



DAILY METALS COMMENTARY

Thursday April 04, 2024

PRECIOUS METALS COMMENTARY

4/4/2024

Expect gold and silver daily ranges to expand significantly

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -2.60, SILVER +0.01, PLATINUM +0.74

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the markets in China and Hong Kong which traded modestly lower. Critical economic news released overnight included higher-than-expected New Zealand building permits, stronger Japanese private bank positive and services PMI readings for March, a surprisingly large contraction in Australian building permits in February, lower than anticipated Swiss consumer price index readings for March, a clean sweep of much better than expected Spanish, Italian, French, German, and euro zone services and composite PMI readings for March! However, GBP S&P Global/CIPS Services and composite PMI readings for March were softer than expected. The North American session will start out with the March Challenger job cut survey followed by a weekly reading on initial jobless claims that are expected to have a minimal uptick from the previous 210,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.819 million reading. The February US international trade balance is expected to have a modest downtick from January's \$67.4 billion monthly deficit. February Canadian international merchandise trade is forecast to have a mild uptick from January's monthly surplus. Philadelphia Fed President Harker will speak during morning US trading hours while Richmond Fed President Barkin, Chicago Fed President Goolsbee, Cleveland Fed President Mester and Minneapolis Fed President Kashkari will speak during the afternoon. Earnings announcements include Con-Agra Brands before the Wall Street opening.



MARKET FUNDAMENTALS: With a downside extension in the dollar, another new all-time high in June gold was to be expected this morning. Apparently, the latest surge was ignited by a bullish interpretation of Fed commentary yesterday reiterating the likely prospects of rate cuts "this year". Surprisingly, the Fed's vagueness on timing for a cut and even less guidance on the number of potential cuts has not deterred gold buyers or dollar sellers. Seeing gold ETF holdings rise by 78,610 ounces yesterday and silver ETF holdings jumping by 2.8 million ounces, the record run in gold appears to have finally gotten the attention of small investors. It should be noted that bullish market chatter has begun to increase toward silver with those missing the boat on gold looking for a cheaper alternative. With rumors that central banks are pitching US treasuries and raising gold holdings recently surfacing, news from the World Gold Council of ongoing central bank gold buying in February should embolden the bull case. Surprisingly, the Peoples Bank of China in February purchased 12 tons, with India and the National Bank of Kazakhstan each purchasing 6 tons. With the net purchase of gold by central banks in February and the Chinese central bank reportedly adding reserves for a 16th straight month, the gold market now has a bullish theme with a pedigree. Certainly, a noted decline in yesterday's US ISM services prices paid report rekindles June US rate cut hope, but that bullish theme was dampened by positive ADP jobs readings. The bias is up but a \$250 gain in June gold in just three weeks and extremely important US rate cut timing determining US jobs data ahead, daily trading ranges could be more than \$50.00 in gold in the coming days.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp as our gut suggests there is an under the surface flight to quality fear yet to be revealed. However, evidence of ongoing central bank gold buying and signs of small investor interest in gold and silver ETF holdings signals another wave higher is possible before buying sources are exhausted. On the other hand, we strongly suggest those long gold (futures or options) consider hedging/protecting profits with June

gold bear put spreads.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

4/4/2024

The bull's control but prices are extremely expensive & overbought

GENERAL: While the surge in gold has been very impressive, the copper market has also exploded for a massive gain of 16% since the February low! Obviously, the macroeconomic view toward China has shifted into positive territory again bolstered by two positive PMI readings. Adding into the bullish argument in copper is the unilateral decision by Chinese copper smelters to reduce capacity which means the world's largest refined copper producer will be forced to "buy" finished copper products and make less finished copper products. While the copper market has not been particularly interested in US scheduled data, yesterday's US economic data was disappointing from the ISM service sector headline reading, minimally positive from the ISM employment reading and definitively supportive from the stronger-than-expected ADP employment result and perhaps most importantly from the significant decline in ISM services prices paid. However, the bullish bias in copper remains broad-based with LME copper jumping by 3% (reaching the highest level in 14 months) overnight and Shanghai copper futures prices reaching the highest level since February 2022.



MARKET IDEAS:

While Chinese copper demand expectations have improved again with a favorable Caixin services reading, the dollar seems to have reversed aggressively and precious metal prices continue to rise, leaving the copper bulls in clear control of their trade. However, with the \$0.23 five-day rally, the copper market is obviously technically overdone and might not tolerate much in the way of negative macroeconomic sentiment from another wave of ultra-critical US jobs data today! The charts are bullish, but prices seem to have overdone expectations for a quick ramping up of Chinese copper demand.

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) 04/04/2024: 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. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 2344.6. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2335.6 and 2344.6, while 1st support hits today at 2301.6 and below there at 2276.7.

COMEX SILVER (MAY) 04/04/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 27.975. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 27.715 and 27.975, while 1st support hits today at 26.715 and below there at 25.975.

COMEX PLATINUM (JUL) 04/04/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 971.52. The next area of resistance is around 965.05 and 971.52, while 1st support hits today at 939.95 and below there at 921.33.

COMEX COPPER (MAY) 04/04/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 4.32. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 4.28 and 4.32, while 1st support hits today at 4.14 and below there at 4.03.

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	2318.6	86.08	81.41	80.77	91.27	2286.73	2239.09	2216.90	2133.43	2116.73
SIEK24	27.215	84.51	78.41	60.54	73.12	25.74	25.23	25.10	23.95	23.74
PLAN24	952.50	62.98	58.51	37.83	48.39	929.83	922.03	928.29	917.34	919.51
CPAK24	4.21	78.92	73.28	60.15	68.56	4.08	4.05	4.04	3.92	3.89
PAAM24	1021.70	53.38	52.77	29.85	27.79	1012.88	1008.46	1026.38	985.03	981.07

Calculations based on previous session. Data collected 04/03/2024

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	2276.6	2301.6	2310.6	2335.6	2344.6
SIEK24	COMEX Silver	25.975	26.715	26.975	27.715	27.975
PLAN24	COMEX Platinum	921.32	939.95	946.42	965.05	971.52
CPAK24	COMEX Copper	4.02	4.13	4.17	4.28	4.32
PAAM24	COMEX Palladium	989.47	1005.45	1021.97	1037.95	1054.47

Calculations based on previous session. Data collected 04/03/2024

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