



DAILY METALS COMMENTARY Monday January 08, 2024

PRECIOUS METALS COMMENTARY

1/8/2024

The near-term trend is down even without outside market pressure

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD -23.20, SILVER -0.03, PLATINUM -1.09

OUTSIDE MARKET DEVELOPMENTS: Asian equity markets were mostly down overnight with Hang Seng dropping 2% as Evergrande's EV CEO was detained by police. European shares tried to stay in the green but were mostly down. Overnight started out with Chinese FX reserves rising to their highest level since January of 2022, while later Singaporean FX reserves came in at their highest levels since May of 2022. The European session started out with the German trade balance coming in above estimates as exports jumped sharply. The bad news was that German factory orders continue to lag estimates, rising by only 0.3% from last month. In Switzerland, both Retail Sales and CPI came in above estimates. While Eurozone Retail Sales are still negative, they did manage to come in above estimates, as Eurozone Inflation Expectations turned back up this month. The North American session will start out with the New York Fed's December reading on consumer 1-year inflation expectations which is expected to have a minimal downtick from November's 3.4% year-over-year rate. November US consumer credit is forecast to have a moderate uptick from October's \$5.1 billion reading.



MARKET FUNDAMENTALS: With a fresh lower low and the lowest trade since December 13th in February gold overnight the downtrend of the last two weeks looks to extend. Certainly, the gold bulls were initially heartened by the failure to sustain dollar gains after a better-than-expected US jobs report but given the lack of definitively bullish internal fundamental storylines for gold, the bull camp "needs" a definitively weaker dollar! Not surprisingly, investors remain cool toward gold with ETF holdings last week falling by 349,662 ounces leaving holdings down 0.4% early in the new year. Given the bearish bias in the trade a discounting of the increase in Zimbabwe central bank gold and currency holdings and a lack of interest in reports indicating Zimbabwe gold production in 2023 fell by 15% (on a production tally of 30.1 tons) is not surprising. The gold market is also discounting news of two mine closure's last week from accidents. Yet another bullish force discounted by the trade this morning is news that the Chinese central bank added to its gold reserves last month leaving their gold holdings higher for 14 straight months and resulting in a net increase of approximately 225 tons last year. Accordingly, Chinese gold reserves last month increased by 290,000 ounces. While central bank gold purchases of gold offset huge drops in ETF and retail investor interest in gold, that only leaves the trade with a minimal increase in demand. In retrospect, hope of a quick Fed rate cut this quarter were dashed by last Friday's stronger than expected US employment data, but unfortunately that news did not inflate the dollar. However, the gold bulls must be worried about hotter than expected economic data further ruining their bullish rate cut thesis which means good data is bad for gold prices. With February gold failing at its 50-day moving average last week and falling below that level again (\$2030.30) this morning, the next downside targeting becomes the 200-day moving average down at \$2013.90. With the gold market holding a net spec and fund long position near the highest levels in two years early last week the washout is likely being fueled by stop loss selling which in turn means the market is probably not oversold yet. Gold positioning in the Commitments of Traders for the week ending January 2nd showed Managed Money traders added 2,009 contracts to their already long position and are now net long 137,516. Non-Commercial & non-reportable traders net bought 3,143 contracts and are now net long 246,159 contracts. Silver positioning in the Commitments of Traders for the week ending January 2nd showed Managed Money traders net sold 1,070 contracts and are now net long 15,952 contracts. Non-Commercial & non-reportable traders reduced their net long position by 2,563 contracts to a net long 48,837 contracts. Platinum positioning in the Commitments of Traders for the week ending January 2nd showed Managed Money traders added 6,693 contracts to their already

long position and are now net long 23,546. Non-Commercial & non-reportable traders were net long 34,224 contracts after increasing their already long position by 5,276 contracts. The January 2nd Commitments of Traders report showed Palladium Managed Money traders net sold 500 contracts and are now net short 6,299 contracts. Non-Commercial & non-reportable traders net sold 137 contracts and are now net short 8,261 contracts.

TODAY'S MARKET IDEAS:

Obviously the path of least resistance is pointing down in gold and silver with hard range down action this morning extending last week's chart damage. While the dollar and treasury yields are not definitively negative this morning those markets do not look to provide support early this week. We leave the edge with the bear camp as treasury yields jumped last week despite a setback from a new high for the move, and the dollar ended the week nearly 250 points above the December low! In fact, we are not sure under the current market mood if slow erosion of the dollar will spark buying, especially if US treasury yields take out last week's highs in the early trade. In our opinion, a failure to hold above \$2,020.30 projects a failure at \$2,013. To reverse our bearish view toward gold requires a close above \$2,071.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

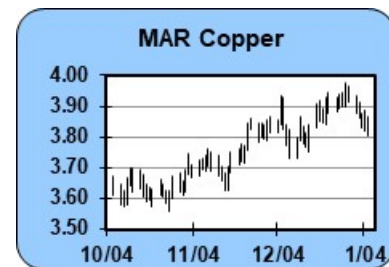
None

COPPER COMMENTARY

1/8/2024

The bias is down tech and fundamental

GENERAL: Despite overnight news of an 8.1% decline in December copper exports from Chile (the world's largest copper producer) and yet another decline in daily LME copper warehouse stocks, March copper has remained below its 200-day moving average and has failed at psychological support of \$3.80. Apparently, the copper trade remains concerned about the Chinese economy and therefore is concerned about Chinese copper demand. With the next key Chinese data point new loans for December released tomorrow evening and expectations calling for a significant jump in loans, it is possible March copper will attempt to consolidate around \$3.80. However, the prevailing bias is down with the last COT positioning report showing a net spec and fund long of consequence leaving the market capable of further stop loss selling. The Commitments of Traders report for the week ending January 2nd showed Copper Managed Money traders are net long 10,068 contracts after net selling 4,888 contracts. Non-Commercial & non-reportable traders were net long 11,764 contracts after increasing their already long position by 1,364 contracts. Even global copper demand expectations continue to soften with German Industrial Orders coming in lower than expected, euro zone retail sales, consumer confidence and industrial confidence all holding in contractionary territory and therefore the bear camp should remain confident.



MARKET IDEAS:

The path of least resistance is down from both technical and fundamental perspectives. In fact, without evidence of Chinese economic improvement (which is embraced by the trade) the slide of the last two weeks looks to extend. Initial downside targeting is the 200-day moving average at \$3.764 and to alter our bearish view toward the market requires a trade back above \$3.8845.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 12/26/2023 - 1/2/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Metals						
Copper	8,693	+1,255	-11,765	-1,366	3,071	+109
Gold	218,090	+284	-246,158	-3,142	28,069	+2,859
Palladium	-8,173	-442	8,261	+136	-88	+305
Platinum	30,367	+5,457	-34,223	-5,277	3,857	-181
Silver	30,108	+131	-48,837	+2,564	18,729	-2,694

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) 01/08/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 2011.1. The next area of resistance is around 2071.8 and 2091.6, while 1st support hits today at 2031.6 and below there at 2011.1.

COMEX SILVER (MAR) 01/08/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 22.604. The next area of resistance is around 23.727 and 24.093, while 1st support hits today at 22.983 and below there at 22.604.

COMEX PLATINUM (APR) 01/08/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 942.13. The next area of resistance is around 986.15 and 997.92, while 1st support hits today at 958.25 and below there at 942.13.

COMEX COPPER (MAR) 01/08/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside objective is 3.76. The next area of resistance is around 3.83 and 3.88, while 1st support hits today at 3.77 and below there at 3.76.

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										
GCEG24	2051.7	48.16	51.65	60.49	52.21	2054.98	2066.72	2051.03	2031.11	2019.81
SIEH24	23.355	36.50	41.44	45.28	33.48	23.41	23.97	23.94	24.00	23.82
PLAJ24	972.20	47.16	51.62	67.24	50.29	980.95	995.57	977.05	942.71	934.98
CPAH24	3.80	37.11	44.51	55.00	36.36	3.85	3.89	3.87	3.81	3.77
PAAH24	1037.09	32.43	39.93	47.61	30.52	1056.45	1116.23	1121.20	1074.30	1091.87

Calculations based on previous session. Data collected 01/05/2024

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						
GCEG24	COMEX Gold	2011.0	2031.5	2051.3	2071.8	2091.6
SIEH24	COMEX Silver	22.603	22.982	23.348	23.727	24.093
PLAJ24	COMEX Platinum	942.12	958.25	970.02	986.15	997.92
CPAH24	COMEX Copper	3.75	3.77	3.81	3.83	3.88
PAAH24	COMEX Palladium	1002.42	1019.34	1037.92	1054.84	1073.42

Calculations based on previous session. Data collected 01/05/2024

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

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*