



## DAILY METALS COMMENTARY

Thursday January 25, 2024

### PRECIOUS METALS COMMENTARY

1/25/2024

**Favorable Chinese gold demand & more stimulus to support**

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

**GOLD -2.50, SILVER +0.00, PLATINUM -0.77**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mixed with gains in the Pacific rim contrasting with weakness in Europe in the early trade. It should be noted that the two primary Chinese equity markets rose by 2% and 3% respectively. Critical economic news released overnight included a net purchase of foreign bonds by Japanese investors, a net sale of foreign securities by Japanese investors, a slightly weaker than expected French business climate in manufacturing readings for January, and softer than expected German IFO current assessment, business climate, and expectations readings for January. Today presents a very busy North American session will start out with fourth quarter US gross domestic product which is expected to have a moderate downtick from the third quarter's 4.9% annualized rate. December US durable goods are forecast to have a sizable downtick from November's 5.4% reading. A weekly reading on initial jobless claims is expected to see a moderate uptick from the previous 187,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.806 million reading. The Chicago Fed's December national activity index is expected to have a mild uptick from November's 0.03 reading. The December US goods trade balance is forecast to have a modest uptick from November's \$89.3 billion monthly deficit. December US wholesale inventories are expected to have a minimal downtick from November's -0.3% reading. December Canadian manufacturing sales are forecast to have a moderate downtick from November's 1.2% reading. December US new home sales are expected to have a moderate uptick from November's 590,000 annualized rate. The Kansas City Fed's January manufacturing index is forecast to have a sizable downtick from December's -4 reading. Earnings announcements include American Express, Colgate-Palmolive and Norfolk Southern before the Wall Street opening.



**MARKET FUNDAMENTALS:** While the gold and silver markets are trading in positive territory early today, outside market forces are mixed to slightly bearish early on with US treasury yields drifting toward an upside breakout following a very poor five-year US treasury note auction yesterday. However, gold should be supported from news of additional Chinese stimulus with an expansion of uses for commercial property loans which follows a reduction in the Chinese bank reserve ratio requirements earlier this week which followed \$258 billion support package for Chinese equities last week. Gold should also see support from Chinese gold imports to the mainland China from Hong Kong. December net Hong Kong gold exports to mainland China were 50.38 tons versus only 36.8 tons in November! Unfortunately for the bull camp, gold ETF holdings fell again by a significant amount with total gold ETF holdings already down 1.5% year to date. It should be noted that today will bring an extremely active US scheduled report wave with broad-based GDP, critical durable goods and inflation readings all released in the early trade. Another critical development at mid-session will be the culmination of this week's US treasury auction cycle with the sale of seven-year notes. In the first wave of US data, initial claims are expected to increase markedly from last week with that negative economic reading likely offset by a positive US durable goods result for December. While the trade is consistently pulling down the prospect of a March rate cut (the CME Fed watch tool suggesting only a 42% chance of a cut) and the trade already removed significant premium from gold prices because of the lower prospects of a cut, a series of disappointing readings today and a soft inflation reading could revitalize dovishness and provide fresh lift to gold and silver. However, we think the gold market lacks bullish resiliency/sensitivity and it could be difficult to throw off a slightly negative tilt from yesterday's large range down slide. From a technical perspective February gold has a critical pivot point at its 200-day moving

average of \$2,011.20 with a major failure seen on a trade below \$2,004.60. While the March silver contract has not taken out yesterday's high in the early going, the charts favor the bull camp with the market seemingly lifted this week by improving global economic sentiment and a slight improvement in views toward physical commodities. Key support in March silver is \$22.76 with initial resistance pegged at \$23.20.

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

While the gold bulls could reawaken with a dollar index trade below 102.50 (the 200-day moving average this morning sits at 102.80), the silver market might have greater rally potential today, especially if global equity markets return to a risk on posture following US scheduled data. In other words, the current environment favors commodities, not financially based markets like gold!

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

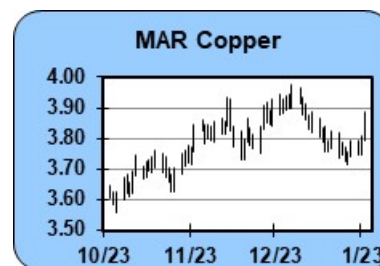
None

## **COPPER COMMENTARY**

1/25/2024

### **Better Chinese sentiment = higher prices for now**

**GENERAL:** Not surprisingly, the copper market is tracking higher with a higher high for the move following another Chinese stimulus program. The latest Chinese support for their economy allowed commercial property loans to be used for a wider array of projects which should provide extra relief for the beleaguered Chinese real estate sector. It should be noted that today's Chinese stimulus follows two other stimulus packages over the last week. With sentiment toward China shifting 180 degrees following the reduction in their bank reserve requirement ratio, the outlook for Chinese copper demand has also improved. The improved Chinese copper demand potential is magnified by the improvement in economic sentiment in the US. Yet another development bolstering an improvement in global copper demand prospects are upbeat Chinese and US copper demand forecasts from the Freeport Mac Moran CEO. In another supportive internal development, LME copper warehouse stocks have seemingly returned to a pattern of daily stock declines.



#### **MARKET IDEAS:**

With the massive range up extension yesterday vaulting the March copper contract above the 200-day moving average and the market adding to the gains this morning, it is clear the trade is revising its Chinese copper demand expectations higher. As indicated already, the Chinese have now provided three separate stimulus packages which in turn suggests the government has become more proactive after sustained inactivity. If economic sentiment continues to improve with equities resuming their upward march after today's important US scheduled data, the March copper contract might be poised to regain the \$3.90 level.

#### **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) 01/25/2024: The major trend has turned down with the cross over back below the 60-day moving average. The daily stochastics have crossed over down which is a bearish indication. 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 close below the 1st swing support could weigh on the market. The next downside objective is 1992.9. The next area of resistance is around 2026.5 and 2045.3, while 1st support hits today at 2000.3 and below there at 1992.9.

COMEX SILVER (MAR) 01/25/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 23.403. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 23.092 and 23.403, while 1st support hits today at 22.468 and below there at 22.154.

COMEX PLATINUM (APR) 01/25/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 926.52. The next area of resistance is around 915.45 and 926.52, while 1st support hits today at 899.95 and below there at 895.53.

COMEX COPPER (MAR) 01/25/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 3.94. The next area of resistance is around 3.91 and 3.94, while 1st support hits today at 3.83 and below there at 3.77.

## 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>										
GCEG24	2013.4	39.44	42.93	24.45	23.16	2024.70	2027.90	2039.96	2040.81	2030.45
SIEH24	22.780	43.49	42.72	17.74	23.61	22.56	22.76	23.13	23.88	23.74
PLAJ24	907.70	36.89	39.85	14.99	17.60	905.85	907.79	942.14	946.27	937.26
CPAH24	3.87	63.00	57.61	28.24	45.78	3.80	3.78	3.81	3.83	3.80
PAAH24	973.70	43.85	42.07	15.37	21.71	952.43	952.56	1001.29	1047.78	1055.04

Calculations based on previous session. Data collected 01/24/2024

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>						
GCEG24	COMEX Gold	1992.9	2000.3	2019.1	2026.5	2045.3
SIEH24	COMEX Silver	22.153	22.467	22.778	23.092	23.403
PLAJ24	COMEX Platinum	895.52	899.95	911.02	915.45	926.52
CPAH24	COMEX Copper	3.76	3.82	3.85	3.91	3.94
PAAH24	COMEX Palladium	949.72	962.95	971.22	984.45	992.72

Calculations based on previous session. Data collected 01/24/2024

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