



DAILY METALS COMMENTARY

Thursday March 14, 2024

PRECIOUS METALS COMMENTARY

3/14/2024

Post PPI price reaction should be a trend "pointer" I

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -7.80, SILVER +0.00, PLATINUM +0.02

OUTSIDE MARKET DEVELOPMENTS: Global equities overnight were mixed with weakness primarily seen in Chinese, Russian, and Australian equities. Critical economic news released overnight included a sharp 21.7% jump in New Zealand visitor arrivals in January, significant inflows to Japanese stocks in the latest weekly readings, a significant inflow to Japanese bond instruments from foreign investors, a slightly smaller than expected decline in GBP RICS Housing Price Balance for February, a minimal 0.1% gain in Swiss producer and import prices for February, as expected and unchanged Spanish harmonized Index of consumer prices for February, a slightly higher-than-expected Spanish consumer price index reading for February of +0.4% (expectations +0.3%). Another supportive development for gold overnight came from India where the government moved to allow the Reserve Bank of India to import gold without paying the import levy paid by all importers. Reportedly as of September 2023 the RBI held 800.79 metric tons of gold and 39.89 tons of gold deposits! A busy North American session will start out with February US retail sales which are expected to have a sizable uptick from January's -0.8% reading. The February US producer price index is forecast to have a mild uptick from January's 0.9% year-over-year rate. The February core producer price index (which excludes food and energy) is expected to hold steady with January's 2.0% year-over-year rate. A weekly reading on initial jobless claims is forecast to have a minimal uptick from the previous 217,000 reading. The latest ongoing jobless claims reading is expected to have a modest weekly decline from the previous 1.906 million reading. January Canadian manufacturing sales is forecast to have a moderate uptick from the previous -0.7% reading. January US business inventories are expected to have a mild downtick from December's 0.4% reading. Earnings announcements will include Adobe after the Wall Street close.



MARKET FUNDAMENTALS: Even though April gold posted a solid gain in Wednesday's trade, further confirmation of residual/sticky US inflation today could unleash an additional and perhaps more aggressive long liquidation washout. Fortunately for the bull camp, the US dollar has not rallied on stubborn signs of sticky US inflation and declining US rate cut hopes, but that could change if Tuesday's inflation concern is reconfirmed by today's inflation news. It should also be noted that Bitcoin posted new all-time highs again and most gold mining shares showed significant gains yesterday with Newmont and Barrick up 1.7%, Harmony gold up 3.6% and Sibanye Stillwater up 6.7%. Therefore, despite a lack of interest in gold ETF instruments, speculative interest continues to be strong for many gold and silver products like mining shares, bars, and coins and therefore without an outside of the range of estimates upside result for today's US PPI, the bull camp should extend its control. While not as critical as PPI readings, today's price action in gold and silver should show some reaction to US retail sales, initial unemployment claims and continuing claims. In our opinion, the most bullish result from PPI would be a gain of 0.2% or less as a pre-existing bearish bias in the dollar could be extended sharply. Critical support in April gold is \$2,156.20 with a retracement of the February and March rally located at \$2,124.10. On the other hand, with the recent six-day consolidation/coiling pattern an upside breakout would have a measuring objective of \$2,260.

TODAY'S MARKET IDEAS:

We continue to suggest traders bank profits, implement protective long stop loss orders, or implement options hedges against long positions. In fact, we suggest longs step up options protection further if gold retests \$2,184 before today's US PPI report release. Certainly, a definitive decline in US PPI would extend the recent rally, but a

higher-than-expected reading could open the floodgates of selling.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/14/2024

Bullish resiliency impressive but possibly overdone

GENERAL: While we were surprised by the upside breakout in copper prices yesterday, we were even more surprised with the magnitude of the upside extension. However, the trade saw aggressive speculative buying surface after a group of Chinese smelters agreed to joint production cuts. The unilateral decision to cut Chinese smelting capacity was the result of a combination of extremely poor treatment charges for smelting and tightness of raw material feedstocks. It should be noted that Chinese copper smelters represent half of the world's smelting capacity of global mined copper supply. Unfortunately for the bull camp, recent massive builds in Shanghai copper warehouse stocks are likely to facilitate long profit taking especially if key psychological support pricing at \$4.00 is violated on a closing basis. On the other hand, with a modest net spec and fund short of 4,431 contracts as of March 5th, and prices gaining \$0.16 the spec and fund positioning has probably become net long thereby potentially reducing the amount of stop loss buying fuel.



MARKET IDEAS:

With significant gains in May copper prices this week extended again this morning and an expensive 4-day trading range of \$0.29, traders should expect another session of expanded volatility today. However, unless there is significant production problem not widely known yet and/or there is a looming Chinese stimulus announcement, we suggest longs avoid buying copper at current levels.

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) 03/14/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 2151.6. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2190.3 and 2200.1, while 1st support hits today at 2166.1 and below there at 2151.6.

COMEX SILVER (MAY) 03/14/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 25.904.

The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 25.634 and 25.904, while 1st support hits today at 24.685 and below there at 24.005.

COMEX PLATINUM (APR) 03/14/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 961.17. The next area of resistance is around 955.15 and 961.17, while 1st support hits today at 934.45 and below there at 919.78.

COMEX COPPER (MAY) 03/14/2024: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 4.17. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 4.12 and 4.17, while 1st support hits today at 3.98 and below there at 3.88.

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	2178.2	75.69	73.15	88.67	86.98	2179.33	2154.70	2097.07	2065.46	2068.49
SIEK24	25.160	74.57	69.01	85.21	90.03	24.70	24.36	23.70	23.29	23.54
PLAJ24	944.80	63.52	59.09	75.14	85.76	932.10	916.19	906.97	908.22	927.50
CPAK24	4.05	77.91	70.84	79.33	85.77	3.95	3.91	3.89	3.84	3.86
PAAM24	1071.00	68.47	62.95	77.36	83.13	1047.23	1018.11	991.23	968.23	1013.96

Calculations based on previous session. Data collected 03/13/2024

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	2151.5	2166.0	2175.8	2190.3	2200.1
SIEK24	COMEX Silver	24.005	24.684	24.955	25.634	25.904
PLAJ24	COMEX Platinum	919.77	934.45	940.47	955.15	961.17
CPAK24	COMEX Copper	3.87	3.97	4.02	4.12	4.17
PAAM24	COMEX Palladium	1053.00	1061.00	1073.00	1081.00	1093.00

Calculations based on previous session. Data collected 03/13/2024

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