.94

Calculations based on previous session. Data collected 01/23/2024

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	2011.3	2020.4	2029.8	2038.9	2048.3
SIEH24	COMEX Silver	22.048	22.347	22.463	22.762	22.878
PLAJ24	COMEX Platinum	891.65	900.20	908.65	917.20	925.65
CPAH24	COMEX Copper	3.73	3.77	3.79	3.83	3.85
PAAH24	COMEX Palladium	919.27	932.05	948.77	961.55	978.27

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