



DAILY METALS COMMENTARY Wednesday January 10, 2024

PRECIOUS METALS COMMENTARY

1/10/2024

Expect Range trading today posturing for US CPI

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +8.80, SILVER +0.02, PLATINUM +0.09**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with Chinese equities down, European stock generally higher in the US market starting off with fractional gains. Critical economic news released overnight included a significant jump in New Zealand ANZ, a significant jump in Australian monthly consumer price index readings for November relative to year ago levels, a much stronger-than-expected French industrial output reading for November, and Italian retail sales which on a month over month basis replicated the previous months +0.4% reading. The North American session will start out with a weekly private survey of mortgage application, followed by a November reading on US wholesale trade which is expected to have a mild uptick from October's -0.4% reading. New York Fed President Williams will speak during morning US trading hours.



MARKET FUNDAMENTALS: While it appears gold and silver have settled into sideways consolidation patterns, that is likely to end with tomorrow's US CPI report especially if a slightly hotter December CPI reading is posted tomorrow. However, analysis of the data is difficult given the potential for fractional change. The range trade is certainly justified considering that neither gold or silver has a definitive internal fundamental driven bias with prices of gold within proximity to all-time highs and the speculative positioning in gold futures and options leaving the market vulnerable to stop loss selling on violations of key support. With the US dollar posting a higher high yesterday and posting a higher low, and treasury prices likely to remain capped, the gold market could fail at the \$2,025 level in the coming sessions. However, the gold market did manage to post brief rallies yesterday in the face of somewhat hawkish US Federal Reserve dialogue and that is impressive. Unfortunately for the bull camp we think it will take even lower prices (perhaps below \$2,013) to stimulate enough Indian bargain hunting buying to alter residual bearish sentiment and in turn build solid support. Looking ahead, Chinese new loans (which were not released as scheduled overnight) and the US CPI tomorrow will likely set the tone and trend of gold and silver for the rest of this month. However, it is possible that positive Chinese new loan data will not be seen as a signal of a long-awaited recovery in the Chinese economy; but the US CPI could have a major impact if the reading is off expectations calling for a gain of 0.2%. Unfortunately for the bull camp, gold ETF holdings continue to decline, and the gold trade continues to hold a surprisingly burdensome net spec and fund long position in futures and options. Downtrend channel resistance in February gold today is \$2,054.10, with that resistance line falling to \$2,042.75 on Friday. Close in and unreliable support is \$2,022.70. While we see the silver market as slightly less vulnerable than gold to further long liquidation and the March contract has consolidation low support close at \$23.00, it also lacks bullish arguments without a resumption of weakness in the dollar and or tumbling US treasury yields.

TODAY'S MARKET IDEAS:

Not surprisingly, both gold and silver remain hostage to outside market action with a slight edge for the bear camp from chart signals. With the markets not presented with key US data today, the Chinese apparently delaying new loan readings and no Fed speeches until the afternoon, the prospect of chop within a range defined as \$2048.60 and \$2029 in February gold is likely. Similarly, we expect silver to track within a range defined as \$23.41 and \$22.97. Looking ahead, unless US CPI tomorrow posts a contraction, the report might not have a sustained impact on gold and silver prices. However, if the CPI report is judged to be a sign of falling inflation both gold and

silver could recover aggressively along with renewed hope for a US rate cut. As indicated already, gold and silver do not have internal supply or demand reasons to rally, as the bull camp has almost exclusively been reliant on weakness in the dollar and falling treasury yields. Therefore, to reverse the anemic downward track probably requires a trade below 101.61 in the dollar and/or a trade above 123-02 in March bonds.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

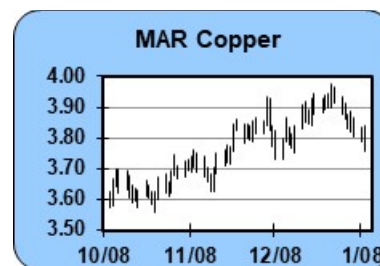
None

COPPER COMMENTARY

1/10/2024

The bias is down tech and fundamental

GENERAL: Unfortunately for the bull camp, the March copper contract has not posted a lower low in the overnight trade. Furthermore, despite building discounts, a long pattern of daily LME copper warehouse stock declines and the prospect of a jump in Chinese new loans (the report was not released overnight as scheduled), March copper has consistently eroded this year and the March copper contract looks headed to the December lows down at \$3.7290. Clearly, a disappointing



Chinese new loan reading could see the copper trade replicate the sharp down action on Tuesday, especially with expectations for the Chinese data calling for a relatively large increase. However, it could be noted that Chinese equity markets remain in a downtrend with declines overnight roughly 0.5%. Another fresh bearish development from the overnight wires are signs that definitive declines in battery prices are providing spillover pressure to copper prices and other battery components. While Citi projected copper prices to hold/chop around current levels through the end of the month, overnight they indicated they see cyclical consumption of copper weakening further. In conclusion, with the violation of the 200-day moving average at \$3.7660 earlier this week, the downtrend in copper is reconfirmed from a technical perspective. However, the copper trade could be nearing an oversold condition with as Bloomberg noted overnight, copper has closed lower for nine straight trading sessions.

MARKET IDEAS:

The bias in copper remains down unless Chinese equity markets put together a chain of positive daily trades, Chinese new loans jump sharply or a fresh supply setback in South America is revealed. As indicated already, the failure at a longer-term moving average yesterday and the uniform nature of the December/January downtrend, project's copper prices down to the December low at \$3.7290.

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) 01/10/2024: Momentum studies trending lower at mid-range should accelerate a move lower 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 2021.2. The next area of resistance is around 2043.7 and 2054.5, while 1st support hits today at 2027.1 and below there at 2021.2.

COMEX SILVER (MAR) 01/10/2024: Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside target is 22.749. The next area of resistance is around 23.387 and 23.718, while 1st support hits today at 22.903 and below there at 22.749.

COMEX PLATINUM (APR) 01/10/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next downside target is 923.60. The next area of resistance is around 952.50 and 969.60, while 1st support hits today at 929.50 and below there at 923.60.

COMEX COPPER (MAR) 01/10/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. A negative signal was given by the outside day down. 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 now at 3.70. The next area of resistance is around 3.80 and 3.86, while 1st support hits today at 3.72 and below there at 3.70.

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	2035.4	40.38	46.55	47.34	33.68	2043.25	2058.57	2055.34	2032.11	2024.19
SIEH24	23.145	31.68	38.31	34.17	23.01	23.23	23.68	23.95	24.00	23.84
PLAJ24	941.00	35.69	43.41	46.91	25.97	960.25	985.93	979.37	943.36	936.94
CPAH24	3.76	31.03	39.93	36.96	18.79	3.81	3.86	3.87	3.82	3.77
PAAH24	976.90	24.84	33.85	30.87	14.59	1012.63	1068.08	1123.01	1068.60	1085.92

Calculations based on previous session. Data collected 01/09/2024

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	2021.1	2027.0	2037.8	2043.7	2054.5
SIEH24	COMEX Silver	22.748	22.902	23.233	23.387	23.718
PLAJ24	COMEX Platinum	923.60	929.50	946.60	952.50	969.60
CPAH24	COMEX Copper	3.69	3.72	3.78	3.80	3.86
PAAH24	COMEX Palladium	956.32	964.65	980.82	989.15	1005.32

Calculations based on previous session. Data collected 01/09/2024

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