



DAILY METALS COMMENTARY

Friday February 02, 2024

PRECIOUS METALS COMMENTARY

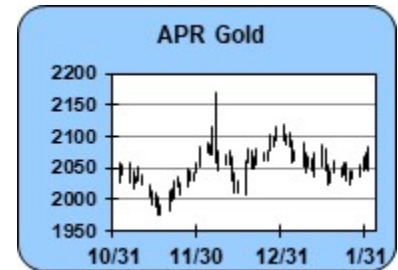
2/2/2024

The bias is up with dollar and flight to quality in place

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -0.40, SILVER +0.00, PLATINUM -0.03

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher except for the markets in China and Russia, with the Chinese markets falling again by more than 1%. Weakness in the Chinese equity markets is beginning to spark concerns of contagion as margin calls mount from the market rout. Critical economic news released overnight included a slight improvement in a New Zealand consumer confidence reading for December, a slight dip in US total vehicle sales for December (release yesterday afternoon), positive New Zealand building permits, a slight uptick in Australia producer prices, a significant contraction in Australian new home loans, much stronger than expected French industrial output for December, a slight narrowing of the French budget deficit, and a significant jump in Spanish unemployment of 60,400! The North American session will start out with the highlight for global markets, the January US employment situation report. January non-farm payrolls are expected to come in around 175,000 to 180,000 which would be a moderate downtick from December's 216,000 reading. January US unemployment is forecast to hold steady at a 3.7% rate while January average hourly earnings are expected to hold steady at a 4.1% year-over-year rate. December US factory orders are forecast to have a sizable downtick from November's 2.6% reading. A private survey of January US consumer sentiment is forecast to have a sizable uptick from December's 69.7 reading. Earnings announcements will include Exxon Mobil, AbbVie, Chevron, Regeneron Pharmaceuticals and Bristol-Myers Squibb before the Wall Street opening.



MARKET FUNDAMENTALS: Clearly, the gold and silver markets are not benefiting from flight to quality interest early today as the fear of a financial contagion in China continues to rise with Chinese equities plunging sharply this week and in turn beginning to create "margin calls" which can prompt a chain reaction of problems for banks, investors and eventually the government. Sentiment toward gold early today is disappointing to the bull camp as a downside breakout in the dollar has not produced a wave of fresh buying yet. In fact, it should be noted that the March dollar index fell below its 200-day moving average and posted a seven-day low in the early trade. Perhaps the bull camp is put off by the unrelenting surge in global equities as central bank dialogue this week has been very supportive of the bull camp in stocks and gold with most of the major central banks alluding to some form of easing in the coming months. Perhaps gold is waiting for the US nonfarm payroll report to confirm the dollar is headed lower and the drop-in US interest rates this week will remain in place. The bull camp could easily extend recent control today as the monthly US nonfarm payroll report is likely to come in soft given this week's chain of soft US jobs related news. Other bullish developments for gold and silver came from a Bank of England announcement they were putting "high rates" under review, and news that ECB AI driven economic analysis programs indicated European inflation was falling faster than expected. In conclusion, the US slowing bias is in place, the trend of jobs data this week points to a soft payroll number today with any weakness in average hourly earnings is likely to provide a positive weekly close in gold. It should be noted that gold open interest has declined from 500,000 contracts in the middle of January to only 430,000 contracts as of yesterday which could mean buying fuel has built up on the sidelines. Key support from the last two weeks' uptrend channel is \$2028.30 with initial resistance obviously yesterday's high at \$2083.20.

TODAY'S MARKET IDEAS:

The bull camp has the edge with charts pointing upward, widespread chatter of falling global interest rates, a seven-day low in the dollar overnight and rising fears of a financial debacle in China. In fact, critical outside

market forces of US interest rates and the dollar are clearly in the bull's camp and poised to pull gold higher. Unfortunately for the bull camp in silver, it remains focused on physical commodity market fundamentals and will see some demand from slackening physical demand concerns from China.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

2/2/2024

Vulnerable to further corrective action

GENERAL: With more than 1% declines in Chinese equity markets overnight adding to significant losses from earlier in the week and rising concerns of a financial contagion from margin calls, we are surprised copper is not under more severe selling pressure early today. However, Chinese demand is squarely in the bear camp especially with Shanghai copper warehouse stocks increasing by 36.1% week over week with an inflow of 18,245 tons. In fact, with the increase this week, Shanghai copper warehouse stocks have expanded for 6 straight weeks! On the other hand, the copper market has shown a strong inverse relationship with action in the dollar and prices could be cushioned by lower action in the dollar following today's US jobs data. In retrospect, this week's Chinese economic data reminded traders of the tenuous condition of the Chinese economy. While non-Chinese copper demand is not usually as important as Chinese copper demand, perceive cooling of the US, Australian, Swiss, and French economies is a credible threat to global copper demand. However, supply news yesterday should help cushion copper prices with Glencore 2023 production declining (compared to 2022), and the company thinking this year's production will be at or 50,000 tonnes below 2023 levels.



MARKET IDEAS:

With the trend of Chinese economic sentiment pointing down, deteriorating at a quicker pace overnight, negative chart action overnight and another large weekly increase in Shanghai copper warehouse stocks, copper will need a very definitive "risk on" vibe flowing from US global equity markets to avoid a test and failure of its 200-day moving average down at \$3.802.

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 (APR) 02/02/2024: The major trend could be turning up with the close back above the 40-day moving average. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 2105.0. The next area of resistance is around 2089.9 and 2105.0, while 1st support hits today at 2053.2 and below there at 2031.4.

COMEX SILVER (MAR) 02/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 23.882. The next area of resistance is around 23.640 and 23.882, while 1st support hits today at 22.880 and below there at 22.363.

COMEX PLATINUM (APR) 02/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 944.12. The next area of resistance is around 933.85 and 944.12, while 1st support hits today at 911.75 and below there at 899.93.

COMEX COPPER (MAR) 02/02/2024: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 3.91. The next area of resistance is around 3.87 and 3.91, while 1st support hits today at 3.83 and below there at 3.81.

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										
GCEJ24	2071.6	61.25	56.20	40.18	53.30	2059.03	2048.80	2050.03	2062.65	2051.16
SIEH24	23.260	55.13	50.41	53.47	64.02	23.23	22.93	22.95	23.72	23.72
PLAJ24	922.80	47.56	46.85	44.97	56.45	931.23	918.23	919.46	944.98	935.80
CPAH24	3.84	52.24	52.38	72.03	74.14	3.89	3.86	3.81	3.84	3.82
PAAH24	971.60	46.10	44.34	43.90	55.27	982.28	966.04	965.40	1033.53	1039.24

Calculations based on previous session. Data collected 02/01/2024

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						
GCEJ24	COMEX Gold	2031.3	2053.1	2068.2	2089.9	2105.0
SIEH24	COMEX Silver	22.362	22.880	23.122	23.640	23.882
PLAJ24	COMEX Platinum	899.92	911.75	922.02	933.85	944.12
CPAH24	COMEX Copper	3.80	3.82	3.85	3.87	3.91
PAAH24	COMEX Palladium	936.80	955.09	969.80	988.09	1002.80

Calculations based on previous session. Data collected 02/01/2024

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