



## DAILY METALS COMMENTARY

Friday December 16, 2022

### PRECIOUS METALS COMMENTARY

12/16/2022

**The bias is down from outside markets & deteriorating demand views**

#### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**GOLD -2.70, SILVER -0.06, PLATINUM -1.22**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly lower with exceptions seen in Shanghai and Hong Kong. Critical economic news released overnight included will softer than expected New Zealand business PMI readings for November, weaker than expected Australian S&P global composite, manufacturing, and services PMI readings for December, not as weak as expected GfK GBP consumer confidence, better than expected Japanese Jibun bank manufacturing and services PMI readings, significantly weaker than expected GBP retail sales, weaker than expected French S&P global composite and services PMI readings, better-than-expected French S&P global manufacturing PMI, positive German and euro zone S&P global composite, manufacturing, and global services PMI readings for December, a hotter than expected Italian consumer price index reading (EU normalize) and as expected Italian consumer price index readings for November with a gain of 0.5%. The North American session will start out with the November Canadian new housing price index which is forecast to have a moderate downtick from October's 5.1% year-over-year rate. A "flash" reading on US manufacturing PMI is expected to have a modest uptick from the previous 47.7 reading. San Francisco Fed President Daly will speak during morning US trading hours. Earnings announcements will include Accenture and Darden Restaurants before the Wall Street opening.



### GOLD / SILVER

In retrospect, gold and silver prices were knocked back from recent highs because of the barrage of central bank rate hikes this week which in turn served to lift (likely temporarily) the dollar. Not only did central bankers move aggressively, but they also promised to continue to act aggressively well into the future. Not surprisingly, the central bank action/higher dollar fostered broad-based liquidation of many physical commodities as evidenced by the sharp dive in the Bloomberg commodity index. Not surprisingly, investors pulled 86,204 ounces of gold and nearly 2 million ounces of silver out of ETF holdings yesterday! Adding in the escalating fear of serious slowing in China from the infection explosion and the bear camp should be very confident. In fact, with extremely concerning Chinese economic data released earlier this week upcoming Chinese data is quickly being revised even lower. With Indian buyers already skittish, with prices thought to be expensive into the recent highs, the washout yesterday was justified and did not result in bargain-hunting buying overnight. We see downside follow-through action in gold and silver again today given the severe damage posted on the charts yesterday and a minimal upward bias in the dollar this morning. Evidence of the breadth of negative sentiment toward gold is noted with Australian gold mining shares falling by roughly 4% this week. In retrospect, minimal trading interest in this week's downward thrust (falling trading volume and declining open interest) could indicate a lack of downside momentum. A fresh uptrend channel support line in February gold today is \$1756 and increases to \$1757.50 on Monday. As in gold and other physical commodities, macro signals have turned bearish for silver and damage on the charts has extended this morning with uptrend channel support targeted close this morning at \$22.66.

### PLATINUM

Even though the palladium market has generally tracked on the periphery of most physical commodity markets this week, the deterioration in the global economic outlook likely contributed significant sell orders to the trade yesterday. Going forward, it will be very difficult to quickly reverse fear of slumping Chinese auto catalyst demand

especially given precipitous weakness in Chinese industrial production and retail sales earlier this week and from expectations for a significant worsening of infection counts. Furthermore, investors in the form of ETFs are showing no interest in ETF holdings which are likely to end the year roughly 20% lower! Therefore, near-term downside targeting in March Palladium is \$1,780 and then again down at \$1,755.80. In retrospect, with January platinum prices into the high earlier this week were \$71 above this week's lows, the downshift in Chinese economic conditions, a bounce in the Dollar, growing global slowing fears and the avalanche of central bank rate hikes all set the stage for a very poor close to the trading week. Initial downside targeting is seen at \$991.50 and then again down at \$985.50.

#### **TODAY'S MARKET IDEAS:**

The path of least resistance in gold, silver, platinum, and palladium is down again today as fear of softening demand for nearly all commodities is presenting from growing expectations of global slowing, very poor Chinese data, moderately discouraging US data and a consensus that progressively higher global interest rates will keep economic headwinds in place into the new year. A fresh uptrend channel support line in February gold today is \$1756 and increases to \$1757.50 on Monday. As in gold and other physical commodities macro signals have turned bearish for silver and damage on the charts has extended this morning with uptrend channel support a target close this morning at \$22.66.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

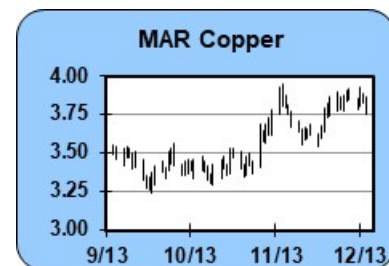
None.

## **COPPER COMMENTARY**

**12/16/2022**

### **The path of least resistance is down as Chinese demand hopes plummet**

**GENERAL:** While the Chinese government is likely attempting to manage headline flow regarding their infection rate, stories regarding increased pressure on the medical system should continue to facilitate serious Chinese slowing expectations and a commensurate drop in demand for copper. Fortunately for the bull camp Shanghai copper warehouse stocks posted a significant outflow of 14,000 tons this week thereby providing support from the ultra-tight Chinese domestic supply front. Even with the Chinese government promising to provide support to the property markets, a labor closure of a Panamanian copper mine and a 13,700 metric ton decline in weekly physical copper inventories across major Chinese copper market storage facilities a fresh lower low this morning projects even lower prices ahead. In the end, without a surprise sentiment reversing headline development, copper prices are likely to finish the week poorly and are likely to extend lower next week. In fact, given the very disappointing Chinese industrial production reading earlier this week sellers should easily outnumber buyers.



#### **MARKET IDEAS:**

Initial downside targeting in March copper today is \$3.70 and then down at \$3.5470. To reverse the downward bias from a technical perspective, might require a close back above \$3.81 today.

#### **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 (FEB) 12/16/2022: The daily stochastics gave a bearish indicator with a crossover down. 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 1772.2. The next area of resistance is around 1820.4 and 1845.8, while 1st support hits today at 1783.6 and below there at 1772.2.

COMEX SILVER (MAR) 12/16/2022: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 22.447. The next area of resistance is around 23.787 and 24.496, while 1st support hits today at 22.763 and below there at 22.447.

COMEX PLATINUM (JAN) 12/16/2022: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside objective is at 1049.02. The next area of resistance is around 1029.75 and 1049.02, while 1st support hits today at 1000.85 and below there at 991.23.

COMEX COPPER (MAR) 12/16/2022: A crossover down in the daily stochastics is a bearish signal. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 3.69. The next area of resistance is around 3.82 and 3.90, while 1st support hits today at 3.72 and below there at 3.69.

## 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
<b>METALS COMPLEX</b>										
GCEG23	1802.0	49.73	53.43	72.55	66.82	1821.20	1814.97	1800.72	1750.79	1740.47
SIEH23	23.275	57.35	59.66	80.68	80.11	23.71	23.27	22.52	21.11	20.76
PLAF23	1015.30	49.78	52.26	52.40	52.64	1025.23	1018.46	1014.61	981.96	957.88
CPAH23	3.77	48.86	52.73	75.73	73.41	3.82	3.84	3.76	3.63	3.57
PAAH23	1813.60	39.02	41.64	44.01	41.61	1889.13	1891.47	1881.64	1937.12	1999.22

Calculations based on previous session. Data collected 12/15/2022

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCEG23	COMEX Gold	1772.2	1783.6	1809.0	1820.4	1845.8
SIEH23	COMEX Silver	22.446	22.762	23.471	23.787	24.496
PLAF23	COMEX Platinum	991.22	1000.84	1020.12	1029.75	1049.02
CPAH23	COMEX Copper	3.68	3.71	3.79	3.82	3.90

PAAH23	COMEX Palladium	1742.42	1767.35	1834.92	1859.85	1927.42
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