



DAILY METALS COMMENTARY Monday March 25, 2024

PRECIOUS METALS COMMENTARY

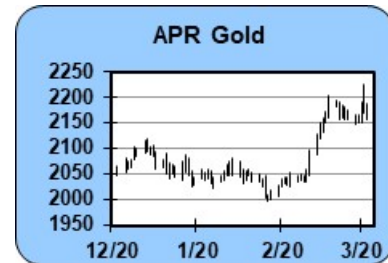
3/25/2024

Outside market pressures and hawkish Fed comments bearish

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +8.80, SILVER +0.01, PLATINUM +0.61

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were generally lower with down markets slightly outnumbering markets trading higher. Critical economic news released overnight included the release of the Bank of Japan monetary policy meeting minutes, a stronger Japanese Coincident Index reading for January, and a slight downtick in Japanese Leading Economic Index readings for January. Global markets had a bumpy finish last week as they could not shake off volatile price action and saw mixed results during Friday's trading session. European data included better than expected readings for the latest German IFO survey and UK retail sales reading. The only North American economic number of note was the latest Canadian retail sales reading which had a surprise uptick. Bitcoin had a sharp selloff which dampened global risk sentiment, while an antitrust suit against Apple cast a shadow across several market sectors. US equity markets came under pressure and finished with mixed results as the Nasdaq closed with a mild gain. Treasuries were able to climb up to 1-week highs before closing with sizable gains. The Dollar extended its March recovery move to a 5-week high before finishing with a sizable gain, while the Pound remains under pressure after the Bank of England signaled a mid-year rate hike at last Thursday's MPC meeting. After Friday's close, the Fed's Bostic said that he only anticipates one Fed rate cut this year. There was a terrorist attack at a concert hall in Moscow late Friday that may ramp up risk anxiety across global markets early this week. The Asian session will have the January Japanese leading economic index, while the European session will be relatively quiet data-wise. The North American session will start out with the Chicago Fed's February national activity index which is expected to have a moderate downtick from January's -0.3 reading. February new home sales are forecast to have a minimal uptick from January's 661,000 annualized rate. The Dallas Fed's March manufacturing business index is expected to have a modest uptick from February's -11.3 reading. Atlanta Fed President Bostic and Fed Vice Chair Cook will speak during morning US trading hours.



MARKET FUNDAMENTALS: With Israel preparing for an attack of Rafah against the will of the international community, that is likely to give way to increased terrorist attacks on shipping in the Red Sea area and perhaps elsewhere in the world. In fact, a tanker was hit over the weekend, but the fire was contained. It also appears that Russia and Ukraine are stepping up attacks on energy related facilities and that could also yield sudden flight to quality lift for gold and bitcoin. Unfortunately for the bull camp, the US dollar showed significant strength at the end of last week and appears to have entered an uptrend pattern and that is likely to provide consistent headwinds for precious metal prices. Yet another pressure for gold prices came from comments from the Fed's Bostic over weekend as he suggested he saw only one interest rate cut this year! Furthermore, with last week's trading range a wide \$76 and an aggressive reversal from a spike high posted on the highest trading volume since February of last year, last week presents an image of a top. In fact, open interest remains extremely high at 538,677 contracts and trading action is likely to remain volatile. Even though gold has corrected from last week's high, prices are above the level where the last COT positioning report was measured and therefore gold is overbought and vulnerable to stop loss selling. The March 19th Commitments of Traders report showed Gold Managed Money traders reduced their net long position by 2,093 contracts to a net long 157,467 contracts. Non-Commercial & non-Reportable traders were net long 232,720 contracts after decreasing their long position by 4,268 contracts. Critical support to start week is \$2,170.80 with a trade above \$2,209.60, a possible upside reversal signal. For those watching bitcoin, critical support is \$60,020 with a decline below that level possibly

sparkling stop loss selling in gold. Not surprisingly, the silver market is also in a corrective track and with open interest near the highest levels in several years and prices sitting nearly 3 dollars above last month's low, a retrenchment to the 200-day moving average down at \$24.04 is possible. Furthermore, the most recent COT positioning report showed silver spec and fund traders at the longest level since May 2022 which should give the bears hope of further aggressive stop loss selling. The March 19th Commitments of Traders report showed Silver Managed Money traders were net long 37,819 contracts after increasing their already long position by 11,158 contracts. Non-Commercial & non-reportable traders net bought 9,684 contracts and are now net long 64,105 contracts. Platinum positioning in the Commitments of Traders for the week ending March 19th showed Managed Money traders were net short 3,825 contracts after increasing their already short position by 1,372 contracts. Non-Commercial & non-reportable traders reduced their net long position by 880 contracts to a net long 13,515 contracts. The March 19th Commitments of Traders report showed Palladium Managed Money traders net bought 297 contracts and are now net short 10,139 contracts. Non-Commercial & non-reportable traders reduced their net short position by 467 contracts to a net short 10,154 contracts.

TODAY'S MARKET IDEAS:

Despite significant geopolitical anxiety associated with the Middle East, Russia, and China, the gold and silver trade showing is not showing signs of benefiting significantly from flight to quality buying. Furthermore, outside market pressure from a the Dollar holding last week's gains and weaker bitcoin pricing early provides an ongoing bearish headwind environment. While the net spec and fund long position in gold is not as large and vulnerable as in silver, both markets could easily replicate last week's stop loss selling inspired washouts.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/25/2024

The bias remains down Chinese demand signals lacking

GENERAL: Despite breaking a trend of massive weekly inflows to Shanghai copper warehouse stocks with last Friday's modest outflow, the copper trade did not return to concern of tightening copper supply inside the world's largest consuming nation. Furthermore, the International Copper Study Group pegged the world refined copper market in January to hold an 84,000 metric tonne surplus and that likely sparked the sharp range down move last week. Further adding into the bear case is news that Chinese copper smelters have agreed to increase usage of domestic scrap at the same time they curb output.

Unfortunately for the bull camp, the copper market was vulnerable to long liquidation with the most recent net spec and fund long at the highest level since April 2022. The March 19th Commitments of Traders report showed Copper Managed Money traders were net long 39,270 contracts after increasing their already long position by 30,724 contracts. Non-Commercial & non-reportable traders net long 42,633 contracts after net buying 35,791 contracts.

MARKET IDEAS:

With a massive net spec and fund long positioning and the definitive failure on the charts last week, the path of least resistance is down. Fortunately for the bull camp the market had already corrected \$0.17 from last week's high but the fundamental case remains in favor of the bear camp. Critical support was violated at \$4.00 targeting \$3.95 in the days ahead. In fact, without Chinese scheduled data this week the copper demand outlook will remain cloudy leaving the market focused on international economic sentiment and action in the US dollar.

NEW RECOMMENDATIONS:

None.



PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/12/2024 - 3/19/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	34,527	+29,689	-42,633	-35,792	8,106	+6,102
Gold	218,287	-4,252	-232,720	+4,269	14,433	-16
Palladium	-9,937	+511	10,155	-466	-217	-44
Platinum	6,778	-1,967	-13,515	+879	6,737	+1,087
Silver	52,513	+12,479	-64,104	-9,683	11,592	-2,795

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) 03/25/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside target is 2140.8. The next area of resistance is around 2182.3 and 2199.9, while 1st support hits today at 2152.8 and below there at 2140.8.

COMEX SILVER (MAY) 03/25/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 24.313. The next area of resistance is around 25.105 and 25.372, while 1st support hits today at 24.575 and below there at 24.313.

COMEX PLATINUM (APR) 03/25/2024: The major trend has turned down with the cross over back below the 40-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 884.58. The next area of resistance is around 907.34 and 919.17, while 1st support hits today at 890.05 and below there at 884.58.

COMEX COPPER (MAY) 03/25/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 3.95. The next area of resistance is around 4.03 and 4.08, while 1st support hits today at 3.97 and below there at 3.95.

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	2167.6	59.19	62.13	77.19	70.19	2175.38	2170.51	2148.95	2084.05	2079.84
SIEK24	24.840	57.63	59.57	78.96	69.76	25.02	25.04	24.47	23.58	23.59
PLAJ24	898.70	43.30	45.99	52.41	38.58	903.03	920.62	912.63	908.06	920.21
CPAK24	3.99	51.60	55.18	75.64	66.03	4.05	4.05	3.96	3.89	3.87

PAAM24 998.30 45.09 48.50 56.72 46.07 1004.20 1038.73 1014.93 977.96 991.66

Calculations based on previous session. Data collected 03/22/2024

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	2140.7	2152.7	2170.3	2182.3	2199.9
SIEK24	COMEX Silver	24.312	24.575	24.842	25.105	25.372
PLAJ24	COMEX Platinum	884.57	890.05	901.87	907.34	919.17
CPAK24	COMEX Copper	3.94	3.96	4.01	4.03	4.08
PAAM24	COMEX Palladium	976.27	985.05	1002.77	1011.55	1029.27

Calculations based on previous session. Data collected 03/22/2024

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