



DAILY METALS COMMENTARY

Tuesday April 02, 2024

PRECIOUS METALS COMMENTARY

4/2/2024

Speculative frenzy toward gold continues

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +26.10, SILVER +0.07, PLATINUM +1.46

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were split with declining markets holding a minimal edge over those posting gains. Critical economic news released overnight included a slower GBP BRC Shop Price Index reading for February, slower expansion of the Japanese monetary base in March, a minimal uptick in TD securities inflation readings for March, a contraction in Australian ANZ Job Advertisements for March, further weakness in an Australian RBA Commodity Index SDR, a contraction in Swiss retail sales, smaller than expected GBP Nationwide housing Price gains, better than expected HCOB manufacturing PMI Spain, Italy, France, Germany, and euro zone for March, better-than-expected Swiss SVME retail sales for February, softer than expected GBP consumer credit for February, stronger-than-expected GBP mortgage approvals and a stronger than expected GBP S&P global/CIPS PMI reading for March. The North American session will start out with a weekly private survey of US same store sales. The February JOLTS survey is expected to have a modest downtick in job openings from January's 8.863 million while "quits" are forecast to have a minimal decline from January's 3.385 million. February factory orders are expected to have a sizable uptick from January's -3.6% reading. Fed Governor Bowman will speak during morning US trading hours while New York Fed President Williams, Cleveland Fed President Mester and San Francisco Fed President Daly will speak during the afternoon. Earnings announcements will include Paychex before the Wall Street opening while Cal-Maine Foods report after the close.



MARKET FUNDAMENTALS: The record run in gold prices continues and has pulled silver prices up seemingly against headwinds. Utilizing typical market interactions, the gold run seems to be unfolding in a virtual vacuum. In fact, the gains in gold and silver prices yesterday took place in the face of heavy headwinds from a strong dollar and rising US interest rates. While it is possible the reduced probability of three rate cuts creates economic uncertainty and a measure of anxiety, thereby providing flight to quality interest in gold, that theory is squashed by the lack of anxiety in equities and the lack of upside action in Bitcoin. Certainly, the rally above \$85.00 in crude oil provides lift today and perhaps the gold rally is based on speculation that global inflation will not be snuffed out. Obviously, a fresh offensive by Israel is fueling energy prices higher and might be partially responsible for today's new all-time gold high. However, there are views surfacing in the gold market that many global central banks are liquidating US treasuries and increasing their gold holdings as a percentage of total holdings. While some are suggesting something nefarious is afoot, de-dollarization is something that foes of the US are very interested in. However, if a de-dollarization effort were underway, we doubt the dollar would be hovering near five-month highs. Apparently, a recent World Bank paper includes a very concise and compelling explanation of central bank de-dollarization and gold purchases to date. The research publication utilizes statistics to the end of 2023 and supposedly concludes that many central banks are increasing the percentage of gold in their reserves. While the sharp declines in treasury prices yesterday were likely ignited by good US scheduled data and price pressures and not because of evidence of rotation out of treasuries. According to the World Gold Council for January they data showed 1 central bank (Russia) sold gold, while seven central banks bought gold! The bias is up, but volatility should continue to expand especially with the net spec and fund long in gold (adjusted for the gains last positioning report) likely results in the largest net spec and fund long since April 2022. Using an upside count from the March consolidation range projects June gold prices to at least \$2,295 with critical retracement support pegged at \$2,262.25. It should be noted that gold ETF holdings have not registered inflows and expectations are

that record high gold prices are set to drop Indian gold imports by 90% to the lowest levels since the pandemic!

TODAY'S MARKET IDEAS:

The path of least resistance is up despite bearish outside market action and difficulty in isolating the primary argument of the bull camp. If the treasury markets continued to dive without good economic data as a catalyst, central bank rotation could be given more credence. Unfortunately for the bull camp, volatility is likely to expand significantly with the intermediate technical condition of gold dramatically overbought and near-term support far off the market. Using an upside count from the March consolidation projects June gold prices to at least \$2,295 with critical retracement support pegged at \$2,262.25.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

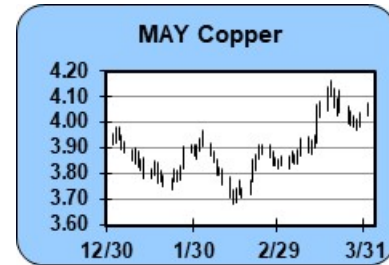
None

COPPER COMMENTARY

4/2/2024

The bias is up off better Chinese sentiment

GENERAL: Despite declines in Chinese equity markets overnight, ongoing strength in the dollar and a very minimal increase in Chinese imports of copper ore and copper concentrate in the first two months of the year, copper prices have forged a higher high and a seven-day high. In fact, the Chinese import volumes combined for a 0.6% gain from the first two months of last year. However, Chinese copper plate and copper strip imports jumped sharply perhaps because of the efforts to reduce domestic smelting capacity. Furthermore, the copper trade is emboldened by a slightly favorable Chinese Caixin manufacturing PMI readings yesterday which some economists saw as a possible turning point for China after months of contraction in that report. However, recent strength in the dollar, soft US equities, and surging US interest rates are likely to provide outside market headwinds for the copper trade. In retrospect, it should be noted that weekly Shanghai copper stocks increased last week by 5,138 tonnes for a week over week gain of 1.8% and the overall rise in Shanghai copper warehouse stocks for the month of March was the largest monthly gain in 16 months. News from China regarding treatment charges took a fresh turn yesterday as the Chinese copper smelters purchase team has yet to set buying guidance for copper concentrates for the second quarter. The Chinese smelter team also failed to provide guidance in the second quarter of 2021 and with the copper market already in a fully involved bull move, it appears the lack of guidance resulted in a top early in the second quarter. Back in 2021 copper topped the third week of May!



MARKET IDEAS:

Improved Chinese economic sentiment is apparently capable of more than offsetting a flurry of bearish outside market headwinds. Key support in copper becomes \$4.042, with initial targeting and resistance today at \$4.0995.

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) 04/02/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2305.1. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2286.5 and 2305.1, while 1st support hits today at 2249.3 and below there at 2230.6.

COMEX SILVER (MAY) 04/02/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is 24.509. The next area of resistance is around 25.472 and 25.818, while 1st support hits today at 24.818 and below there at 24.509.

COMEX PLATINUM (JUL) 04/02/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 892.13. The next area of resistance is around 926.65 and 939.52, while 1st support hits today at 902.95 and below there at 892.13.

COMEX COPPER (MAY) 04/02/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 4.00. The next area of resistance is around 4.08 and 4.10, while 1st support hits today at 4.03 and below there at 4.00.

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	2267.9	79.90	76.07	69.83	75.68	2234.85	2213.46	2202.51	2122.39	2109.34
SIEK24	25.145	63.75	62.49	52.63	47.29	24.86	24.94	24.89	23.81	23.64
PLAN24	914.80	45.68	47.30	31.97	25.27	915.73	914.47	926.60	917.09	920.60
CPAK24	4.05	62.10	61.20	56.67	53.07	4.02	4.03	4.01	3.90	3.88
PAAM24	1004.00	47.63	49.46	33.71	27.07	1004.90	1005.52	1030.01	983.46	982.16

Calculations based on previous session. Data collected 04/01/2024

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	2230.5	2249.2	2267.8	2286.5	2305.1
SIEK24	COMEX Silver	24.508	24.817	25.163	25.472	25.818
PLAN24	COMEX Platinum	892.12	902.95	915.82	926.65	939.52
CPAK24	COMEX Copper	4.00	4.02	4.05	4.08	4.10
PAAM24	COMEX Palladium	983.37	992.75	1005.87	1015.25	1028.37

Calculations based on previous session. Data collected 04/01/2024

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