



## DAILY METALS COMMENTARY Friday February 16, 2024

### PRECIOUS METALS COMMENTARY 2/16/2024

**The bias is down, sell \$9 rallies in gold**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
GOLD +1.30, SILVER +0.01, PLATINUM -0.81**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were higher except for the Spanish IBEX which fell by fractions of one percent. Critical economic news released overnight included a net positive total US net treasury international capital flow report, a significant rebound in New Zealand business PMI readings for January, a rebound in the Japanese industry Tertiary Index, a minimal increase of 0.1% in German wholesale price index readings for January, a rebound in GBP major proportion, a contraction in Swiss industrial production a contraction in French consumer price index readings normalized for the EU. The North Global equity markets overnight were higher with the exception the Spanish Ibex 35 which traded American session will start out with January US housing starts which are expected to have a minimal uptick from December's 1.46 million annualized rate. January US building permits are forecast to have a mild uptick from December's 1.49 million annualized rate. The January US producer price index is expected to have a moderate downtick from December's 1.0% year-over-year rate. The January US core producer price index (excluding food and energy) is forecast to have a mild downtick from December's 2.5% year-over-year rate. December Canadian wholesale sales are expected to have a minimal downtick from November's 0.9% reading. A private survey of February US consumer sentiment is forecast to have a minimal uptick from the previous 79.0 reading. Richmond Fed President Barkin, Fed Vice Chair Barr and San Francisco Fed President Daly will speak during morning US trading hours.



**MARKET FUNDAMENTALS:** With the gold market sitting at levels which would create the first weekly loss of this year, the dollar minimally higher, treasury yields minimally higher and US producer price index report for January scheduled for release this morning, gold is likely to experience a flare of volatility which will likely dissipate quickly. While we see the current fundamental and technical trend pointing down, as expected or softer than expected PPI readings (expectations of +0.1%) could dramatically increase respect for the \$2000 level and prompt a short covering wave capable of sending April gold up to \$2026. However, the trade will be presented with a second wave of US inflation information in the form of the University of Michigan five-year consumer inflation expectations report for the month of February. There are no expectations for the UoM inflation expectations report but last month the reading registered a significant 2.9% gain. Clearly, it is premature to suggest the prospects of a first-half US rate cut are mostly extinguished, as there are still market participants who expect the Fed to act in the March or May meetings. Unfortunately for traders the PPI report expectations of a 0.1% gain is effectively a Goldilocks reading which makes it difficult to identify the inflation "trend". In conclusion, we suggest traders react to this morning's PPI report with short sales on a rally or short market orders if the PPI is 0.2% or higher. In retrospect, the gold market seemed to perceive a neutral US CPI report as bearish! Uptrend channel support in April gold today is \$1,999.40, with initial resistance from the underside of the late January consolidation pegged at \$2,026.10.

#### **TODAY'S MARKET IDEAS:**

Without continued gains in treasury prices and a slide below 104.00 in the dollar today, the gold trade may have difficulty pushing gold up and away from the \$2,000 level. However, traders should expect a measure of volatility following the US PPI release as that report could have a significant impact on the lingering debate over when and if the US will cut rates in the first half of this year! Uptrend channel support in April gold today is \$1,999.40 with

initial resistance from the underside of the late January consolidation pegged at \$2,026.10.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None

**COPPER COMMENTARY**

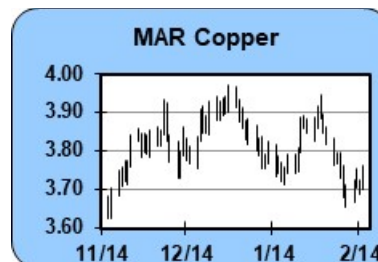
2/16/2024

**Short-term sentiment bullish but not fundamentally underpinned**

**GENERAL:** In retrospect, the copper market managed to claw out gains in the face of this week's Chinese holiday and the bull camp continued to receive support from daily LME copper warehouse stock declines. However, with copper prices sitting in the middle of the last 10 month's trading range, a swing of \$0.10 in either direction is possible today.

Obviously, the US PPI report is the event of the day but expectations for the reading predict such minimal change it should be difficult to come away with a definitive view on the direction of producer price inflation.

On the other hand, big picture macroeconomic sentiment has improved with steady recovery action in equities (from a major washout) and from the view that the US Fed, ECB, and the Bank of Japan have not ruled out completing their pivots with rate cuts. Unfortunately for the bull camp copper prices are short-term overbought following a five-day low to high rally of 14.5 cents and could leave the market vulnerable to corrective action without a reemergence of rate cut chatter today. In another negative but technically based development this week's the aggressive rally has been forged on falling open interest and lower trading volume.



**MARKET IDEAS:**

We remain highly suspicious of the sharp rally this week, with traders suggesting the rally was the result of weakness in the US dollar. In our opinion, a significant year-over-year jump in Chinese holiday road travel provided the first positive Chinese economic news in weeks and that likely inspired this week's rally. With the \$3.70 level tested and rendered as solid support and given the sharp upside follow-through today, an as expected US PPI report is likely to send March copper above the \$3.80 level.

**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 (APR) 02/16/2024: 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 1995.1. The next area of resistance is around 2025.2 and 2031.9, while 1st support hits today at 2006.8 and below there at 1995.1.

COMEX SILVER (MAR) 02/16/2024: The crossover up in the daily stochastics is a bullish signal. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. 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 near-term upside target is at 23.542. The next area of resistance is around 23.304 and 23.542, while 1st support hits today at 22.615 and below there at 22.163.

COMEX PLATINUM (APR) 02/16/2024: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 920.47. The next area of resistance is around 914.25 and 920.47, while 1st support hits today at 897.75 and below there at 887.48.

COMEX COPPER (MAR) 02/16/2024: The daily stochastics gave a bullish indicator with a crossover up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 3.80. The next area of resistance is around 3.78 and 3.80, while 1st support hits today at 3.73 and below there at 3.69.

## 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>										
GCEJ24	2016.0	36.63	39.94	24.88	18.78	2015.20	2032.69	2041.62	2055.74	2055.98
SIEH24	22.960	55.25	51.15	36.86	41.93	22.57	22.53	22.75	23.25	23.58
PLAJ24	906.00	50.28	47.83	27.24	31.30	894.63	894.68	906.38	937.05	936.26
CPAH24	3.75	48.46	47.03	22.98	23.88	3.72	3.73	3.80	3.82	3.82
PAAH24	952.80	54.06	49.55	32.97	43.84	911.23	912.68	939.83	1016.92	1018.08

Calculations based on previous session. Data collected 02/15/2024

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>						
GCEJ24	COMEX Gold	1995.1	2006.8	2013.5	2025.2	2031.9
SIEH24	COMEX Silver	22.162	22.615	22.852	23.304	23.542
PLAJ24	COMEX Platinum	887.47	897.75	903.97	914.25	920.47
CPAH24	COMEX Copper	3.68	3.72	3.74	3.78	3.80
PAAH24	COMEX Palladium	924.15	935.80	958.15	969.80	992.15

Calculations based on previous session. Data collected 02/15/2024

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