



DAILY METALS COMMENTARY Wednesday February 14, 2024

PRECIOUS METALS COMMENTARY

2/14/2024

The bias is down, sell \$10 rallies in gold

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -5.40, SILVER -0.01, PLATINUM +0.63

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with more markets trading higher than lower. Critical economic news released overnight included a rebound in New Zealand electronic credit card retail sales, a significant contraction in GBP CPI, a slight contraction in GBP PPI, and a slight moderation of GBP retail price index readings in January. The North American session will start out with a weekly private survey on mortgage applications, but it will have no top-tier US or Canadian economic data on the schedule. Chicago Fed President Goolsbee will speak during morning US trading hours while Fed Vice Chair Barr will speak during the afternoon. Earnings announcements will include CME Group, Kraft Heinz, Williams, and Barrick Gold before the Wall Street opening while Cisco Systems, Equinix and Occidental Petroleum report after the close.



MARKET FUNDAMENTALS: While the magnitude of yesterday's US CPI upside surprise was not significant, the markets were clearly undermined by another US data point which appears to push back US rate cut timing. Today the markets will have a pause from US inflation news with several Fed speeches potentially providing some fireworks. However, the US dollar is sitting right on the spike up highs from yesterday early today leaving the currency influence on gold and silver bearish. The Fed's Goolsbee will speak around the opening of the New York Stock Exchange, and he is likely to discount the slight uptick in US CPI inflation given his allegiance to the current Administration. In the end, both the January US CPI and January US core CPI came in at the high end of trade forecasts, which has some analysts pushing a US rate cut into the second half of 2024. The CME's Fed Watch tool saw the probability of a March rate cut fall from 15.5% before the CPI results to only 8.5% afterward, while the chances of a May rate cut fell from 58.1% before the CPI results to 37.6% afterward, this morning the CME Fed watch tool gives the probability of a June rate cut at 50.3%. In our mind, the trade is stubbornly holding onto the prospects of action from the Fed in the first half of this year. Fortunately for the bull camp today's US scheduled data will offer little information except for the weekly mortgage approvals report for the week ending February 9th and with mortgage rates approaching the highest levels in nearly 2 months last week, that report could be soft and minimally supportive of the bull camp.

TODAY'S MARKET IDEAS:

While the April gold contract has found psychological support at the \$2000 level, the path of least resistance is still down with near-term targeting down at \$1983. However, we suggest bear traders utilize a bounce inspired by the Fed's Goolsbee with short entry pricing for aggressive traders at \$2010, while more conservative bear traders utilizing short entry pricing at \$2020.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

2/14/2024

Traders should be conservative with sell orders close to \$3.75

GENERAL: While the copper market is obviously undermined by the negative macroeconomic shift following hot US inflation readings yesterday, the bull camp is fortunate beleaguered Chinese equity markets are closed for holiday leaving room in the headlines for slightly improved sentiment from the Lunar New Year holiday. The bull camp hopes the Chinese holiday will temporarily lift Chinese animal spirits and that in turn should help March copper respect \$3.70. Unfortunately for the bull camp, China also showed "combat readiness air patrols" off Taiwan with Chinese naval vessels coordinating the exercises and that could cloud the Chinese economic outlook. However, an Australian forecast predicting a strong start to 2024 Chinese commodity imports should cushion copper against bearish outside market forces of a strengthening dollar and rising interest rates. However, LME copper stocks fell again overnight and are at their lowest levels since September, which could reflect improved global demand. While China remains on holiday, reports that their Lunar New Year travel will reach a record high this year should provide support to the copper market as that could be a sign of stronger Chinese demand during the rest of the first quarter.



MARKET IDEAS:

While the path of least resistance in copper favors the bear camp, the \$3.70 level has become a form of thin value. However, with the last COT positioning report posting a net spec and fund short of 10,687 contracts and copper prices into the recent low trading another \$0.12 lower, the net spec and fund short in copper is likely nearing the lowest levels since September 2023. Near-term support for March copper is the overnight low at \$3.6895 and very important pivot support is seen down at \$3.655.

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) 02/14/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. A negative signal was given by the outside day down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 1971.1. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 2028.2 and 2060.0, while 1st support hits today at 1983.8 and below there at 1971.1.

COMEX SILVER (MAR) 02/14/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 21.310. The next area of resistance is around 22.629 and 23.349, while 1st support hits today at 21.610 and below there at 21.310.

COMEX PLATINUM (APR) 02/14/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market could take on a defensive posture with the daily closing price reversal down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 852.30. The next area of resistance is around 895.60 and 917.50, while 1st support hits today at 863.00 and below there at 852.30.

COMEX COPPER (MAR) 02/14/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The next downside target is 3.67. The next area of resistance is around 3.73 and 3.76, while 1st support hits today at 3.69 and below there at 3.67.

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	2006.0	28.02	35.18	33.62	20.83	2032.05	2044.73	2045.64	2056.54	2056.40
SIEH24	22.120	34.53	37.65	37.10	29.19	22.54	22.60	22.74	23.28	23.63
PLAJ24	879.30	37.71	39.51	25.70	19.23	887.05	897.06	906.79	938.12	936.51
CPAH24	3.70	36.66	39.93	24.81	19.32	3.70	3.75	3.80	3.82	3.82
PAAH24	860.50	29.35	32.62	25.83	17.11	879.63	916.32	939.91	1017.55	1021.87

Calculations based on previous session. Data collected 02/13/2024
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	1971.0	1983.7	2015.5	2028.2	2060.0
SIEH24	COMEX Silver	21.310	21.609	22.330	22.629	23.349
PLAJ24	COMEX Platinum	852.30	863.00	884.90	895.60	917.50
CPAH24	COMEX Copper	3.66	3.68	3.71	3.73	3.76
PAAH24	COMEX Palladium	811.37	830.75	870.87	890.25	930.37

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