



## DAILY METALS COMMENTARY Wednesday January 03, 2024

### PRECIOUS METALS COMMENTARY

1/3/2024

**The breakdown on the charts combines with bearish fundamentals**

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

**GOLD -19.30, SILVER -0.05, PLATINUM -1.65**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mostly down overnight as rumors of Japanese insurance companies dumping U.S. government bonds to pay for earthquake losses sent interest rates higher, pushing up the dollar in the process. The overnight session started out on a bearish note as the Indian S&P PMI came in below estimates and dropped to its lowest level since July of 2022. The European session saw improving employment data though, with both Spanish and German employment coming in better than expected. The North American session will start out with the weekly private survey of mortgage applications and same store sales. The December ISM manufacturing index is expected to have a mild uptick from November's 46.7 reading, while the prices subindex is forecast to have a sizable downtick. The November JOLTS survey is expected to have a modest uptick in job openings from October's 8.733 million reading while quits are forecast to have a mild downtick from October's 3.628 million reading. Richmond Fed President Barkin will speak during morning US trading hours while the minutes from the December FOMC meeting will be released during the early afternoon.



**MARKET FUNDAMENTALS:** The gold bears were out this morning as worries over Japanese insurers dumping U.S. government bonds, to cover losses related to this week's earthquakes, sent both bond yields and the dollar sharply higher. This gold sell-off comes as central banks continue to talk about the need for weaker economic data before they discuss rate cuts, and, on que, we saw better than expected employment data in Europe, add to worries of a slower than expected central bank pivot. Furthermore, the trade today could see early selling intensify if US ISM manufacturing data comes in positive as expected especially with the afternoon release of the FOMC meeting minutes as any pushing back of US rate cut timing is clearly a major blow to the bull case. In a minimally supportive development today's ISM Manufacturing prices paid index is expected to be down sharply, which provides a falling inflation offset to better activity readings as that will impact the Fed's posture on rate policy. With the US dollar potentially settling into an uptrend, US interest rates showing signs of climbing, strong US data could spark a decline in February gold to \$2043. In fact, Middle East risk premium is wearing thin, as Israel assassinated a top Hamas commander in "Beirut" overnight and that failed to garner front-page coverage. Gold's bearish sentiment could easily send gold prices back down to their 50-day moving average support level (\$2028). Silver prices are a concern as well as the bears are eagerly watching this potential head and shoulders topping pattern that has been forming since October of last year. Silver prices need to stay above \$23.40 to keep from falling prey to this topping pattern.

#### TODAY'S MARKET IDEAS:

If expectations for today's ISM and JOLTS report post as expected the dollar will continue to rise and gold and silver prices are likely to continue to fall. Furthermore, the Fed has recently suggested that market expectations for a rate cut are running ahead of Fed internal discussions and with that theme a very large component of the bull case, the bulls desperately need fresh hope for a March rate cut from today's developments!

#### NEW RECOMMENDATIONS:

None.

**PREVIOUS RECOMMENDATIONS:**

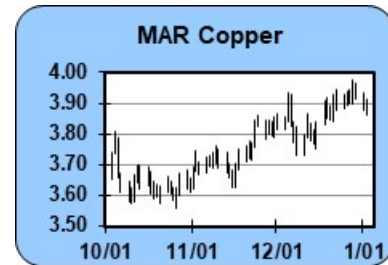
None

**COPPER COMMENTARY**

1/3/2024

**The bias is down tech and fundamental**

**GENERAL:** The copper bears are celebrating the rumors of Japanese insurers dumping U.S. government bonds to cover this week's losses from earthquakes. Bears are watching as the dollar rises by its largest percentage since October on higher interest rates putting copper prices at risk. Private estimates out of China have pointed out that regional copper inventories have jumped sharply this week on a lack of demand due to an increase in basis premiums. This lack of demand is telling the bears that the Chinese market can't pay higher prices for copper just yet. In response to this weak demand the Chinese government has injected \$50 bn into policy friendly banks for infrastructure projects and have pushed up their oil refining quotas for the first several months of the year that have already matched all of 2023's total quotas. With so many bulls expecting copper prices to rally on a Fed rate cut signal we must ask ourselves how much is already being priced in? "Buy the rumor, sell the fact" is a possible theme we must worry about should today's ISM come in at or above its estimates. Copper prices broke below their upward trendline support overnight, including their 30-day moving average. The next support level is the 50-day moving average around the 3.79 level.



**MARKET IDEAS:**

Copper prices may see ongoing pressure today, and they should continue to take direction from Chinese equities, but they should also encounter pressure from big picture macroeconomic negatives in the form of a rising dollar, the potential for a delay in US rate cuts and from lingering suspicion toward the recent Chinese PMI readings. It should be noted that the latest COT positioning report showed a net spec and fund long position after holding a net spec and fund short position throughout most of last year. However, without a distinct expansion of supply problems in Central and South America or a sudden mystic shift in Chinese economic headlines more corrective action is likely. Near-term resistance for March copper is at \$3.8850 while support and the next downside target is at \$3.837.

**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) 01/03/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. A negative signal was given by the outside day down. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 2095.6. The next area of resistance is around 2079.3 and 2095.6, while 1st support hits today at 2055.6 and below there at 2048.1.

COMEX SILVER (MAR) 01/03/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are trending higher from mid-range, which should support a move

higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 24.452. The next area of resistance is around 24.110 and 24.452, while 1st support hits today at 23.650 and below there at 23.533.

COMEX PLATINUM (APR) 01/03/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 978.08. Daily studies pointing down suggests selling minor rallies. The next area of resistance is around 1006.75 and 1021.87, while 1st support hits today at 984.85 and below there at 978.08.

COMEX COPPER (MAR) 01/03/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 3.83. The next area of resistance is around 3.89 and 3.92, while 1st support hits today at 3.85 and below there at 3.83.

## 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>										
GCEG24	2067.5	56.01	56.61	67.25	73.21	2076.08	2067.11	2048.64	2029.40	2011.48
SIEH24	23.880	41.78	46.07	61.85	62.19	24.24	24.39	24.04	24.01	23.76
PLAJ24	995.80	60.35	60.59	87.88	82.98	1011.33	996.78	967.20	940.17	930.97
CPAH24	3.86	50.70	53.42	75.17	69.67	3.91	3.91	3.86	3.80	3.76
PAAH24	1083.90	40.74	46.13	69.75	58.81	1122.78	1177.80	1106.84	1080.28	1097.74

Calculations based on previous session. Data collected 01/02/2024

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>						
GCEG24	COMEX Gold	2048.0	2055.6	2071.8	2079.3	2095.6
SIEH24	COMEX Silver	23.532	23.650	23.992	24.110	24.452
PLAJ24	COMEX Platinum	978.07	984.85	999.97	1006.75	1021.87
CPAH24	COMEX Copper	3.82	3.84	3.87	3.89	3.92
PAAH24	COMEX Palladium	1061.45	1069.90	1089.45	1097.90	1117.45

Calculations based on previous session. Data collected 01/02/2024

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