



DAILY METALS COMMENTARY Tuesday January 30, 2024

PRECIOUS METALS COMMENTARY

1/30/2024

Flight to quality buying off ME & China real estate

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
GOLD +11.90, SILVER +0.00, PLATINUM -0.03**

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher except for the Chinese and Japanese markets. However, the Chinese markets were under full-scale attack again with declines of 1.83%, 1.78%, and 2.36%! Therefore, the Chinese economy continues to foment trouble especially given the lack of official dialogue from the Chinese government. Overnight economic news of importance included a significant contraction in Australian December retail sales of 2.7%, positive but softer than the prior month French consumer spending, 0% French GDP, lower Swiss import/export data for December, a stronger-than-expected Swiss KOF leading indicator, stronger than expected Spanish GDP, a slight uptick in Spanish consumer prices, a significant drop in GBP consumer credit, GBP mortgage approvals, net lending to individuals,

with a weekly private survey of same-store sales followed by the November Case-Shiller home price index which is forecast to have a moderate uptick from October's 4.9% year-over-year rate. The November FHFA house price index is expected to hold steady with October's 0.3% reading. The December JOLTS survey is forecast to show a moderate decline in job openings from October's 8.79 million reading and a mild decline in quits from October's 3.471 million reading. The Conference Board's January reading on consumer confidence is expected to have a moderate uptick from December's 110.7 reading. A busy day of earnings announcements include Danaher, Pfizer, UPS, General Motors, and Marathon Petroleum before the Wall Street opening while Microsoft, Alphabet (Google), AMD, Starbucks and Mondelez report after the close.



MARKET FUNDAMENTALS: With April gold breaking out to the highest level since January 19th, US interest rates continuing to decline, and a tight range bound dollars that leaves the bull camp with the edge furthermore the market should find a fresh support from news that Indian 2023 gold imports that leaves the bull camp with the edge. Furthermore, the market should find fresh support from news that Indian 2023 gold imports in their latest fiscal year increased by 26.7%. However, comparative Indian gold imports from the prior year were also sharply higher potentially suggesting an improved Indian gold import pattern. While some traders are suggesting gold and silver are benefiting from the looming US FOMC meeting with expectations of dovish dialogue and not necessarily hope for an actual rate cut, we are skeptical of those views. On the other hand, predictions of a 1st quarter recession in Germany following a contraction in the fourth quarter of 2023 increases the prospects of a rate cut by the ECB. In fact, the French economy came in flat while the Italian economy grew by a scant 0.2% and therefore slowing is presenting throughout Europe. Unfortunately for the bull camp, gold ETF holdings declined for the 8th straight trading session yesterday and silver ETF holdings fell by 2.1 million ounces! While the gold and silver markets have been aware of the rising tensions in the Middle East with escalation of attacks on merchant vessels, increased chatter in the trade suggesting Iran is orchestrating the increased attacks was amplified by the death of three US military personnel in the region by a drone attack. The death of US soldiers and promises from the US President to punish those involved could mean strikes against targets inside Iran. It goes without saying that a US attack on sovereign Iranian territory would be the most incendiary development of the crisis since the initial attack on Israel. It is possible that the strength in the dollar yesterday was offset in the minds of the gold and silver trade by the latest downside breakout in US treasury yields. The second flight to quality development is the result of a court in Hong Kong ordering Chinese real estate development company Evergrande Group to begin liquidating its assets which in turn is likely responsible for the aggressive ongoing liquidation in Chinese equities. From a

technical perspective, April gold posted a higher high and a higher low and respected the 200-day moving average at \$2,029.30 and the market temporarily took out a downtrend channel resistance line drawn from the late December and mid-January high of \$2,055.40 giving the bull camp hope from the charts. Initial resistance today is \$2,061.10 and a trade above that level could foster an upside extension. While silver is trading negatively in the early action, the market did post an upside breakout and the highest trade since January 16th, but we think the bull camp will need very positive leadership from gold to continue higher.

TODAY'S MARKET IDEAS:

Twin flight to quality issues continue to support gold, with silver seemingly held back by signs of slowing throughout Europe. With two separate global flight to quality issues and signs of declining US interest rates into the upcoming Fed meeting. However, without significant dollar weakness, the bull camp will be heavily dependent on worsening conditions in the Middle East and or in China. April gold posted a higher high and a higher low again overnight and recently rejected the 200-day moving average, with the market taking out a downtrend channel resistance line drawn from the late December and mid-January high at \$2,055.40 which gives the bull camp fresh hope from the charts. Initial resistance today is \$2,061.10 and a trade above that level could foster an upside extension. Today the 200-day moving average is \$2028.80. Unfortunately for the bull camp in silver prospects of improved physical demand have deteriorated and after a massive 14.2 million inflow to silver ETF holdings last week, holdings have already decline significantly this week. Uptrend channel support in March silver today is \$22.79, with that support line increasing to \$22.91 on Wednesday.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

1/30/2024

Vulnerable but temporarily cushioned by China rate cut hope

GENERAL: While the mid-January recovery rally was very impressive, the copper market has stalled just under \$3.89 likely because of the deteriorating Chinese economic condition. It should be noted that Chinese equity markets continued to fall sharply overnight but prices were probably supported by record lows in Chinese 10-year treasury note yields which seems to indicate expectations of a Chinese rate cut. Obviously, copper traders are concerned about softening Chinese copper demand following the latest travails of the ultra-critical Chinese real estate development industry. On the other hand, as indicated already copper bulls are temporarily "saved" by ideas of additional Chinese government support which could include an 11th hour saving of the beleaguered Chinese property behemoth Evergrande. Unfortunately for the bull camp, the copper trade this morning is faced with a 19% higher annual production tally from MMG LTD, but that production was within the anticipated range. Copper prices might get support from a Reuters poll yesterday predicting average 2024 LME cash copper price will be higher than the average seen last year. The market should have also benefited from the Reuters poll which showed analysts shifting their views from surplus predictions to expectations of a world refined copper deficit this year.



MARKET IDEAS:

It goes without saying that developments in China are likely to dominate copper price action over the influences of the dollar and US interest rates. In our opinion, the Chinese government will have to respond today, or risk dramatically increasing threats of a financial meltdown in China which will seriously undermine Chinese copper demand expectations. Uptrend channel support in March copper today is \$3.8020, with that uptrend channel support line increasing to \$3.8135 on Wednesday. It should also be noted that the 200-day moving average in copper today sits at \$3.807.

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) 01/30/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. The crossover up in the daily stochastics is a bullish signal. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 2047.8. Consider buying pull-backs since daily studies are bullish. The next area of resistance is around 2040.0 and 2047.8, while 1st support hits today at 2021.6 and below there at 2011.0.

COMEX SILVER (MAR) 01/30/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 23.670. The next area of resistance is around 23.540 and 23.670, while 1st support hits today at 23.080 and below there at 22.750.

COMEX PLATINUM (APR) 01/30/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 958.35. The next area of resistance is around 951.50 and 958.35, while 1st support hits today at 926.90 and below there at 909.15.

COMEX COPPER (MAR) 01/30/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 3.93. The next area of resistance is around 3.91 and 3.93, while 1st support hits today at 3.86 and below there at 3.81.

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	2030.8	50.00	49.16	25.97	29.54	2021.13	2022.66	2031.96	2041.85	2030.38
SIEH24	23.310	54.99	50.14	35.49	49.35	22.98	22.76	22.95	23.81	23.72
PLAJ24	939.20	55.69	51.68	24.59	36.19	917.25	909.57	927.16	945.54	936.43
CPAH24	3.88	61.45	57.33	56.83	74.14	3.87	3.81	3.80	3.83	3.81
PAAH24	981.20	49.23	45.56	26.12	36.24	964.80	950.99	976.41	1039.56	1046.28

Calculations based on previous session. Data collected 01/29/2024

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	2011.0	2021.6	2029.4	2040.0	2047.8
SIEH24	COMEX Silver	22.750	23.080	23.210	23.540	23.670
PLAJ24	COMEX Platinum	909.15	926.90	933.75	951.50	958.35
CPAH24	COMEX Copper	3.80	3.85	3.87	3.91	3.93
PAAH24	COMEX Palladium	953.85	969.70	976.85	992.70	999.85

Calculations based on previous session. Data collected 01/29/2024

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