



DAILY METALS COMMENTARY Friday January 12, 2024

PRECIOUS METALS COMMENTARY

1/12/2024

Today is another possible trend setting session

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +24.70, SILVER +0.04, PLATINUM +0.95**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly lower with markets in China posting losses of roughly 0.3% and Australia posting a small fractional loss. Critical economic news released overnight included a stronger-than-expected Japanese bank lending reading for December, a slight softening of investment lending for homes in Australia for the month of November, a better-than-expected Australian home loans reading for November, softer than expected Chinese consumer price index readings for December, a softer than expected Chinese producer price index reading for December, an increase in Chinese exports in December over year ago levels, a favorable Japanese Eco Watchers Survey of current views, a disappointing Japanese Eco Watchers Outlook survey, a stronger than expected GBP manufacturing production reading for November, as expected GBP industrial production reading for November, slightly better-than-expected GBP Gross Domestic Product for November, a much stronger-than-expected French consumer spending, an unchanged and as expected French consumer price index reading, unchanged and as expected Spanish consumer price index readings for December, and a very disappointing Chinese new loans for the month of December reading which came in significantly below expectations but above the November tally. The North American session will start out with the December US producer price index which is forecast to have a mild uptick from November's 0.9% year-over-year rate. The December US core producer price index (excluding food and energy) is expected to have a minimal downtick from November's 2.4% year-over-year rate. Minneapolis Fed President Kashkari will speak during morning US trading hours. The first big day of quarterly earnings results this year will include updates from UnitedHealth Group, J.P. Morgan Chase, Bank of America, Wells Fargo, BlackRock, and Citigroup before the Wall Street opening.



MARKET FUNDAMENTALS: With the dollar slightly higher and US treasuries flat a \$24 rally in gold and a \$0.40 rally in silver is likely the result of US and Great Britain attacks of suspected Yemeni terrorists' strongholds inside Yemen. Apparently, the oil and precious metal markets see the onshore strikes in Yemen as an escalation and perhaps a catalyst for an expansion of military aggression in the area. While the crude oil market is only up \$2.40, a flight to quality situation is unfolding and has sparked an unusual migration to gold and silver. Historically, this morning's reaction would have been a normal reaction, but over the last several years flight to quality rallies in gold and silver have been limited, with the trade instead constantly focused on outside market influences and other flight to quality tools. Certainly, the recent three-week slide in gold of \$85 and the slide of \$2.30 in silver adds a measure of technical buying to the flight to quality buying interest. Some analysts overnight suggested the approach of the Chinese New Year (which is still one month out) has sparked demand resulting in Chinese gold premiums reaching \$50 an ounce while at the same time Indian dealers are offering a \$13 discount! Given the geopolitical control over gold and silver this morning, news that gold ETF holdings were reduced for the eighth straight session yesterday and news that holdings are already down one percent year to date is fully tossed aside. In retrospect, US CPI had a modest negative initial impact on gold and silver prices yesterday and the same is possible for today's US PPI report which has a lower bar of a +0.1%. However, anxiety in the Middle East is likely to override initial weakness from US PPI potentially providing a buying opportunity for aggressive traders. In fact, the bulls in gold and silver were very lucky that yesterday's data did not result in a massive rally in the dollar and a significant jump in US interest rates. A minimally bearish development from yesterday included a bearish gold price outlook from Citi as they think Asian gold demand will be neutral or neutral/bullish next year. Unfortunately

for the bull camp, despite an \$85 slide over the last three weeks, the gold market has maintained a burdensome net spec and fund long positioning of 246,000 contracts which is within 5,000 contracts of the largest net spec and fund long from last year which could add volatility to the post PPI release trade today. Critical support in February gold today is \$2038.30 initial targeting and resistance is at \$2047. While we will not argue against silver following gold higher today if US PPI is at or below expectations, we see a rally in silver as a bounce in a bear market.

TODAY'S MARKET IDEAS:

With gold and silver aggressively rejecting significant chart damage from yesterday's initial washouts, a surprise injection of flight to quality buying interest overnight, premature speculative chatter regarding improved demand for the Chinese New Year and a lack of headwinds from early action in US interest rates and the US dollar, the bull camp starts with an edge today. Obviously, the bull camp is now heavily vested in a less hawkish take away from this morning's inflation report compared to the CPI report yesterday with February gold prices into PPI this morning trading \$16 higher while silver prices are trading lower than the pre-CPI range yesterday. In retrospect, hopes for a first quarter rate cut have been draining from the market this week which makes the US PPI report today a very important reading for the gold bulls. In conclusion, an "as-expected" PPI of 0.1% leaves gold to its flight to quality focus and may not impact prices notably. On the other hand, a minimally softer than expected reading could launch gold and silver sharply higher.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

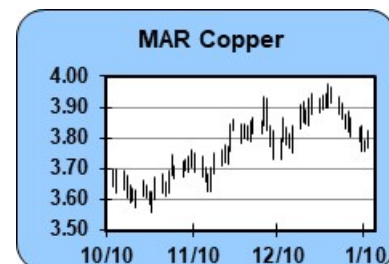
COPPER COMMENTARY

1/12/2024

Without a soft US PPI more down in copper

GENERAL: We are surprised copper prices are only minimally lower to start today as supply and demand news from China overnight was negative. In addition to a 30% single week jump in Shanghai copper warehouse stocks (+9,955 tons) Chinese copper demand is back in question following a smaller than expected gain in new loans for December. Fortunately for the bull camp, Chinese new loans were above the prior month but simply failed to match expectations.

However, copper also saw additional bearish news from China following reports that 2023 copper imports declined because of increased domestic production and more specifically because of a struggling industrial sector. Adding into the negative supply side vibe in copper this morning is the fact that all Shanghai weekly commodity stockpile readings increased except for tin. However, tempering the negative overall import reading Chinese January through December copper concentrate imports were up at 27.54 million tons versus 25.23 million tons the year before. On the other hand, Chinese January through December 2023 unwrought copper and copper product imports fell from 5.8 million tons in 2022 to 5.5 million tons in 2023. While LME copper warehouse stocks have continued a definitive pattern of declines, and copper prices into the Wednesday low were significantly oversold, we see negative Chinese equity market action overnight and disappointing Chinese loan data leaving the bear camp with control.



MARKET IDEAS:

In retrospect, the sharp range up move yesterday morning probably served to cleanse the significantly oversold technical condition of copper, and now that action will likely facilitate further declines ahead. Downtrend channel resistance in March copper today is \$3.808, with a slide to first support of \$3.7570 likely.

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) 01/12/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 1996.1. The next area of resistance is around 2052.5 and 2073.7, while 1st support hits today at 2013.7 and below there at 1996.1.

COMEX SILVER (MAR) 01/12/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 22.200. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 23.310 and 23.740, while 1st support hits today at 22.540 and below there at 22.200.

COMEX PLATINUM (APR) 01/12/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 903.88. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 937.15 and 951.27, while 1st support hits today at 913.45 and below there at 903.88.

COMEX COPPER (MAR) 01/12/2024: 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. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 3.74. The next area of resistance is around 3.81 and 3.84, while 1st support hits today at 3.77 and below there at 3.74.

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	2033.1	40.38	46.09	34.84	23.87	2033.20	2047.27	2053.62	2032.95	2026.61
SIEH24	22.925	25.76	34.10	23.64	13.06	23.04	23.32	23.87	23.97	23.83
PLAJ24	925.30	28.48	37.66	28.60	11.51	938.03	964.98	976.25	942.78	937.77
CPAH24	3.79	36.05	42.34	24.56	14.01	3.78	3.82	3.86	3.82	3.78
PAAH24	983.00	29.30	35.98	19.58	9.38	988.45	1032.56	1116.77	1062.44	1080.38

Calculations based on previous session. Data collected 01/11/2024

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	1996.1	2013.7	2034.9	2052.5	2073.7
SIEH24	COMEX Silver	22.199	22.539	22.970	23.310	23.740
PLAJ24	COMEX Platinum	903.87	913.45	927.57	937.15	951.27
CPAH24	COMEX Copper	3.73	3.76	3.79	3.81	3.84

PAAH24 COMEX Palladium 943.62 957.25 995.12 1008.75 1046.62

Calculations based on previous session. Data collected 01/11/2024

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