



## DAILY METALS COMMENTARY Tuesday January 23, 2024

### PRECIOUS METALS COMMENTARY

1/23/2024

#### Slightly weaker Dollar & China uncertainty to support

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

**GOLD +8.00, SILVER +0.01, PLATINUM +0.66**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mixed with the Chinese market making a very minimal recovery after severe losses in previous sessions. Economic news released overnight included a Bank of Japan decision to leave interest rates steady, positive but slightly softer than the prior month national Australia is bank business conditions reading for December and significantly smaller GBP public-sector net borrowing for December. The North American session will start out with a weekly private survey of same store sales, followed by the December Canadian new housing price index which is expected to have a mild uptick from November's -0.9% year-over-year rate. The Richmond Fed's January manufacturing index is forecast to have a mild uptick from December's -11 reading. Earnings announcements will include Johnson & Johnson, Procter & Gamble, Verizon, General Electric, Lockheed Martin, and 3M before the Wall Street opening while Netflix, Texas Instruments, and Intuitive Surgical report after the close.



**MARKET FUNDAMENTALS:** Apparently, severe losses in Chinese equity markets has prompted Chinese officials to consider implementing a \$278 billion rescue package. Therefore, gold may see some limited flight to quality buying interest, but as mentioned many times over the last year, the gold and silver trade are not as sensitive to flight to quality events as in the past. On the other hand, if the situation becomes dire and there is a chance of contagion that could pull in a noted measure of spec and fund longs. Unfortunately for the bull camp, gold ETF holdings continue to plunge signaling little interest in the metal among smaller traders and investors. While the dollar posted a modest failure on its charts yesterday, it recoiled from that breakdown and closed positive on Monday leaving the currency impact on gold uncertain today. However, the dollar was presented with a soft US leading indicator reading yesterday and that should keep a lid on the dollar today. In a limiting development the India government raised the import duty on gold and silver from 11% to 15% effective yesterday in a move that should temper Indian physical demand patterns. However, some gold bulls continue to hold out hope for lower US rates, but that hope appears to be misguided with the latest CME Fed Watch tool market view suggesting only a 40% probability of a rate cut in March with a 54% chance of a cut at the May FOMC meeting. Keep in mind, one Fed member also indicated there would likely be no rate cuts in the US until at least May. The treasury markets will encounter significant volatility today as the latest refunding cycle kicks off with a two year note auction especially after as last week foreign participants showed very little interest in the new/additional issuance from the US government. Therefore, there could be a limit of support from treasuries today, unless US scheduled data today comes in soft as expected. Close in support in the February gold contract is \$2017.40, with a trade above \$2039.30 possibly signaling an upside extension.

#### TODAY'S MARKET IDEAS:

While we suspect the initial gains today are the result of weaker dollar action and a measure of flight to quality chatter from the concerning situation in China, the trade will need to see more precarious headlines out of China to post noted gains off that theme. On the other hand, the dollar has not responded recently to bullish economic data and hawkish Fed comments and therefore we expect less headwinds for gold from the currency trade today. Close in support in the February gold contract is \$2017.40, with a trade above \$2039.30 possibly signaling an upside extension.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

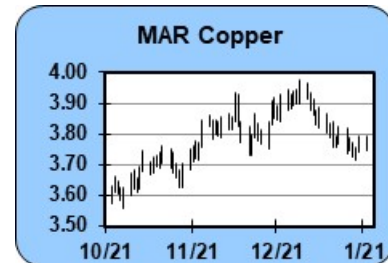
None

**COPPER COMMENTARY**

1/23/2024

**We see a temporary recovery off Chinese equity rescue plan**

**GENERAL:** Perhaps the copper market is cheered by signs of a recovery in Chinese equity markets overnight, with the Shanghai stock exchange composite trading 0.5% higher and the CSI 300 trading 0.4% higher. Apparently, the Chinese government is considering a \$278 billion rescue package for the stock market which is a very unusual and concerning development for copper and copper demand. Unfortunately for the bull camp daily LME copper warehouse stocks continue to rise with the overnight gain of 2825 tons larger than recent daily inflows and in turn extending the pattern of inflows started last week. We were not surprised to see copper prices track lower yesterday, but we were surprised the market was not under more aggressive selling pressure given rising concerns toward the Chinese financial/real estate sector and the status of local governments heavily indebted especially after infrastructure programs were halted. While the report that some Chinese local governments have been advised by the central government to halt infrastructure programs was in the market at the end of last week, but the Chinese central bank did not cut interest rates yesterday and the rumor mill on trouble in their economy has been kicked into a higher gear. On the other hand, the copper market should draft support from news that the International Copper Study Group pegged the world refined copper market to be in a 119,000 metric tonne deficit as of November of last year.



**MARKET IDEAS:**

Apparently, the talk of a \$278 billion rescue package for the Chinese government has provided copper with fresh support today with the market likely underpinned from the International Copper Study Group forecast placing the world refined copper market in a 119,000 metric ton deficit (as of November 2023).

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

Long March copper 3.72/3.65 bear put spread for 0.0170.

**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) 01/23/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 2007.3. The next area of resistance is around 2030.4 and 2040.6, while 1st support hits today at 2013.8 and below there at 2007.3.

COMEX SILVER (MAR) 01/23/2024: Momentum studies are still bearish but are now at oversold levels and will

tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 21.558. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 22.555 and 23.037, while 1st support hits today at 21.815 and below there at 21.558.

COMEX PLATINUM (APR) 01/23/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 917.27. The next area of resistance is around 907.85 and 917.27, while 1st support hits today at 894.35 and below there at 890.28.

COMEX COPPER (MAR) 01/23/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. 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 upside target is 3.80. The next area of resistance is around 3.77 and 3.80, while 1st support hits today at 3.73 and below there at 3.72.

## 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	2022.1	42.32	45.02	23.83	22.89	2021.95	2030.21	2046.83	2039.54	2030.14
SIEH24	22.185	29.68	34.49	14.57	12.19	22.62	22.86	23.34	23.94	23.76
PLAJ24	901.10	33.28	37.84	12.94	13.58	902.90	914.42	953.07	946.36	937.63
CPAH24	3.74	42.70	44.31	15.80	19.29	3.76	3.76	3.82	3.83	3.79
PAAH24	940.50	30.57	34.64	10.74	12.67	938.23	958.29	1024.99	1051.73	1061.15

Calculations based on previous session. Data collected 01/22/2024

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	2007.2	2013.7	2023.9	2030.4	2040.6
SIEH24	COMEX Silver	21.557	21.814	22.297	22.555	23.037
PLAJ24	COMEX Platinum	890.27	894.35	903.77	907.85	917.27
CPAH24	COMEX Copper	3.71	3.72	3.75	3.77	3.80
PAAH24	COMEX Palladium	913.87	928.25	938.37	952.75	962.87

Calculations based on previous session. Data collected 01/22/2024

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