



DAILY METALS COMMENTARY

Tuesday February 20, 2024

PRECIOUS METALS COMMENTARY

2/20/2024

Bias is down without a downside breakout in \$ & Bonds

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +10.40, SILVER -0.04, PLATINUM -0.59

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with Asian markets showing gains and European markets starting off under pressure. In fact, Chinese equity markets saw a six straight consecutive daily gain off hopes lower mortgage rates will save the beleaguered Chinese property market. Critical economic news released overnight included better than expected Japanese machinery orders for December, The largest ever reduction in Chinese mortgage reference rates, and Swiss CPI increased over the previous month. The North American trading session presents a very thin economic report slate with the only key reading Canadian Consumer Price Index readings for January with have expectations calling for a 0.4% gain. It should be noted that the US will auction six-month, 52-week, and three-month bills in auctions today. Critical corporate earnings reports due out today include Walmart Inc., Home Depot, BHP group Limited, Palo Alto networks, Toll Brothers, Chesapeake Energy, and Intercontinental Hotels Group PLC. Public Storage, Barclays PLC.



MARKET FUNDAMENTALS: Fortunately for the bull camp in gold and silver the dollar has remained near five-day lows as the US economic outlook has deteriorated which has kept some measure of rate cut hopes alive for the first half of 2024. Indirectly the gold market should see minimal support from the very aggressive cut in the Chinese mortgage reference rate overnight as that tamps down fear of a Chinese collapse and global deflation. Unfortunately for the bull camp, gold ETF holdings continue to decline with an outflow last week of 550,951 ounces bringing the year-to-date outflow to 3.1% in less than two months. However, with an empty US scheduled report slate today, the trade will likely shift its focus toward tomorrow afternoon's US Federal Reserve meeting minutes release, but recent dialogue from the Minneapolis Fed suggested significant evidence of softening inflation over months will be needed to cut rates. The technical condition of gold is also bearish with the recovery off last week's lows forged in the face of declining open interest and very low trading volumes. Unfortunately for the bull camp, the net spec and fund long in gold remains lofty at 152,432 contracts which is 50,000 contracts above the lowest net spec and fund long of the past 2 1/2 years. The Commitments of Traders report for the week ending February 13th showed Gold Managed Money traders reduced their net long position by 36,191 contracts to a net long 46,400 contracts. Non-Commercial & non-reportable traders net long 152,432 contracts after net selling 30,727 contracts. Without significantly dovish dialogue from the Fed's released tomorrow, traders should look to sell April gold on a return to the 50-day moving average at \$2053.80 today, with selling resistance tomorrow at downtrend channel resistance at \$2050.70. Downtrend channel selling resistance in April gold tomorrow is \$2048.50. With the silver market fresh off a \$0.56 rally, failing to hold its 50 day moving average breakout from last week, the onus is on the bull camp to prove key support at \$22.84 can hold. The Commitments of Traders report for the week ending February 13th showed Silver Managed Money traders added 4,848 contracts to their already short position and are now net short 9,632. Non-Commercial & non-Reportable traders "net long" 25,652 contracts after decreasing their long position by 4,322 contracts. Platinum positioning in the Commitments of Traders for the week ending February 13th showed Managed Money traders added 9,361 contracts to their already short position and are now net short 14,165. Non-Commercial & non-reportable traders net long 7,018 contracts after decreasing their long position by 8,290 contracts. Palladium positioning in the Commitments of Traders for the week ending February 13th showed Palladium Managed Money traders hit a new extreme short of 13,126 contracts. Managed Money traders are net short 13,126 contracts after net selling 2,571 contracts. Palladium Non-Commercial & Non-Reportable traders hit a new extreme short of 13,138 contracts.

Non-Commercial & non-reportable traders net sold 2,196 contracts and are now net short 13,138 contracts.

TODAY'S MARKET IDEAS:

The path of least resistance in precious metal markets is pointing down to start the holiday shortened trading week in the US, with charts bearish following waning trade interest on last week's rallies. Fortunately for the bull camp, the net spec and fund long positioning in gold has probably moderated, the dollar has softened following soft data and the Chinese moved to provide support for their property sector overnight with a very aggressive cut in mortgage reference rates. However, we still favor selling rallies to resistance levels of \$2054 in April gold and at \$23.51 in March silver.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

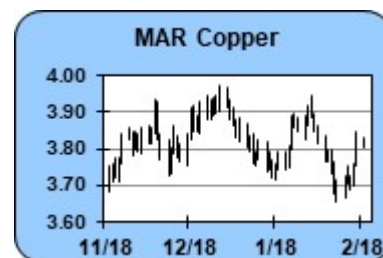
None

COPPER COMMENTARY

2/20/2024

Chinese mtg rate cut partially anticipated resistance is \$3.84

GENERAL: In retrospect, the copper market seemed to anticipate the aggressive support from the Chinese central bank for the Chinese property sector as copper prices last week posted a low to high rally of \$0.15 in the face of disappointing global economic data and periodic adverse outside market influences. However, the move to cut Chinese mortgage rates by the largest amount ever combined with a very consistent and increasingly more important declines in daily LME copper warehouse stocks provides both supply and demand support. It should be noted that PHP will release earnings today (the world's biggest miner) with the company indicating that China will have to do even more to resurrect their economy. In fact, some economists see the very aggressive cut in mortgage reference rates as too late with other economists seeing the aggressiveness as "alarming". On the other hand, Chinese lunar new year holiday travel reached the highest levels since before the pandemic which countervails some of the lingering property sector fear. Fortunately for the bull camp a moderate pre-existing net spec and fund short in copper probably limits the overbought status from the sharp post COT report rally of \$0.12. Copper positioning in the Commitments of Traders for the week ending February 13th showed Managed Money traders were net short 42,309 contracts after increasing their already short position by 21,755 contracts. Non-Commercial & non-reportable traders added 19,965 contracts to their already short position and are now net short 30,652.



MARKET IDEAS:

As indicated already the copper market is short-term overbought from the very sharp \$0.14 rally off the early February spike down move, but with speculators holding a moderate net spec and fund short as of last week and China providing a significant stimulus, the odds of respecting the \$3.80 level as support have improved. On the other hand, we suggest traders entering the long side of copper at current levels might need to risk those positions to at least \$3.77.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024

Non-Commercial

Commercial

Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	-33,575	-19,668	30,652	+19,965	2,923	-297
Gold	129,251	-35,181	-152,433	+30,726	23,181	+4,454
Palladium	-13,615	-2,539	13,138	+2,196	477	+343
Platinum	617	-8,396	-7,017	+8,292	6,401	+106
Silver	7,344	-5,242	-25,651	+4,324	18,308	+920

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) 02/20/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close over the pivot swing is a somewhat positive setup. The next downside target is 2000.4. The next area of resistance is around 2035.4 and 2041.6, while 1st support hits today at 2014.8 and below there at 2000.4.

COMEX SILVER (MAR) 02/20/2024: The market now above the 40-day moving average suggests the longer-term trend has turned up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 24.060. The next area of resistance is around 23.840 and 24.060, while 1st support hits today at 23.120 and below there at 22.620.

COMEX PLATINUM (APR) 02/20/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 933.59. The next area of resistance is around 927.39 and 933.59, while 1st support hits today at 904.60 and below there at 888.00.

COMEX COPPER (MAR) 02/20/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 3.90. The next area of resistance is around 3.86 and 3.90, while 1st support hits today at 3.78 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										
GCEJ24	2025.1	43.22	43.84	24.58	23.95	2013.08	2030.88	2040.24	2055.99	2056.08
SIEH24	23.480	63.78	57.61	44.74	60.63	22.74	22.64	22.81	23.26	23.57
PLAJ24	916.00	53.86	50.28	31.46	39.90	898.73	895.79	906.82	936.52	935.92
CPAH24	3.82	61.03	55.87	27.68	37.08	3.75	3.74	3.80	3.82	3.82
PAAH24	952.80	54.06	49.55	39.37	52.17	925.28	912.31	940.17	1016.26	1015.71

Calculations based on previous session. Data collected 02/16/2024

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract	Support 2	Support 1	Pivot	Resist 1	Resist 2
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METALS COMPLEX

GCEJ24	COMEX Gold	2000.4	2014.8	2021.0	2035.4	2041.6
SIEH24	COMEX Silver	22.620	23.120	23.340	23.840	24.060
PLAJ24	COMEX Platinum	888.00	904.59	910.80	927.39	933.59
CPAH24	COMEX Copper	3.72	3.78	3.81	3.86	3.90
PAAH24	COMEX Palladium	918.52	936.05	952.02	969.55	985.52

Calculations based on previous session. Data collected 02/16/2024

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