



PRECIOUS METALS COMMENTARY
3/28/2024

Positive charts but bulls need a soft PCE not as expected

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +0.20, SILVER -0.02, PLATINUM -0.29



OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the markets in Japan and Russia with the losses in Japan significant at 1.73%. Critical economic news released overnight included slightly softer than expected Australian consumer inflation expectations, softer New Zealand activity outlook March, significantly softer ANZ business confidence readings for March, slightly higher Australian private sector credit, softer than expected Australian February retail sales, significantly weaker than expected German retail sales in February, as expected GBP GDP, a slight downtick in the Swiss KOF leading indicator for March, lower than expected German March unemployment, slightly better-than-expected Italian business confidence readings for March and slightly weaker than expected Italian consumer confidence readings for March. The North American session will start out with fourth quarter US gross domestic product which is expected to hold steady with the previous 3.2% annualized rate. Fourth quarter core personal consumption expenditures (a key Fed inflation gauge) are forecast to hold steady with the previous 2.1% reading. Initial jobless claims are expected to have a mild weekly uptick from the previous 210,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.807 million reading. January Canadian GDP is expected to have a modest uptick from December's unchanged reading. The March Chicago PMI is forecast to have a modest uptick from February's 44 reading. February US pending home sales are expected to have a sizable uptick from January's -8.8% year-over-year rate. A private survey of March US consumer sentiment is forecast to have a mild downtick from February's 76.9 reading. The Kansas City Fed's March manufacturing index is expected to have a moderate downtick from February's 3 reading. Earnings announcements will include Walgreens Boots Alliance before the Wall Street opening.

MARKET FUNDAMENTALS: We are surprised the gold market is tracking in positive ground this morning considering the sharp upside breakout extension in the dollar, slightly higher US treasury yields and perhaps most importantly in the face of comments from the Fed's Waller indicating he needed at least two more months of favorable inflation data to be comfortable cutting rates. However, Waller's comments do not preclude a June rate cut considering the two month qualifying statement, with today's PCE readings for February. This morning the CME Fed watch tool pegs the odds of a June 12th rate cut at only 55.4% compared to 64% yesterday! On the other hand, seeing Bitcoin climb back toward this week's highs should help underpin gold into what has become an ultra-critical US PCE report release. While recent gold market action appears to have been focused on something other than classic supply and demand fundamentals (perhaps flight to quality issues), seeing Chinese gold imports from Hong Kong drop 48% on a month over month basis and seeing projections that Indian March gold imports could drop 90% from the price surge should begin to unnerve the bull camp. The sharp reduction in Indian imports is also likely the result of "price shock" from a series of record high prices, which in turn has injured speculative investment demand and is likely beginning to trim physical/jewelry demand. Fear of slumping gold demand is also justified given recent Indian government restrictions on the issuance of fresh gold loans after the government perceived growing systematic risk to Indian financial companies dealing in gold derivatives. Certainly, a long list of potential incendiary geopolitical issues are providing flight to quality long interest in gold and silver, and we also think strong gains in bitcoin has resulted in spill over buying of gold. However, in today's action, the focus of the gold and silver trade should lock onto the US PCE release with that report likely to provide significant input on when the US will likely cut rates this year. In our opinion the trade has already overestimated the number

of US rate cuts likely this year, especially with the Fed's Bostic suggesting only one rate cut is likely this year. Estimates for today's US PCE report project both headline and core PCE readings to match prior month figures which in our opinion should be bearish to gold as the Fed has clearly indicated it needs signs and confirmation that inflation is coming "down", not just steadying. Furthermore, we expect the US dollar to strengthen and perhaps forge another upside breakout which in turn should increase the likelihood that June gold will fall sharply today. Very critical support in June gold today is \$2,193.70 with a major failure seen on a trade below \$2,186.10. On the other hand, a post PCE report trade above \$2,223.30 will likely result in new all-time high gold pricing.

TODAY'S MARKET IDEAS:

Gold and silver are short-term overbought in small spec and fund positions and without a softer than expected US PCE report we suspect a wave of longs will rush to the sidelines. Very critical support in June gold today is \$2,193.70 with a major failure seen on a drop below \$2,186.10. On the other hand, a post PCE report trade above \$2,223.30 will likely result in new all-time high gold pricing.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/28/2024

We see value around \$4.00 holding unless PCE ticks higher

GENERAL: Even though May copper managed to flare higher and posted a temporary three-day high overnight, the charts remain bearish, and copper is likely to see significant macroeconomic influences from the US PCE report. However, the bull camp should be cheered following news that Chinese copper smelting companies posted strong profits after agreeing to concerted 10% capacity cuts last week. In other words, Chinese copper demand may not be as soft as feared but further and more concrete evidence of Chinese growth will be needed to alter the current downward track. While the May copper contract managed to

reject a portion of the initial range down extension yesterday, fundamental, and technical conditions remain in favor of the bear camp. In fact, not only has positive economic news on China been absent for weeks, but Chinese data of any kind has been absent for weeks which in our mind favors the bear camp in copper. Even the supply side of the equation favors the bear camp in copper with the Chinese recently announcing their intentions to step up consumption of domestic scrap copper. In retrospect, we suspect the recent bullish Goldman Sachs report provided the buying power for the rally last week, and now the market is vulnerable to further corrective action brought on by any deterioration in macroeconomic sentiment.



MARKET IDEAS:

The path of least resistance is down to start today with the trade poised to extract a larger portion of the March rally. However, if US PCE were to post a decline, the prospect of a June US rate cut would suddenly be revived, the Dollar would likely dive, interest rates would drop sharply, and the copper market would likely bounce aggressively from what has become moderate consolidation support at \$4.00.

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 (JUN) 03/28/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 2186.0. The next area of resistance is around 2227.5 and 2235.2, while 1st support hits today at 2202.9 and below there at 2186.0.

COMEX SILVER (MAY) 03/28/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 24.337. The next area of resistance is around 24.917 and 25.026, while 1st support hits today at 24.573 and below there at 24.337.

COMEX PLATINUM (JUL) 03/28/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 890.65. The next area of resistance is around 920.30 and 929.85, while 1st support hits today at 900.70 and below there at 890.65.

COMEX COPPER (MAY) 03/28/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 3.96. The next area of resistance is around 4.03 and 4.05, while 1st support hits today at 3.99 and below there at 3.96.

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										
GCEM24	2215.2	68.39	67.77	65.05	58.50	2199.83	2196.10	2190.16	2113.22	2103.84
SIEK24	24.745	53.57	56.79	60.46	46.97	24.78	25.00	24.77	23.72	23.60
PLAN24	910.50	44.71	46.82	38.42	28.77	914.43	920.07	925.38	916.98	923.39
CPAK24	4.01	53.40	56.34	62.81	54.31	4.01	4.05	3.99	3.90	3.88
PAAM24	991.00	43.34	47.17	40.61	28.46	1001.43	1017.31	1024.16	981.35	984.59

Calculations based on previous session. Data collected 03/27/2024

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						
GCEM24	COMEX Gold	2186.0	2202.9	2210.6	2227.5	2235.2
SIEK24	COMEX Silver	24.336	24.572	24.681	24.917	25.026
PLAN24	COMEX Platinum	890.65	900.70	910.25	920.30	929.85
CPAK24	COMEX Copper	3.95	3.98	4.00	4.03	4.05
PAAM24	COMEX Palladium	964.75	979.50	987.75	1002.50	1010.75

Calculations based on previous session. Data collected 03/27/2024

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