



DAILY METALS COMMENTARY Wednesday January 17, 2024

PRECIOUS METALS COMMENTARY

1/17/2024

The bias is down as the Dollar continues to weigh

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

GOLD -1.70, SILVER -0.02, PLATINUM -0.72

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were under noted pressure with the stock markets in China posting five-year lows. Overnight economic news of importance included a contraction in electronic credit card retail sales, a contraction in Chinese house price index readings for December, a slightly softer than expected Chinese year-over-year GDP, softer than expected Chinese retail sales, hotter than expected GBP consumer price index readings for December, a much larger than expected drop in GBP producer price index readings, slightly hotter than expected GBP retail sales price index readings for December, a larger than expected decline in GBP DCLG House Price Index readings for November, and as expected euro zone harmonized Index of consumer prices. The North American session will start out with weekly private surveys of same-store sales and mortgage applications. The December Canadian industrial product price index (IPPI) is forecast to have a sizable uptick from November's -2.3% year-over-year rate. December US retail sales are expected to have a minimal uptick from November's 0.3% reading. December readings for the US import price index and US export price index are both forecast to have a mild monthly uptick from their November readings. December US industrial production is expected to have a modest downtick from November's 0.2% reading, while December US capacity utilization is forecast to have a minimal downtick from November's 78.8% reading. November US business inventories are expected to hold steady with October's -0.1% reading. The January NABH housing index is forecast to have a modest uptick from December's 37 reading. The latest Fed Beige Book of US economic conditions will be released during early afternoon US trading hours. Fed Vice Chair Barr and Fed Governor Bowman will speak during morning US trading hours while New York Fed President Williams will speak during the afternoon. Earnings announcements include Prologis, Charles Schwab and U.S. Bancorp before the Wall Street opening while Kinder Morgan reports after the close.



MARKET FUNDAMENTALS: Fortunately for the bull camp in the gold and silver the upside breakout extension in the dollar overnight has been offset by a minimal decline in US treasury yields. However, the charts in the dollar project higher action ahead and the US economic reports slate today is very active potentially rekindling rate cut timing debate. In the end, the dollar is underpinned, and gold is pressured from Fed Gov. Waller's comments yesterday cautioning the Fed against rushing to cut rates before establishing inflation has been slayed. While the gold and silver markets have not tracked classic physical commodity market fundamentals tightly, five-year lows in Chinese stocks and a lack of confidence in China will likely keep physical gold demand soft which in turn increases the importance of upcoming gold demand signals into the Chinese New Year holiday. In fact, China will release its commodity trade data tomorrow with the markets monitoring the consumption of energy closely for signs of direction for the Chinese economy. Fortunately for the bull camp weakness in Chinese equities, a lack of confidence on the ground and what appears to be a power vacuum has increased expectations for a Chinese stimulus package. In the end, Chinese stimulus might only slow the erosion in gold and silver prices with action in the dollar the ultimate arbiter of gold price direction. Certainly, there are fresh potential flight to quality storylines out of the Middle East but without proof of direct Iranian involvement in the merchant ships attacks, the Middle East situation is unlikely to provide flight to quality buying today. Therefore, without a distinct reversal in key outside market forces, February gold is poised to fail at key support of \$2,017.30. Keep in mind, the net spec and fund long in gold remained elevated in the last COT positioning report which could result in more stop loss selling waves.

TODAY'S MARKET IDEAS:

At least to start the new trading week, the gold trade is likely to experience ongoing bearish headwinds flowing from global financial markets. As we have already indicated, gold has a burdensome net spec and fund long and key chart point failures could spark additional waves of stop loss selling ultimately returning gold to levels below \$2000.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

1/17/2024

Growing economic concern in China emboldens sellers and scares buyers

GENERAL: With Chinese equity markets posting five-year lows, the dollar showing signs of posting further gains, a global risk off mentality in place, news of higher copper production from Antofagasta and fresh damage on the charts favors the bear camp today. Antofagasta fourth quarter production came in at 191,500 tons versus estimates of 182,189 tons. However, a supportive force for copper came from the supply side of the equation yesterday as Barrick Gold's fourth quarter copper production decreased 4.7% on a quarter over quarter basis. Clearly,

sentiment inside China continues to deteriorate but that has also increased chatter of a potential Chinese stimulus announcement. However, global markets have an entrenched negative view toward the Chinese economy and a mere rate cut and or assistance to property developing companies is unlikely to alter market sentiment. Therefore, Chinese copper demand fears remain front and center and Chinese trade data tomorrow will represent a major junction for the copper market. It should be noted that the press has reported bargain hunting buying of copper, off the hope of a Chinese stimulus effort which in turn could be the cause of the very sharp jump in open interest over the past two weeks.



MARKET IDEAS:

With March copper managing a fresh lower low for the move overnight, the charts remain bearish and without a 180 degree reversal in Chinese economic sentiment, the bear camp looks to hold an edge. Downtrend channel resistance in copper today is \$3.789 with a key pivot point on the downside already violated early this morning at \$3.744. Therefore, downside targeting in March copper becomes \$3.70.

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) 01/17/2024: The market back below the 40-day moving average suggests the longer-term

trend could be turning down. 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 market setup is somewhat negative with the close under the 1st swing support. The next downside target is 2003.0. The next area of resistance is around 2048.7 and 2073.3, while 1st support hits today at 2013.5 and below there at 2003.0.

COMEX SILVER (MAR) 01/17/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 22.684. The next area of resistance is around 23.322 and 23.653, while 1st support hits today at 22.838 and below there at 22.684.

COMEX PLATINUM (APR) 01/17/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is now at 883.98. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 916.55 and 934.17, while 1st support hits today at 891.45 and below there at 883.98.

COMEX COPPER (MAR) 01/17/2024: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is 3.73. The next area of resistance is around 3.79 and 3.81, while 1st support hits today at 3.75 and below there at 3.73.

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	2031.1	42.18	46.08	31.15	26.34	2036.93	2041.21	2054.17	2035.44	2029.11
SIEH24	23.080	40.11	41.83	21.44	19.94	23.05	23.14	23.77	23.98	23.83
PLAJ24	904.00	24.87	34.42	17.06	6.72	918.68	944.76	970.77	943.72	937.94
CPAH24	3.76	38.19	42.56	16.74	10.97	3.77	3.79	3.85	3.82	3.78
PAAH24	938.10	23.03	31.16	11.94	5.10	973.70	1001.82	1089.81	1057.59	1074.01

Calculations based on previous session. Data collected 01/16/2024

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	2002.9	2013.5	2038.1	2048.7	2073.3
SIEH24	COMEX Silver	22.683	22.837	23.168	23.322	23.653
PLAJ24	COMEX Platinum	883.97	891.45	909.07	916.55	934.17
CPAH24	COMEX Copper	3.72	3.74	3.76	3.79	3.81
PAAH24	COMEX Palladium	916.30	925.09	942.30	951.09	968.30

Calculations based on previous session. Data collected 01/16/2024

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.