



DAILY METALS COMMENTARY Friday February 23, 2024

PRECIOUS METALS COMMENTARY

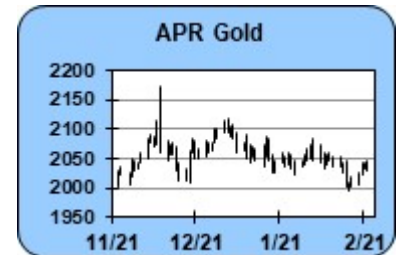
2/23/2024

Erosive chart action + adverse outside market forces

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -3.10, SILVER -0.01, PLATINUM -0.47

OUTSIDE MARKET DEVELOPMENTS: Global equity markets continued to rally with Chinese stocks finishing with nearly two straight weeks of gains! Critical economic news released overnight included a sharp decline in New Zealand retail sales, a weaker than expected GBP consumer confidence index reading for February, a contraction in Chinese house price index readings for January, a contraction in fourth-quarter German GDP of 0.2%, a slight increase in Swiss employment, as expected German IFO business climate for February and stronger than expected German IFO current assessment and expectations readings for February. There are no major US or Canadian economic numbers on today's schedule.



MARKET FUNDAMENTALS: Fortunately for the bull camp in gold, today's US economic reports slate is empty which could tamp down revived interest in the dollar following yesterday's flow of very favorable US housing and jobs data. In retrospect, the higher high in April gold early Thursday was heavily dependent on the sharp washout in the dollar. Unfortunately for the bull camp, the dollar staged a significant recovery and US treasury yields reached higher highs off further erosion of hope for a US rate cut. While the downside spike in the Dollar might rekindle hope of a downside extension in the Dollar and a currency inspired extension of the mid-February gold rally, respect for the US economy is improving, soft landing talk is being replaced by the avoidance of recession and therefore the Dollar might have forged a key low. Certainly, it is impressive that gold and silver have managed to absorb the virtual removal of a near term US rate cut, but outside market action is now likely to prompt a correction in the coming sessions. Unfortunately for the bull camp the largest gold ETF saw the largest single day outflow of funds since October yesterday with a single day decline of 0.8% which in turn pushed holdings to the lowest level since August 2019. From a technical perspective, gold also looks vulnerable because the aggressive six-day low to high rally of \$49.00 was not heavily supported by the trade as signaled by very low trading volume and open interest readings falling 93,000 contracts below the 2024 high reading of 500,364 contracts. Downtrend selling resistance is \$2,040.10 today with a key failure seen with a trade below the 200-day moving average at \$2,023.90 which in turn could generate a near-term downside target of \$2006.60 in April gold.

TODAY'S MARKET IDEAS:

While treasuries and the US dollar could temporarily reverse this week's trends, the bull camp in gold is set to fight growing outside market headwinds from further signs of a resilient US economy. Clearly, gold showed some resolve with its ability to hold this week's gains despite further erosion of US rate cut prospects. In the end, we favor a short position in gold today with downside targeting near \$2,006.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

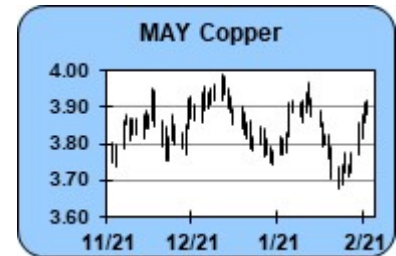
None

COPPER COMMENTARY

2/23/2024

Chinese demand optimism stale & bearish overnight supply news

GENERAL: While Chinese equity markets finished with another gain extending a chain of gains to two weeks in duration, a massive 94,803-ton weekly inflow to Shanghai copper warehouse stocks should pop the bubble of the bull case. The massive inflow to Shanghai copper warehouses might have been partially the backup of supply from the long Chinese holiday but a single week gain of 109.5% is likely to force follow-through selling today. While not as significant, daily LME copper warehouse stocks broke a growing string of daily declines with a minimal increase, but London stocks have still declined in 21 of the past 23 sessions. In a very minimal development, a Chinese house price index contracted by slightly more than expected but that report is discounted as backward looking given the recent cut in Chinese mortgage rates. However, hope for improving Chinese copper demand from earlier this week has seemingly exhausted with this week's high prompting a significant decline in trading volume and open interest. An indirect catalyst for a corrective dip today is news from the largest Polish copper producer of softer January sales and higher January production relative to year ago levels.



MARKET IDEAS:

We see a corrective track with volume and open interest patterns suggesting the trade sees copper prices above \$3.85 as unattractive or expensive! Furthermore, given a massive inflow to Shanghai copper warehouse stocks hopes of a straightaway recovery in Chinese copper demand are undermined. A normal retracement of the February rally is \$3.8115, with a lower support point found at the 200-day moving average of \$3.7910.

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) 02/23/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 2052.3. The next area of resistance is around 2042.9 and 2052.3, while 1st support hits today at 2026.7 and below there at 2019.9.

COMEX SILVER (MAR) 02/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 23.322. The next area of resistance is around 23.005 and 23.322, while 1st support hits today at 22.565 and below there at 22.443.

COMEX PLATINUM (APR) 02/23/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 924.35. The next area of resistance is around 918.10 and 924.35, while 1st support hits today at 897.10 and below there at 882.35.

COMEX COPPER (MAR) 02/23/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 3.92. The next area of resistance is around 3.91 and 3.92, while 1st support hits today at 3.88 and below there at 3.86.

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	2034.8	49.05	47.55	33.66	40.56	2033.23	2025.83	2040.06	2054.26	2055.98
SIEH24	22.785	48.66	48.00	56.17	58.39	23.07	22.79	22.82	23.21	23.50
PLAJ24	907.60	50.34	48.47	39.84	44.28	905.73	897.73	905.64	933.02	933.85
CPAH24	3.89	68.12	61.28	52.79	71.54	3.87	3.78	3.80	3.82	3.82
PAAH24	970.20	56.26	52.16	59.98	72.17	964.38	930.19	941.65	1007.63	1010.05

Calculations based on previous session. Data collected 02/22/2024

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
METALS COMPLEX						
GCEJ24	COMEX Gold	2019.9	2026.7	2036.1	2042.9	2052.3
SIEH24	COMEX Silver	22.442	22.565	22.882	23.005	23.322
PLAJ24	COMEX Platinum	882.35	897.10	903.35	918.10	924.35
CPAH24	COMEX Copper	3.85	3.87	3.88	3.91	3.92
PAAH24	COMEX Palladium	934.10	954.20	966.10	986.20	998.10

Calculations based on previous session. Data collected 02/22/2024

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