



## DAILY METALS COMMENTARY

Thursday January 11, 2024

### PRECIOUS METALS COMMENTARY

1/11/2024

**Today is a possible trend setting session**

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

**GOLD +8.50, SILVER +0.01, PLATINUM +0.20**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were all higher with some markets gaining more than 1.5%. Critical economic news released overnight included a significant contraction in New Zealand building permits, a significant drop in Australian imports, a minor improvement in Australian exports, week Japanese coincident and leading economic indicators, better-than-expected Spanish industrial output and much weaker than expected Italian industrial output. The North American session will start out with the highlight for global markets, the December US consumer price index which is expected to hold steady with November's 3.1% year-over-year rate. The December US core consumer price index (which excludes food and energy) is forecast to have a minimal downtick from November's 4.0% year-over-year rate. The weekly reading on initial jobless claims is expected to have a moderate uptick from the previous 202,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.855 million reading. Richmond Fed President Barkin will speak during early afternoon US trading hours. Earnings announcements will include Infosys before the Wall Street opening.



**MARKET FUNDAMENTALS:** While events that are widely anticipated to present significant volatility can sometimes be disappointing with a muted response, the stakes for many financial markets are significant today as the pendulum of expectations for an early US rate cut have been pulled down with a series of US Fed speeches generally indicating the fight against inflation is not complete yet. Fortunately for the bull camp in gold and silver the action in bond and dollar markets this week has not shifted definitively bearish from the reduction in rate cut expectations but today presents a possible breakout session with a dollar trade above 102.385 a big problem for the bull camp. On the other hand, a trade in the dollar below 101.835 could save the day for the bull camp and launch February gold above \$2050.0 It should be noted that the markets did see some positive demand news from the central bank front yesterday with Poland apparently increasing their gold reserves by 130 tonnes last year! However, central bank purchases, chart action, ETF flows, and an overbought spec and fund long positioning in gold futures are likely to be secondary to a possible chain reaction following the December US CPI report. Expectations call for inflation at the consumer level to increase by 0.2% with the markets likely to be very sensitive to variations of 0.1% from the report. In our opinion, the prospects of soft inflation readings are good as energy prices remain well below last year's highs and signs of moderating growth (other than payrolls) should help keep the track of inflation pointing down. While the US CPI data might not result in a significant market reaction, it is possible that weekly initial claims could break out the downside to levels seen since early October, which could be countervailed by an as expected US CPI thereby leaving gold and silver under pressure. The failure to hold this week's low at \$2,022.70 projects an interim downside target of \$2,010.60. On the other hand, seeing the dollar fall below 101.615 following US CPI could result in gold flashing higher today.

#### TODAY'S MARKET IDEAS:

With many markets settling into trading ranges this week following the better-than-expected US nonfarm payroll readings last Friday, the importance of today's US inflation readings to the gold and silver markets should not be understated. The failure to hold this week's low at \$2,022.70 projects an interim downside target of \$2,010.60. A dollar trade above 102.385 a big problem for the bull camp. On the other hand, a trade in the dollar below 101.835 could save the day for the bull camp and launch February gold above \$2.25.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

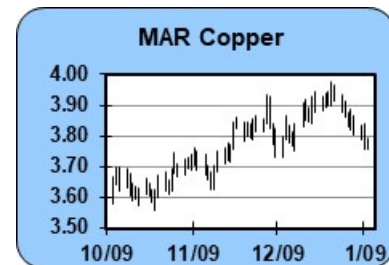
None

**COPPER COMMENTARY**

1/11/2024

**Potential post CPI short covering rally should be temporary**

**GENERAL:** While LME copper warehouse stocks have continued a very definitive pattern of daily copper stock declines, information on the Chinese economy has been suspiciously absent this week with new loans and direct foreign investment readings not published as expected. Certainly, the trade could be cheered by news that Chinese copper output last month increased following maintenance (Chinese industrial activity is managed by the government as increased production must be needed), with the 3.9% gain from the previous month likely attributable to the catch up for lost production during maintenance. We think it is best to assume that no news from China is bad news for their economy and in turn leaves copper under a cloud of potential liquidation selling. In fact, with a fresh lower low for the move in March copper yesterday, the charts continue to present a negative technical tilt. Certainly, there are ongoing supply concerns toward Central and South America while LME copper warehouse stocks have continued a very uniform pattern of daily declines. However, the March copper contract did manage to recover after a lower low yesterday reportedly because of arbitrage buying off action related to the dollar trade. Furthermore, copper has continued higher this morning in a likely position squaring trade ahead of US CPI. In a minimally negative supply development, the copper market was presented with a 26% increase in production from a copper mine in Gibraltar, but with the mine's output only 83,000 tonnes per day, that source is not a major impact on global copper prices.

**MARKET IDEAS:**

While the copper market was significantly oversold into this week's lows and is deserving of some short covering, the big picture view toward global copper demand remains a headwind for prices. However, overnight LME copper warehouse stocks declined again extending a long pattern of tightening and both Chinese stock markets traded higher overnight. Nonetheless, the bias in copper looks to remain down unless a big picture macroeconomic risk on environment surfaces today following US inflation data. Otherwise, the copper bulls will need to see Chinese equity markets put together a chain of positive daily trades, or they will need a significant jump in Chinese new loans or a surprise increase in direct foreign investment into China. Unfortunately for the bull camp, investment flows into China have shown money exiting China because of the onerous actions of the government toward foreign entities over the last two years. However, it is not a guarantee that favorable Chinese economic data would manage to convince the trade of the prospects of improving Chinese copper demand, especially with recent regional copper inventories inside the country rising. As indicated earlier this week, the failure at a longer-term moving average yesterday and the uniform nature of the December/January downtrend project 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) 01/11/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Daily stochastics are trending lower but have declined into oversold territory. 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 2012.3. The next area of resistance is around 2039.2 and 2052.8, while 1st support hits today at 2019.0 and below there at 2012.3.

COMEX SILVER (MAR) 01/11/2024: 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 market tilt is slightly negative with the close under the pivot. The next downside objective is now at 22.734. The next area of resistance is around 23.242 and 23.443, while 1st support hits today at 22.888 and below there at 22.734.

COMEX PLATINUM (APR) 01/11/2024: 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 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 setup is somewhat negative with the close under the 1st swing support. The next downside target is now at 911.15. The next area of resistance is around 940.30 and 955.15, while 1st support hits today at 918.30 and below there at 911.15.

COMEX COPPER (MAR) 01/11/2024: The major trend could be turning up with the close back above the 60-day moving average. 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. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next downside objective is 3.75. The next area of resistance is around 3.80 and 3.81, while 1st support hits today at 3.77 and below there at 3.75.

## 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	2029.1	37.62	44.68	40.25	25.89	2037.95	2051.94	2054.61	2032.32	2025.26
SIEH24	23.065	31.25	38.01	28.93	18.45	23.20	23.50	23.96	23.99	23.84
PLAJ24	929.30	31.31	39.97	37.14	17.58	951.08	976.49	979.38	942.89	937.56
CPAH24	3.78	36.77	42.84	29.84	16.03	3.79	3.84	3.87	3.82	3.78
PAAH24	995.20	31.14	37.34	24.68	12.31	1001.98	1050.02	1124.46	1065.51	1083.26

Calculations based on previous session. Data collected 01/10/2024

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	2012.2	2018.9	2032.5	2039.2	2052.8
SIEH24	COMEX Silver	22.733	22.887	23.088	23.242	23.443
PLAJ24	COMEX Platinum	911.15	918.30	933.15	940.30	955.15
CPAH24	COMEX Copper	3.74	3.76	3.78	3.80	3.81
PAAH24	COMEX Palladium	962.35	977.70	997.35	1012.70	1032.34

Calculations based on previous session. Data collected 01/10/2024

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