



DAILY METALS COMMENTARY

Tuesday March 05, 2024

PRECIOUS METALS COMMENTARY

3/5/2024

Signs of falling inflation in Euro raise rate cut talk

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +4.90, SILVER +0.02, PLATINUM -0.85

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were lower except for markets in Japan and China which traded less than 1% higher. In addition to the breakdown of Middle East cease-fire talks, the markets were presented with a significantly higher-than-expected Tokyo CPI reading for February, a sharper than expected New Zealand ANZ Commodity price index reading for February, a softer than expected GBP Like for Like retail sales for February, a slight gain in Japanese Jibun bank services PMI for February, a disappointing Chinese Caixin services PMI reading for February, disappointing French industrial output, a disappointing Italian HCOB services PMI reading, and positive Spanish, French, German, and euro zone services PMI readings for February, with positive HCOB composite PMI readings in France, Germany, and the euro zone. It should also be noted that Italian GDP came in as expected and in minimal growth territory of +0.2%. Lastly, euro zone producer price index for January registered a massive decline of 0.9% which should foster talk of a rate cut from the euro zone in June. The North American session will start out with a private weekly survey of same store sales followed by services PMI readings for the US and Canada, both of which are expected to show mild downticks from their previous results. The February ISM services index is forecast to have a moderate downtick from January's 53.4 reading. January factory orders are expected to have a sizable downtick from December's 0.2% reading. Fed Vice Chair Barr will speak during morning US trading hours. Earnings announcements will include Target before the Wall Street opening while CrowdStrike Holdings, Ross Stores and Franco-Nevada report after the close.



MARKET FUNDAMENTALS: With both gold and silver posting higher highs overnight it is clear the bullish track from the prior three trading sessions has remained in place. In fact, given a significant dip in euro zone producer prices of 0.9%, the prospects of an ECB rate cut in June have jumped. Apparently, the gold and silver trade are not unnerved by the disappointing Chinese Caixin services PMI reading, but that could be the result of anticipation of a Chinese stimulus package announcement. However, as of this hour the NPC has disappointed the trade with plans to issue \$139 billion of special bonds this year as that focuses on local debt issues instead of stimulating growth. On the other hand, equity markets in Shanghai closed higher despite the lack of an aggressive plan to spark the Chinese economy. Given the upside extension this morning and the lack of a Chinese shock and awe stimulus program, gold and silver must be drawing support from signs of softer global inflation. Surprisingly, investors continue to flee gold and silver ETF instruments despite record London gold prices yesterday and European and US gold prices nearing record pricing today! However, the markets will face a semiannual US Federal Reserve Chairman testimony to Congress today which could challenge the early theme today of "increased prospects of monetary easing" following signs of softer Euro inflation. Adding to the potential volatility today are several Fed speeches, US ISM services PMI, ISM services prices paid and US factory orders which are expected to post a significant decline! Certainly, the prospect of a shift to easing policy by central banks is a bullish catalyst and additional evidence pointing in that direction overnight leaves US gold futures targeting all-time highs posted back in December at \$2171.50

TODAY'S MARKET IDEAS:

The bull camp has momentum in its favor, renewed EU rate cut chatter, and the prospect of positive spillover from gains in US treasuries. Therefore, we leave the path of least pointing up but must note the strong possibility of

significant price volatility in the coming 48 hours. Unfortunately for the bull camp, the massive price gains in gold over the last three trading sessions leave little in the way of close in chart support with our best estimate of key pivot point support today at \$2,109.70.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/5/2024

Disappointment from the Chinese stimulus front mostly discounted

GENERAL: Clearly, the lack of news from China regarding a massive stimulus program announcement is undermining copper market sentiment early this morning. However, UBS has raised its 2025 and 2026 copper price forecast on expectations of a continued sharp decline in global copper production. The bull camp argues the declining copper production is a structural problem without easy fixes especially for slumping Central and South American production. UBS also predicted 2024 would result in a world refined copper deficit above 300,000 tons and suggested that shrinking supply is offsetting anemic demand growth. Fortunately for the bull camp, daily LME copper warehouse stocks have returned to a definitive pattern of daily declines with the pace of daily declines material. The copper market is also drafting buying support from a revitalization of US rate cut hopes which have been given credence by clear signs of softening data. However, the prospects of a June rate cut could be boosted or heavily discounted today following the US Federal Reserve chairman's testimony to Congress.



MARKET IDEAS:

While we are suspicious of the bull case, the market's ability to trade higher this morning despite the lack of an aggressive Chinese stimulus package shows some resilience in the bull camp. Key support is at triple low around \$3.8340 and a trade above \$3.8880 likely signals a breakout above \$3.92.

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) 03/05/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 2156.6. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2144.6 and 2156.6, while 1st support hits today at 2104.4 and below there at 2076.1.

COMEX SILVER (MAY) 03/05/2024: The major trend could be turning up with the close back above the 60-day

moving average. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 24.837. The next area of resistance is around 24.584 and 24.837, while 1st support hits today at 23.655 and below there at 22.978.

COMEX PLATINUM (APR) 03/05/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 920.02. The next area of resistance is around 912.65 and 920.02, while 1st support hits today at 892.75 and below there at 880.23.

COMEX COPPER (MAY) 03/05/2024: 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. The daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 3.90. The next area of resistance is around 3.87 and 3.90, while 1st support hits today at 3.84 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	2124.5	83.05	73.69	75.30	89.28	2078.08	2056.61	2042.84	2051.38	2054.40
SIEK24	24.120	67.78	61.35	54.78	67.57	23.22	23.07	23.00	23.18	23.45
PLAJ24	902.70	52.61	49.86	39.22	43.56	889.98	893.63	894.89	918.45	928.49
CPAK24	3.85	54.16	52.96	71.03	72.09	3.85	3.87	3.82	3.83	3.84
PAAM24	973.40	54.91	51.84	67.00	68.90	953.65	962.78	943.00	975.11	1009.67

Calculations based on previous session. Data collected 03/04/2024

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	2076.0	2104.3	2116.3	2144.6	2156.6
SIEK24	COMEX Silver	22.977	23.654	23.907	24.584	24.837
PLAJ24	COMEX Platinum	880.22	892.75	900.12	912.65	920.02
CPAK24	COMEX Copper	3.81	3.83	3.86	3.87	3.90
PAAM24	COMEX Palladium	942.32	960.65	967.82	986.15	993.32

Calculations based on previous session. Data collected 03/04/2024

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.