



DAILY METALS COMMENTARY

Thursday February 22, 2024

PRECIOUS METALS COMMENTARY

2/22/2024

The bulls have a chart edge against bearish fundamentals

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +7.80, SILVER +0.03, PLATINUM +1.06

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher again carried by better-than-expected earnings and revenues from Nvidia. Critical economic news released overnight included stronger New Zealand imports, softer New Zealand exports, much weaker than expected Australian Judo Bank Manufacturing PMI, stronger-than-expected Australian Judo Bank composite PMI, weaker than expected Japanese Jibun bank services PMI, weaker than expected Japanese Jibun bank manufacturing PMI readings for February, a surprise contraction in New Zealand credit card spending in January, better than expected French business climate in manufacturing stronger-than-expected French HCOB manufacturing, services, and composite PMI readings for February, better-than-expected German services PMI, softer than expected German manufacturing positive PMI readings for February, Italian CPI was as expected and changed from the prior month, better than expected euro zone HCOB services and composite PMI readings for February HCOB manufacturing PMI, softer than expected GBP S&P global manufacturing PMI readings for February and better than expected GBP S&P global services and composite PMI readings for February. The North American session will start out with December Canadian retail sales which are forecast to have a moderate uptick from November's 1.8% year-over-year rate. A weekly reading on US initial jobless claims is expected to have a modest uptick from the previous 212,000 reading. Ongoing jobless claims are forecast to have a minimal downtick from the previous 1.895 million reading. The Chicago Fed's January national activity index is expected to have a modest downtick from December's -0.15 reading. The February US "flash" manufacturing PMI is forecast to have a minimal downtick from the previous 50.7 reading. January US existing home sales are expected to have a moderate increase from December's 3.78 million annualized rate. Fed Vice Chair Jefferson will speak during morning US trading hours while Philadelphia Fed President Harker, Minneapolis Fed President Kashkari, Fed Governor Cook and Fed Governor Waller will speak during the afternoon. Earnings announcements will include Cheniere Energy and Newmont before the Wall Street opening while Intuit and Booking Holdings report after the close.



MARKET FUNDAMENTALS: While the press continues to tout flight to quality buying interest in gold from events in the Middle East, we are highly suspicious of that argument and think the ebb and flow of the dollar index trade is the primary focus of the gold trade. Therefore, with the downside breakout/plunge in the dollar to the lowest level since February 2nd overnight, US treasury yields potentially capping out just below three-month highs and broad-based risk on sentiment from good Nvidia earnings the bull camp has several credible themes. While it is possible that gold is deriving some investment support from surging Harmony gold mining shares, the company also predicted their production would increase by 14% and they recorded higher grades of ore than year ago levels and that is limiting of gold futures prices. In retrospect, we are surprised and impressed with gold's ability to traverse the release of the FOMC meeting minutes without disappointment from another slight pushing back of probable US rate cut timing. However, the market will continue to face information from the US Fed with a wave of Fed speeches over the coming 48 hours. While the FOMC meeting minutes did not definitively push back US rate cut timing, that was the general take away which in turn has been parroted by recent US Federal Reserve speeches. Fortunately for the bull camp in gold, the markets were widely anticipating a lack of dovish news from the Fed meeting minutes yesterday and for the time being gold and silver traders look to discount the delay in cutting US rates and are content to embrace ongoing weakness in the dollar. Critical support in April gold today is \$2030.90, with little in the way of resistance until \$2053.80.

TODAY'S MARKET IDEAS:

While the initial bias today is pointing up, April gold is approaching a downtrend channel resistance line drawn from the December and February highs at \$2052.30. Unfortunately for the bull camp, the rally from the early February low has shown waning interest with trading volume and open interest declining.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

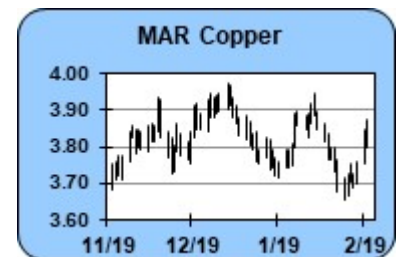
None

COPPER COMMENTARY

2/22/2024

Ongoing improvement in Chinese copper demand expectations

GENERAL: With Chinese equity markets extending a lengthening string of daily gains, LME copper warehouse stocks continuing to fall persistently, a downside breakout in the dollar and global risk on sentiment (inspired by robust AI earnings), the path of least resistance is up in copper. However, the copper market is becoming short-term overbought and trading interest has dissipated aggressively after the March contract traded above \$3.90. In fact, with the huge spike up move on Tuesday posted on the highest trading volume since last February, it is possible a quasi-blowoff top was forged. On the other hand, copper demand expectations continue to improve off the narrative that Chinese assistance for their property sector will revive the national economy. As indicated already, LME copper warehouse stocks have continued to decline with draws in 21 of the last 22 days, pushing supplies down to the lowest level since September 2023. Countervailing the short-term overbought technical condition in copper is a pre-existing moderately large net spec and fund short of 30,652 contracts. Therefore, bargain hunting buying from improved China news is probably fostering short covering buying, physical buying, and fresh speculative buying.



MARKET IDEAS:

The bias remains up in copper despite the market nearing modestly overdone fundamental levels and despite an expanding short-term overbought technical condition.

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) 02/22/2024: Momentum studies are trending higher from mid-range, which should support 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 market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2048.7. The next area of resistance is around 2041.2 and 2048.7, while 1st support hits today at 2028.7 and below there at 2023.5.

COMEX SILVER (MAR) 02/22/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 23.382. The next area of resistance is around 23.115 and 23.382, while 1st support hits today at 22.685 and below there at 22.523.

COMEX PLATINUM (APR) 02/22/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside target is at 924.55. The next area of resistance is around 903.50 and 924.55, while 1st support hits today at 874.10 and below there at 865.75.

COMEX COPPER (MAR) 02/22/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 3.93. The next area of resistance is around 3.90 and 3.93, while 1st support hits today at 3.86 and below there at 3.83.

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	2035.0	49.50	47.76	29.99	36.06	2028.18	2027.32	2040.11	2054.64	2056.09
SIEH24	22.900	50.98	49.50	55.25	62.74	23.12	22.78	22.82	23.24	23.53
PLAJ24	888.80	42.71	43.51	37.61	40.24	905.65	896.46	906.52	934.26	934.49
CPAH24	3.87	65.96	59.65	43.59	61.14	3.84	3.76	3.80	3.82	3.82
PAAH24	949.90	51.62	48.88	53.89	66.12	959.70	921.37	941.09	1012.76	1011.92

Calculations based on previous session. Data collected 02/21/2024

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	2023.5	2028.7	2036.1	2041.2	2048.7
SIEH24	COMEX Silver	22.522	22.685	22.952	23.115	23.382
PLAJ24	COMEX Platinum	865.75	874.10	895.15	903.50	924.55
CPAH24	COMEX Copper	3.82	3.85	3.87	3.90	3.93
PAAH24	COMEX Palladium	899.07	923.15	952.57	976.65	1006.07

Calculations based on previous session. Data collected 02/21/2024

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