



DAILY METALS COMMENTARY

Friday March 01, 2024

PRECIOUS METALS COMMENTARY

3/1/2024

Clearing "as expected" US PCE positively = more gains

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -3.40, SILVER -0.01, PLATINUM -0.90

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the markets in Moscow and Hong Kong which traded fractionally lower. Critical economic news released overnight included a stronger-than-expected Roy Morgan Consumer Confidence reading for January (New Zealand), a precipitous 8.8% contraction in New Zealand building permits in January, a minimally better-than-expected Australian bank manufacturing PMI reading for February, a minimal downtick in Japanese unemployment, no change in the Japanese bank manufacturing PMI report for February, slightly weaker than the prior month but as expected Chinese manufacturing PMI for February, significantly better prior month Chinese nonmanufacturing PMI, better than expected Chinese Caixin manufacturing PMI for February, stronger GBP Nationwide housing prices, softer than expected Swiss real retail sales, longer than expected Spanish HCOB manufacturing PMI for, softer Swiss purchasing managers index for wary, stronger than expected HCOB manufacturing PMI readings in France, Germany, Eurozone and GBP. It should also be noted that Italy posted softer inflation readings in February with consumer price readings for the euro zone hotter than expected and the euro zone unemployment rate ticked downward. The North American session will start out with February manufacturing PMI readings from the US and Canada, both of which are forecast to have mild upticks from their previous results. The February ISM manufacturing index is expected to have a mild uptick from January's 49.1 reading. January US construction spending is forecast to have a moderate downtick from December's 0.9% reading. A private survey of February the Canadian US consumer sentiment is expected to have a moderate uptick from the previous 79.0 reading. Richmond Fed President Barkin, Fed Governor Waller and Dallas Fed President Logan will speak during morning US trading hours while Atlanta Fed President Bostic, San Francisco Fed President Daly, and Fed Governor Kugler will speak during the afternoon.



MARKET FUNDAMENTALS: In retrospect the action in gold and silver this week has been nothing short of stellar given periodic adversity from strength in the dollar. Furthermore, gold managed to shrug off headwinds from signs of slowing in the US and European economies especially with gold at times over the last several weeks seemingly benefiting from "hope" of a recovery in physical/industrial gold demand following a global macroeconomic euphoria wave. Apparently, the gold trade interpreted yesterday's US PCE report result as a sign inflation was slowing which apparently keeps US rate cut hopes alive. However, overnight inflation showed signs of resiliency in Europe and the trade will be presented with a US ISM Manufacturing prices paid reading later this morning. Furthermore, the trade will see three Fed speeches during the session with expectations the Fed will continue to look for further consistent and sustained signs inflation is "falling". Despite a very consistent pattern of daily outflows from gold ETF holdings (currently down 3.6% year to date) gold prices are in an upward bias with higher highs and higher lows the general rule since February 15th. In conclusion, the bull camp has managed to shape most developments in their favor and or has managed to discount adversity from outside markets which is a hallmark of bullish control. Fortunately for the bull camp, talk of June rate cuts outside of the US have fully replaced hope of a US cut. In fact, the trade saw strong hints that the Bank of Canada and the ECB were likely to cut rates in June and overnight headlines suggests the German economy is already in recession. The bull camp should derive further support from dovish comments from the Fed's Goolsbee who indicated that rates are restrictive, and more deflation is likely. It is also likely that some buying of gold and silver this week is the result of speculation of a large Chinese stimulus package from next week's major Communist Party meeting. In fact, the

upside breakout in April gold in the face of a major bearish outside market force (\$ strength) gives credence to the potential for a run to \$2,075. Unfortunately for the bull camp in silver, several large daily inflows to ETF holdings this week and residual strength in gold provided only limited lift in the market which was significantly oversold from a three-week high to low washout of \$2.40.

TODAY'S MARKET IDEAS:

While we were highly suspicious of the upside breakout in gold yesterday the charts suggest follow-through from bullish momentum is possible. In the end, the gold bulls have managed to spin typically bearish headlines and adverse outside market influences in their favor signaling further gains ahead.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/1/2024

Surging Chinese copper stocks and mixed Chinese data bearish

GENERAL: The downside breakout in May copper overnight was justified by Chinese news overnight. While there were some bright spots in official Chinese non-manufacturing PMI, and a positive private Chinese manufacturing PMI result, a second straight week of massive inflows to Shanghai copper warehouse stocks is a development likely to extend the correction from the late February high. In fact, over the last two weeks Shanghai copper warehouse stocks have increased by 127,000 tons following last week's 109.6% gain and this week's gain of 18.3%. However, the copper bull camp should remain confident in longer-term copper price prospects as Reuters overnight indicated Codelco (the world's largest copper producer) continues to see production fall from classic operational problems and sovereign government intervention/regulations. While the Hong Kong equity market was lower Wednesday night, that negative was offset by gains in other Chinese equity markets.



MARKET IDEAS:

Fortunately for the bull camp, open interest and trading volume have fallen off dramatically on the recent slide which could increase the odds copper will find a solid bottom before \$3.75. However, a "one two" punch of disappointing Chinese manufacturing PMI and another large jump in Shanghai copper warehouse stocks leaves control with the bear camp again today.

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) 03/01/2024: The cross over and close above the 40-day moving average is an indication

the longer-term trend has turned positive. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are trending higher but have entered overbought levels. 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 objective is 2073.3. The next area of resistance is around 2063.9 and 2073.3, while 1st support hits today at 2040.5 and below there at 2026.6.

COMEX SILVER (MAY) 03/01/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 22.310. The next area of resistance is around 23.120 and 23.310, while 1st support hits today at 22.620 and below there at 22.310.

COMEX PLATINUM (APR) 03/01/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 869.95. The next area of resistance is around 890.09 and 899.15, while 1st support hits today at 875.50 and below there at 869.95.

COMEX COPPER (MAY) 03/01/2024: The major trend could be turning up with the close back above the 60-day moving average. Rising stochastics at overbought levels warrant some caution for bulls. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 3.88. The next area of resistance is around 3.86 and 3.88, while 1st support hits today at 3.83 and below there at 3.82.

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 | 2052.2 | 60.72 | 55.02 | 61.04 | 73.16 | 2044.00 | 2039.38 | 2036.04 | 2051.18 | 2052.86 |
| SIEK24 | 22.870 | 47.82 | 47.27 | 46.16 | 41.32 | 22.75 | 23.04 | 22.89 | 23.23 | 23.49 |
| PLAJ24 | 882.80 | 42.87 | 43.77 | 38.81 | 32.91 | 886.80 | 897.74 | 896.21 | 923.33 | 929.42 |
| CPAK24 | 3.84 | 52.34 | 51.80 | 69.48 | 71.09 | 3.84 | 3.87 | 3.81 | 3.84 | 3.84 |
| PAAM24 | 946.80 | 47.84 | 47.31 | 66.67 | 62.40 | 949.40 | 964.34 | 942.06 | 984.61 | 1009.66 |

Calculations based on previous session. Data collected 02/29/2024

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 | 2026.5 | 2040.5 | 2049.9 | 2063.9 | 2073.3 |
| SIEK24 | COMEX Silver | 22.310 | 22.620 | 22.810 | 23.120 | 23.310 |
| PLAJ24 | COMEX Platinum | 869.95 | 875.49 | 884.55 | 890.09 | 899.15 |
| CPAK24 | COMEX Copper | 3.81 | 3.82 | 3.84 | 3.86 | 3.88 |
| PAAM24 | COMEX Palladium | 926.90 | 936.80 | 946.90 | 956.80 | 966.90 |

Calculations based on previous session. Data collected 02/29/2024

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