



## DAILY METALS COMMENTARY

Monday March 11, 2024

### PRECIOUS METALS COMMENTARY

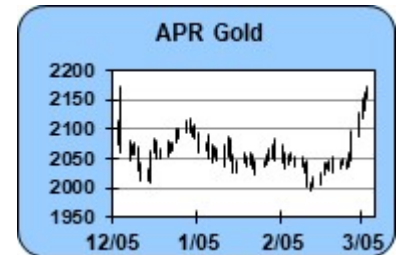
3/11/2024

**Corrective action as buyers become price-sensitive**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**

**GOLD +1.90, SILVER +0.00, PLATINUM +0.87**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly lower except for the markets in China and Russia which posted moderate gains. Critical economic news released overnight included a stronger-than-expected Japanese GDP for the fourth quarter, negative but slightly improved from the prior month Japanese Machine Tool Orders, and an anemic Spanish retail sales reading for January. The North American session will be relatively quiet data-wise and will only have the New York Fed's February reading on 1-year US consumer inflation expectations which are expected to hold steady with January's 3.0% year-over-year rate. Earning announcements will include Oracle after the Wall Street close.



**MARKET FUNDAMENTALS:** With outside market action remaining in favor of the bear camp early today, the bull camp remains hopeful that this week's inflation data will further revive the prospect of a US rate cut, which in turn would continue to pressure the dollar and treasury yields lower. However, the gold market is vulnerable this morning following comments from the Indian Bullion and Jewelers Association suggesting Indian wedding season demand will soften due to record pricing. Along those lines the domestic Indian gold trade has seen prices shift into a discount relative to global markets, with Chinese premiums narrowing. However, analysts suggest ongoing strength in gold prices could attract European and US spec interest, but that could indicate the frothy stage of the market is unfolding. In another slightly bearish development high prices have apparently stimulated scrap supply which results in a simple exchange of old gold jewelry for new in India! The action in gold and silver last week was very impressive and was the most impressive of all physical commodity markets! Obviously, very significant support from outside market forces (Bitcoin, the dollar and treasury yields) played a huge role in the explosive rally. However, the bull camp is also embracing increased chances of June rate cuts by more than one central bank in June as was signaled by a 10% week over week increase in the probability of a June US rate cut from the CME Fed watch tool. However, gold prices have exploded, and Indian and Chinese buyers can show an aversion to paying all-time high prices for new positions. On the other hand, the Indian economy is growing the fastest of all large population countries and their currency recently has strengthened matching the highest level since September of last year last week. However, the Chinese currency has shown little direction and remains below the 2024 high potentially tempering Chinese investor demand. Fortunately for the bull camp, expectations are for the Chinese central bank to continue buying for reserves with 2023 showing all most central banks in an acquisition mode resulting in purchases of 1,037 tonnes last year, just under the record level posted in 2022. In our opinion, there is something more than simple favorable outside market support surfacing with that force also serving to launch Bitcoin above \$70,000. It is possible that the markets think inflation remains an issue and could be rekindled by summer easing around the world. It could also be flight to quality buying building ahead of the US election season which could bring unbelievable political maneuvers, violence, and maybe even the use of force by the government. While the net spec and fund long in gold remains under the 2024 high, gold gained \$86 from the report mark off into Friday high potentially putting the net spec and fund the longest since May 2023! Gold positioning in the Commitments of Traders for the week ending March 5th showed Managed Money traders were net long 131,060 contracts after increasing their already long position by 63,018 contracts. Non-Commercial & non-reportable traders net bought 61,230 contracts and are now net long 221,626 contracts. Silver positioning in the Commitments of Traders for the week ending March 5th showed Managed Money traders net bought 19,673 contracts which moved them from a net short to a net long position of 15,530 contracts. Non-Commercial & Non-Reportable traders added 14,144 contracts to their already long position and are now net long 44,376. Platinum

positioning in the Commitments of Traders for the week ending March 5th showed Managed Money traders net sold 8,830 contracts and are now net short 20,048 contracts. Non-Commercial & Non-Reportable traders net sold 5,997 contracts and are now net long 3,180 contracts. The Commitments of Traders report for the week ending March 5th showed Palladium Managed Money traders are net short 12,333 contracts after net selling 823 contracts. Non-Commercial & Non-Reportable traders added 327 contracts to their already short position and are now net short 12,527.

#### **TODAY'S MARKET IDEAS:**

While the trend remains up with gold charts entrenched in the bull track, short-term technical signals are now flashing red, and the impact of record prices is starting to blunt some demand. However, we leave the bull camp with the edge and expect significant volatility ahead as each US data point of significance will impact market expectations of Fed policy decisions. Expectations for the US CPI report on Tuesday call for a gain of 0.3% compared to the prior month of +0.4%. The bull camp will see a test of its resolve today and could need ongoing significant gains in Bitcoin and ongoing support from a falling dollar to minimize a corrective tilt. First support in April gold is \$2,172.20 but expanded volatility could make support at \$2,150.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

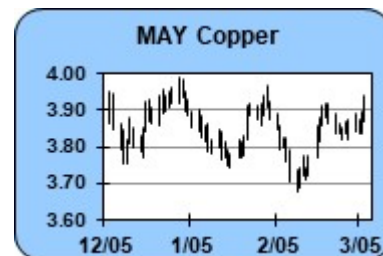
None

## **COPPER COMMENTARY**

3/11/2024

### **Waiting for Chinese new loans tonight**

**GENERAL:** Fortunately for the bull camp, Chinese equity markets bucked the overnight trend and traded higher helping May copper reject a dip below Friday's low. In retrospect, we were not surprised to see the copper market fail to hold a new high for the move and close sharply lower Friday as a 3rd straight massive weekly inflow to Shanghai copper warehouse inventories presents a very significant and fresh threat against the recent revival of Chinese copper demand hope. Another fresh negative from the end of last week came from Peru where they projected this year's copper output to increase from 2.76 million tonnes up to 3 million tonnes. We also see copper short-term overbought with the \$0.10 rally following the COT report mark off, likely making the spec and fund long the highest since last August. The Commitments of Traders report for the week ending March 5th showed Copper Managed Money traders net sold 12,965 contracts, which moved them from a net long to a net short position of 8,598 contracts. Non-Commercial & non-reportable traders are net short 4,431 contracts after net selling 1,933 contracts.



#### **MARKET IDEAS:**

We see a corrective bias today unless global equity markets start the week with a definitive risk on vibe and the US dollar continues to slide. However, the copper trade will be presented Chinese new loan data tonight which will likely present the trend for the Tuesday. In short, disappointing Chinese new loans tonight should send May copper down to \$3.84 while a stronger-than-expected reading will likely send May copper up to \$3.95.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Metals</b>						
<b>Copper</b>	-7,365	-3,334	4,430	+1,931	2,934	+1,401
<b>Gold</b>	208,252	+64,365	-221,625	-61,228	13,374	-3,135
<b>Palladium</b>	-12,544	-300	12,526	+326	17	-27
<b>Platinum</b>	-4,532	-8,046	-3,180	+5,997	7,712	+2,049
<b>Silver</b>	27,497	+15,889	-44,377	-14,146	16,879	-1,745

## 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) 03/11/2024:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 2225.2. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2205.6 and 2225.2, while 1st support hits today at 2163.8 and below there at 2141.6.

**COMEX SILVER (MAY) 03/11/2024:** Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 25.047. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 24.755 and 25.047, while 1st support hits today at 24.275 and below there at 24.088.

**COMEX PLATINUM (APR) 03/11/2024:** The upside crossover of the 9 and 18 bar moving average is a positive signal. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 939.72. The next area of resistance is around 927.15 and 939.72, while 1st support hits today at 906.65 and below there at 898.73.

**COMEX COPPER (MAY) 03/11/2024:** A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 3.84. The next area of resistance is around 3.92 and 3.96, while 1st support hits today at 3.86 and below there at 3.84.

## 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
<b>METALS COMPLEX</b>										
GCEJ24	2184.7	89.98	81.71	89.36	92.70	2161.28	2110.61	2068.99	2058.02	2062.06
SIEK24	24.515	72.51	65.73	77.56	85.61	24.39	23.69	23.36	23.20	23.48
PLAJ24	916.90	56.64	53.43	58.75	70.73	910.48	900.03	899.74	910.13	928.02
CPAK24	3.89	57.68	55.88	73.55	73.30	3.88	3.87	3.85	3.83	3.85
PAAM24	1025.30	60.64	57.33	71.15	72.75	1015.88	981.14	969.55	966.80	1012.80

Calculations based on previous session. Data collected 03/08/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCEJ24	COMEX Gold	2141.6	2163.8	2183.4	2205.6	2225.2
SIEK24	COMEX Silver	24.087	24.275	24.567	24.755	25.047
PLAJ24	COMEX Platinum	898.72	906.65	919.22	927.15	939.72
CPAK24	COMEX Copper	3.83	3.85	3.90	3.92	3.96
PAAM24	COMEX Palladium	978.40	996.80	1035.40	1053.80	1092.40

**Calculations based on previous session. Data collected 03/08/2024**

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