



DAILY METALS COMMENTARY Wednesday February 21, 2024

PRECIOUS METALS COMMENTARY

2/21/2024

The bulls have a chart edge against bearish fundamentals

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -2.70, SILVER -0.01, PLATINUM -0.51

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with Chinese markets posting a 7th straight gain, European markets generally higher, with UK and US markets starting out soft. Critical economic news released overnight included a much higher-than-expected New Zealand producer price index reading for their fourth quarter, a significant jump in January Japanese exports versus year ago levels, a larger than expected contraction in January year-over-year Japanese imports, a minimal contraction in an Australian Westpac leading index for January, as expected Australian wage price index readings, and a much smaller anticipated BP public-sector net borrowing reading in January. The North American session will start with weekly private surveys of same-store sales and mortgage applications. The January Canadian new housing price index is expected to have a minimal uptick from December's -0.9% year-over-year rate. The minutes from the January FOMC meeting will be released during early afternoon US trading hours. Atlanta Fed President Bostic will speak during morning US trading hours while Fed Governor Bowman speaks during the afternoon. Earnings announcements will include Analog Devices before the Wall Street opening while NVIDIA and Sysys report after the close.



MARKET FUNDAMENTALS: With a higher high for the move overnight April gold has extended a slight bullish edge into another trading session. Surprisingly April gold managed the higher high despite a measure of strength in the dollar. However, a very minor and indirect negative impact on gold overnight came from a very hot New Zealand producer price index reading which for some keeps fear of global inflation in place. In today's early action traders will be confronted with a US Fed speech, a 20-year US treasury bond auction, and perhaps most importantly the release of the FOMC meeting minutes from the Fed's most recent meeting. Given the general trend of commentary from Fed members, micro scrutiny of US CPI and PPI readings last week, and soft but not concerning US data, traders should expect the Fed to lower market expectations of a rate cut for the next two meetings. However, the 20-year bond auction at midsession could undermine gold, especially after implied treasury yields yesterday reached the highest levels since December 4th. Therefore, with April gold into the overnight high trading \$47 above last week's low and the net spec and fund long in gold remaining at levels capable of feeding a stop loss selling wave, we see the risk of long positions as unattractive. However, it is possible the Fed could "save the day" for the bull camp with an evenly balanced Goldilocks assessment of the economy. We suggest longs in above \$2,023 might need to risk the positions to least \$2006. In addition to some measure of dovish Fed news later today, the bull camp might also need a trade in the March dollar index below 103.69 and or a March treasury bond trade above 119-20 to offset what is likely to be another pushback of US interest rate timing. Downtrend channel selling resistance in April crude oil today is \$2,054.50, with a failure to hold \$2,019 capable of prompting an aggressive slide to even number support at \$2000.

TODAY'S MARKET IDEAS:

As indicated already, the \$46 rally in April gold from last week's low suggests the bull camp will need "help" from a dovish Fed tone, a downside breakout in the dollar and/or a significant rally in bonds. Certainly, a surprisingly dovish Fed's release today could launch gold toward \$2075 but downtrend channel resistance is only \$10 above the early high and the current rally has not been confirmed by increased trading volume or rising open interest (Open Interest has declined). Downtrend channel selling resistance in April crude oil today is \$2,054.50, with a failure to hold \$2,019 capable of sparking an aggressive slide to even number support at \$2000.

NEW RECOMMENDATIONS:

None.

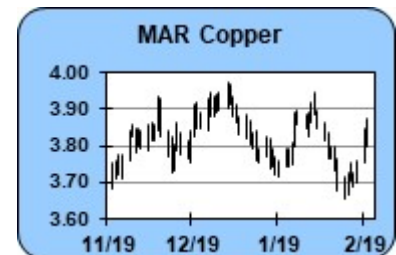
PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY**2/21/2024****Ongoing improvement in Chinese demand expectations but overdone charts**

GENERAL: Apparently, the copper trade see recent upbeat Chinese economic signals (road traffic, increased vacationing, major assistance for the mortgage market, and strong jet fuel consumption) as a sign Chinese copper consumption is set to improve. Furthermore, Goldman Sachs thinks Fed easing will provide a major lift to copper and gold prices, with lesser lift seen in petroleum markets. However, the timing of US Fed easing is clearly slipping into future with the

copper market likely taking most of its direction from Chinese centric news. In a potential major threat to the bull camp, the US FBI director this week warned of aggressive Chinese and Russian hacking attacks which could trip up global economic sentiment or perhaps result in Chinese sanctions. Fortunately for the bull camp, LME copper warehouse stocks continue to decline with declines in 20 of the last 21 days and overall stocks at the lowest level since September 6th.

**MARKET IDEAS:**

The question is whether the Chinese economy has regained its footing as a major stimulus/bailout for the property sector has coincided with very strong holiday travel and reports of a significant expansion of Chinese vacations to Southeast Asia. Certainly, further downside action in the Dollar would add to the bull track especially given a lengthening string of positive closes in Chinese equity markets. Given chart momentum a trade above \$3.90 is possible if the markets traverse the Fed news today without undermining economic psychology. A critical pivot point on the downside is \$3.8440.

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) 02/21/2024: The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 2053.4. The next area of resistance is around 2045.3 and 2053.4, while 1st support hits today at 2026.5 and below there at 2015.8.

COMEX SILVER (MAR) 02/21/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 23.693. The next area of resistance is around 23.322 and 23.693, while 1st support hits today at 22.768 and below there at 22.584.

COMEX PLATINUM (APR) 02/21/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 932.37. The next area of resistance is around 921.95 and 932.37, while 1st support hits today at 900.85 and below there at 890.18.

COMEX COPPER (MAR) 02/21/2024: Momentum studies are rising from mid-range, which could accelerate 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 3.91. The next area of resistance is around 3.89 and 3.91, while 1st support hits today at 3.83 and below there at 3.78.

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										
GCEJ24	2035.9	50.01	48.05	26.93	31.56	2020.63	2029.07	2040.37	2055.41	2056.03
SIEH24	23.045	55.91	52.68	51.51	65.04	22.99	22.72	22.82	23.27	23.55
PLAJ24	911.40	54.22	50.52	36.30	45.97	907.58	896.16	906.79	936.18	935.29
CPAH24	3.85	63.51	57.76	34.48	48.07	3.79	3.75	3.80	3.82	3.82
PAAH24	983.30	60.42	54.22	47.77	64.57	955.98	915.86	940.70	1016.57	1013.79

Calculations based on previous session. Data collected 02/20/2024

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						
GCEJ24	COMEX Gold	2015.8	2026.5	2034.6	2045.3	2053.4
SIEH24	COMEX Silver	22.583	22.767	23.138	23.322	23.693
PLAJ24	COMEX Platinum	890.17	900.85	911.27	921.95	932.37
CPAH24	COMEX Copper	3.77	3.82	3.84	3.89	3.91
PAAH24	COMEX Palladium	950.15	968.30	980.15	998.30	1010.15

Calculations based on previous session. Data collected 02/20/2024

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