



DAILY METALS COMMENTARY

Friday January 26, 2024

PRECIOUS METALS COMMENTARY

1/26/2024

Post report action in the dollar should rule today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +0.70, SILVER +0.00, PLATINUM +0.55

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were generally higher except for the markets in Japan, China, Russia, and Hong Kong. Critical economic news released overnight included slightly softer than expected Tokyo CPI, not as weak as expected GBP GfK Consumer Confidence for January, slightly better-than-expected Japanese Coincident index, slightly softer than expected Japanese Leading Economic Index readings for November, a moderately weaker than expected German GfK Consumer Confidence Survey, slightly better-than-expected French consumer confidence, a slight decline in Spanish unemployment, and slightly euro zone private loans for December. The North American session will start out with December US personal income which is expected to have a minimal downtick from November's 0.4% reading. December personal spending is forecast to have a modest uptick from November's 0.2% reading. December core personal expenditures (a favorite Fed inflation gauge) are expected to hold steady with November's 2.6% year-over-year rate. December Canadian wholesale sales are forecast to have a moderate downtick from November's 0.9% reading. December US pending home sales are expected to have a moderate uptick from November's -5.2% year-over-year rate. Earnings announcements include American Express, Colgate-Palmolive and Norfolk Southern before the Wall Street opening.



MARKET FUNDAMENTALS: While the CME Fed watch tool pegs the probability of rate cuts in the January, March, and May Fed meetings at 2.6%, 48.1%, and 50.1% respectively we feel there is a slightly higher whisper expectation for a rate cut in market. However, with the Feds favored inflation measure (PCE) scheduled for release today and expectations calling for a +0.2%, the prospect of a near-term cut in US rates should remain very small. In fact, to see a rate cut by the June meeting will likely require some contractionary monthly PCE readings. With a minimal initial upside pulse in the dollar early today offset by generally lower US treasury yields, the bull camp should have a measure of outside market support. Nonetheless, a 0.1% or softer reading could ignite gold on the upside especially after this week's high to low slide of \$35. Unfortunately for the bull camp the net spec and fund long in gold probably remains burdensome and signs of increased gold demand from mainland China earlier this week was not embraced by the trade. Unfortunately, precious metals investment demand remains soft with gold ETF holdings falling 84,964 ounces and are already 1.6% lower year-to-date. From a technical perspective, the net spec and fund long in gold has come down with the low yesterday \$37 below the level where the last positioning report was measured. In another sign the gold market might have found value, with the April gold contract aggressively rejecting the slide below the 200-day moving average yesterday, with that moving average today pegged at \$2029.65. While the silver market has not posted a higher high early today, the market sits near a higher high but will need a soft PCE and a decline in the dollar after the 730 US report window to respect the \$22.91 level and in turn leave the bull camp in control.

TODAY'S MARKET IDEAS:

Continuing the counterintuitive historical focus, both gold and silver need a below expected reading from PCE to give the bull camp control to end the week. From a technical perspective the net spec and fund long in gold has come down with the low yesterday \$37 below the level where the last positioning report was measured. In another sign the gold market might have found value this week, the April gold contract aggressively rejected the slide below the 200-day moving average yesterday, with that moving average today pegged at \$2029.65. While the

silver market has not posted a higher high early today, the market sits near a higher high but will also need a PCE decline and the dollar after the 730 US report window and respect of the \$22.91 level to leave the bull camp in control.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

1/26/2024

Vulnerable without a clear risk on vibe following US numbers

GENERAL: With a bad technical trade overnight, a weekly increase in Shanghai copper warehouse stocks (the third in a row) and reports of slightly lower Chinese social inventories (off exchange inventories in key copper using areas) the outlook today is mixed with a slight edge to the bear camp. In a fresh positive development, the Chinese copper smelter sector has called for lower copper concentrate output as Chinese copper smelters overnight indicated there is tightness in raw copper ore inside the country. However, with copper prices into the high yesterday sitting nearly \$0.18 above the January low, the copper market has factored in a large measure of hope for improvement in China and has likely become short-term technically overbought. On the other hand, Citigroup upgraded their three-month copper price target reportedly because of views of a tightening copper concentrate market.



MARKET IDEAS:

As indicated already, copper demand fundamentals have slightly improved this week with respect to China but are not firmly entrenched in the bull case or fully confirmed yet. In fact, Chinese equity markets overnight were softer and dialogue hinting at another Chinese stimulus has not been presented. Furthermore, the March copper contract is short-term overbought from the sharp rally this week and without straightaway ongoing risk on strength in equities, the bullish demand theme might have had its impact already this week. Unfortunately for the bull camp the sharp rally on Wednesday provides little in the way of support for March copper today until \$3.8405 and then down at the 200-day moving average of \$3.809.

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) 01/26/2024: 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 upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 1995.8. The next area of resistance is around 2030.8 and 2039.0, while 1st support hits today at 2009.2 and below there at 1995.8.

COMEX SILVER (MAR) 01/26/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 23.390. The next area of resistance is around 23.235 and 23.390, while 1st support hits today at 22.845 and below there at 22.610.

COMEX PLATINUM (APR) 01/26/2024: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside target is 919.20. The next area of resistance is around 907.90 and 919.20, while 1st support hits today at 888.90 and below there at 881.20.

COMEX COPPER (MAR) 01/26/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The downside closing price reversal on the daily chart is somewhat negative. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 3.90. The next area of resistance is around 3.88 and 3.90, while 1st support hits today at 3.86 and below there at 3.84.

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	2020.0	43.27	45.22	24.34	23.80	2022.08	2026.59	2036.93	2041.20	2030.21
SIEH24	23.040	49.43	46.58	24.18	35.81	22.67	22.81	23.06	23.86	23.74
PLAJ24	898.40	33.38	37.25	16.15	17.19	904.48	905.78	935.38	946.12	937.06
CPAH24	3.86	60.97	56.68	39.47	60.27	3.83	3.79	3.81	3.83	3.80
PAAH24	942.90	36.42	37.73	17.79	22.64	950.98	948.10	990.33	1045.14	1051.83

Calculations based on previous session. Data collected 01/25/2024

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	1995.8	2009.2	2017.4	2030.8	2039.0
SIEH24	COMEX Silver	22.610	22.845	23.000	23.235	23.390
PLAJ24	COMEX Platinum	881.20	888.90	900.20	907.90	919.20
CPAH24	COMEX Copper	3.83	3.85	3.87	3.88	3.90
PAAH24	COMEX Palladium	911.95	925.40	946.95	960.40	981.95

Calculations based on previous session. Data collected 01/25/2024

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