



## DAILY METALS COMMENTARY Tuesday January 09, 2024

### PRECIOUS METALS COMMENTARY

1/9/2024

**Without revived early rate cut hopes the bears control**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):  
GOLD +7.10, SILVER +0.00, PLATINUM -0.55**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets were mostly higher overnight with gains in mere fractions in Asia while European stock markets were mostly lower. Important economic news released overnight included an as expected slow down in GBP BRC Like-for-Like retail sales, it much better than its reading for November, a much better-than-expected Australian retail sales, a slight uptick in the Swiss unemployment rate for December, expected German industrial production reading for November a slight decline in French exports for November, a moderate dip in French imports for November, a surprisingly large drop in the Italian unemployment rate for November, and perhaps the most important overnight data point, a lower than expected euro zone eight for November. The North American session will start out with a weekly private survey of same-store sales and a monthly private survey of small business optimism. The November US international trade balance is forecast to have a modest increase from October's \$64.3 billion monthly deficit. November Canadian international merchandise trade is expected to have a moderate downtick from October's monthly surplus. Fed Vice Chair Barr will speak during early afternoon US trading hours. Earnings announcements will include Albertsons and Acuity Brands before the Wall Street opening.



**MARKET FUNDAMENTALS:** While gold has recovered from yesterday's spike down move and has spent the overnight trade in positive territory, the charts have not reversed course and we suspect more declines ahead which in turn should pull down open interest. In fact, it should be noted that the declines in gold have been accompanied by periodic jumps in trading volume which we think confirms the downward tilt. While gold has seen outside market influence wain, treasury prices appear to be trending negative for gold, and we see the general impact from outside markets as bearish in the near term. Certainly, the Fed's Bowman overnight displayed a softening of her hawkish posture but that was more than offset by comments from the Fed's Bostic who indicated he does not see a rate cut until the third quarter of this year. However, the ebb and flow of expectations for US Fed policy will see critical input tomorrow from US CPI which is expected to post a gain of 0.2% versus 0.1% gain last month. While an "as expected" CPI will present a historically insignificant increase from the prior month, the trade continues to obsess over the prospects of a rate cut and therefore we see CPI as a very minimal negative for gold and silver. In an additional bearish development gold ETF holdings fell for the fifth straight session yesterday with a rather large single day outflow of 172,303 ounces which puts year to date holdings down 0.6% in just several trading sessions. However, the bull camp is hopeful following the initial rejection of the sub \$2,025 trade in February gold yesterday especially with an extension of that recovery effort this morning providing additional confidence for the bull camp. Unfortunately for the bull camp the bias in treasuries is down with a trade below 121-20 and more importantly below 121-09 potentially yanking the rug out from under the gold bulls. Similarly, a trade above 102.34 in the dollar could suddenly magnify the bear tilt in gold and silver. Unfortunately for the bull camp, the market lacks a definitively bullish internal fundamental case and therefore gold is likely to remain hostage to daily movements in the dollar and treasuries. Downtrend channel resistance in gold today is \$2059.75 and to turn the tide around might require a trade back above \$2071.10.

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

The bear camp looks to retain control from definitively bearish charts and a current lack of bullish signals from key outside market action. However, as indicated already, if the March dollar index trades below 101.61 and March

treasury bonds trade above 123-08 the bull camp should regain control while a trade above 102.34 in the dollar and a trade below 121-20 in March bonds could prompt fresh selling and a relinquishing of the recovery off yesterday's lows. Downtrend channel resistance in gold today is \$2,059.75 and to turn the tide around might require a trade back above \$2,071.10.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

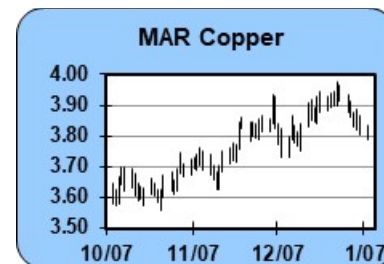
None

**COPPER COMMENTARY**

1/9/2024

**The bias is down tech and fundamental**

**GENERAL:** With the rejection of a new low for the move and higher close yesterday erased by weakness early this morning, the January low at \$3.7995 becomes a key pivot/failure point on the charts today. Fortunately for the bull camp daily LME copper warehouse stocks continue to grind lower and the market saw an 8.3% rise in Chinese car sales last month. However, the LME copper cash/3 month spread discount has expanded to the highest level since 1992 (according to Reuters) which highlights soft near-term demand and could mean lower prices ahead. It should also be noted that Bloomberg's information overnight indicated copper is at a record contango with cash \$108 per ton cheaper than front month futures at the LME. While the market could see support from news of a decline in Chilean December copper exports, that reading failed to impact the market with its initial release yesterday. However, the next critical Chinese economic data is new loans scheduled for release tonight US time, and with expectations calling for a significant improvement in that measure, a spike down move in US copper today could prompt bargain hunting buying tomorrow. However, the copper trade and other markets with strong Chinese demand have been unwilling to improve their outlook for Chinese copper demand, and therefore it could take a very significant jump in new loan data and improvement in Chinese exports on Thursday to fully reverse the downward track on the copper charts.



**MARKET IDEAS:**

The bias in copper remains down with the latest COT positioning report showing the market shifting into a net spec and fund long after a long-held net spec and fund short last year and that positioning could provide further stop loss selling if the coming 24 hours fail to provide favorable news from the Chinese economic front. In fact, as indicated already, the trade remains down beat toward Chinese demand and traders might not be easily convinced to change their minds. While the copper market has not seen support from weakness in the dollar or falling treasury yields recently, that could be the best hope of finding a bottom without testing the 200-day moving average down to \$3.7660.

**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) 01/09/2024: 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. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 2005.9. The next area of resistance is around 2050.2 and 2067.0, while 1st support hits today at 2019.6 and below there at 2005.9.

COMEX SILVER (MAR) 01/09/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 objective is 22.875. The next area of resistance is around 23.510 and 23.655, while 1st support hits today at 23.120 and below there at 22.875.

COMEX PLATINUM (APR) 01/09/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The next downside objective is now at 939.93. The next area of resistance is around 968.15 and 983.32, while 1st support hits today at 946.45 and below there at 939.93.

COMEX COPPER (MAR) 01/09/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 3.78. The next area of resistance is around 3.84 and 3.86, while 1st support hits today at 3.81 and below there at 3.78.

## 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	2034.9	39.81	46.30	54.25	41.56	2046.98	2063.51	2053.14	2031.64	2021.96
SIEH24	23.315	35.36	40.78	39.75	29.11	23.24	23.82	23.95	24.00	23.83
PLAJ24	957.30	41.61	47.78	57.38	37.74	971.15	991.72	979.04	943.21	935.95
CPAH24	3.82	38.20	45.07	46.05	28.14	3.83	3.88	3.87	3.81	3.77
PAAH24	998.70	27.50	36.08	39.01	21.49	1036.18	1091.69	1123.31	1071.70	1088.92

Calculations based on previous session. Data collected 01/08/2024

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	2005.8	2019.6	2036.4	2050.2	2067.0
SIEH24	COMEX Silver	22.875	23.120	23.265	23.510	23.655
PLAJ24	COMEX Platinum	939.92	946.45	961.62	968.15	983.32
CPAH24	COMEX Copper	3.77	3.80	3.81	3.84	3.86
PAAH24	COMEX Palladium	980.47	986.95	1003.97	1010.45	1027.47

Calculations based on previous session. Data collected 01/08/2024

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