



DAILY METALS COMMENTARY Monday February 26, 2024

PRECIOUS METALS COMMENTARY

2/26/2024

Bullish resiliency but range bound today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -6.40, SILVER -0.02, PLATINUM -1.38

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly lower with Chinese markets reversing a trend of gains with moderate losses. Critical economic news released overnight was very thin with only a slightly slower increase in Japanese corporate service price index readings for January released. The North American session will start out with January Canadian manufacturing sales which are expected to have a moderate uptick from December's -0.7% reading. January US new home sales are forecast to have a minimal uptick from December's 664,000 annualized rate. The Dallas Fed's February manufacturing business index is expected to have a moderate uptick from January's -27.4 reading. Kansas City Fed President Schmid will speak during morning US trading hours. Earnings announcements will include Workday, ONEOK and Zoom Video Communications after the Wall Street close.



MARKET FUNDAMENTALS: The action in gold this morning should be concerning to the bull camp as the dollar remains vulnerable on its charts with five straight days of lower highs. While not a major supportive development treasury prices have added to last week's late rebound early today. With a lack of global economic data overnight generally lower equities and a veritable avalanche of US scheduled data ahead this week some gold longs might be taking profits and moving to the sidelines temporarily. However, with a wide trading range rejection of a dip to \$2,025 Friday, April gold increases the credibility of \$2,025 as consolidation low support zone. While some traders Friday bought gold off speculation of a slide in the dollar, we suspect there were pre-weekend flight to quality buyers betting on a Middle East event. However, Asian, and Chinese gold premiums continue to rise in what could be the first classic fundamental sign of an improvement in demand from the world's largest consumer. At the end of last week, Chinese premiums reached as high as \$55 per ounce over benchmark prices, significantly less than \$104 per ounce the previous week. Therefore, it is possible that recovering physical demand has is returning among key consumers and potentially elsewhere if the US economy can pull the world through a soft landing. Fortunately for the bull camp the net spec and fund long position gold has declined 65,000 contracts since the beginning of the year! The February 20th Commitments of Traders report showed Gold Managed Money traders are net long 64,348 contracts after net buying 17,948 contracts. Non-Commercial & non-Reportable traders net long 161,068 contracts after net buying 8,636 contracts. The gold trade this week will face a US treasury auction wave, US GDP, and Chinese manufacturing and nonmanufacturing PMI readings for February on Thursday. However, expectations for rate cuts around the world have declined with confidence toward US economy improving and the dollar likely to grind lower. Key support in April gold is \$2,020.20 and then again down at \$2,008.90. The February 20th Commitments of Traders report showed Silver Managed Money traders net bought 14,995 contracts which moved them from a net short to a net long position of 5,363 contracts. Non-Commercial & Non-Reportable traders net long 35,535 contracts after increasing their already long position by 9,883 contracts. The February 20th Commitments of Traders report showed Platinum Managed Money traders reduced their net short position by 8,482 contracts to a net short 5,683 contracts. Non-Commercial & Non-Reportable traders were net long 14,344 contracts after increasing their already long position by 7,326 contracts. Palladium positioning in the Commitments of Traders for the week ending February 20th showed Managed Money traders reduced their net short position by 1,027 contracts to a net short 12,099 contracts. Non-Commercial & Non-Reportable traders net short 12,535 contracts after decreasing their short position by 603 contracts.

TODAY'S MARKET IDEAS:

While we remain suspicious of the bull case, seeing better US and Chinese economic vibes and seeing Chinese gold premiums rise over the last two weeks suggests gold and silver may begin to see light fund buying and fresh speculative buying off expectations for improved "physical" gold demand. At this point, the expectations for a US rate cut have all but dissipated and could be dealt an additional, and perhaps final blow with a decent US durable goods report on Tuesday and or a favorable US GDP later in the week. It should also be noted that the Fed's preferred inflation gauge will be released on Thursday (expectations call for a gain of 0.3% in the PCE) and without a softer than expected reading, rate cut hopes are likely to dissipate further. Since we look to the prospect of improved physical demand from China the setback in Chinese equities overnight suggests a temporary drift lower today with close in support at \$2036.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

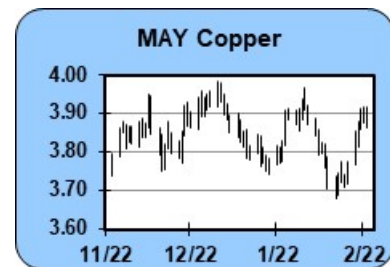
None

COPPER COMMENTARY

2/26/2024

Chinese demand optimism stale & bearish overnight supply news

GENERAL: The copper market lost momentum late last week after regaining the \$3.90 level on a rally inspired by a significant improvement in sentiment toward the Chinese economy. While some factors behind the improved outlook for China are anecdotal (surging traffic numbers and surging air travel) should help to countervail the very negative 109% explosion in Shanghai copper warehouse stocks at the end of last week. Unfortunately for the bull camp, we suspect the five-cent rally after the positioning report was measured, likely liquidated nearly all the spec and fund shorts which could now set the stage for a temporary correction. The Commitments of Traders report for the week ending February 20th showed Copper Managed Money traders net bought 33,502 contracts and are now net short 8,807 contracts. Non-Commercial & non-reportable traders were net short 17,945 contracts after decreasing their short position by 12,707 contracts. In addition to softer Chinese equity market action early today, the copper market is likely to see some pressure from inflow to LME copper warehouse stocks of 4,925 tons especially with that increase in inventories following the massive weekly inflow to Shanghai copper warehouse stocks on Friday.



MARKET IDEAS:

While we see the trend pointing up, May copper stalled at \$3.90 and open interest has basically imploded potentially signaling a pause in the rally, and a potential test of first retracement of the February rally tested down at \$3.83. While the large jump in Shanghai copper warehouse stocks at the end of last week can be partially discounted due to the extended holiday, copper prices are likely to become increasingly tied to action in Chinese equities. In other words, there are signs things are improving in China, but more evidence is needed.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/13/2024 - 2/20/2024		
Non-Commercial	Commercial	Non-Reportable

	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Metals						
Copper	-17,646	+15,929	17,945	-12,707	-299	-3,222
Gold	142,547	+13,296	-161,069	-8,636	18,521	-4,660
Palladium	-12,439	+1,176	12,535	-603	-96	-573
Platinum	8,298	+7,681	-14,344	-7,327	6,046	-355
Silver	19,375	+12,031	-35,536	-9,885	16,160	-2,148

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) 02/26/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The outside day up is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 2070.3. The next area of resistance is around 2059.7 and 2070.3, while 1st support hits today at 2031.9 and below there at 2014.8.

COMEX SILVER (MAR) 02/26/2024: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 23.334. The next area of resistance is around 23.189 and 23.334, while 1st support hits today at 22.740 and below there at 22.435.

COMEX PLATINUM (APR) 02/26/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 922.85. The next area of resistance is around 915.90 and 922.85, while 1st support hits today at 897.90 and below there at 886.85.

COMEX COPPER (MAR) 02/26/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 3.92. The next area of resistance is around 3.89 and 3.92, while 1st support hits today at 3.84 and below there at 3.82.

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	2045.8	56.48	52.13	39.26	50.54	2038.23	2026.59	2039.73	2053.92	2055.83
SIEH24	22.965	52.54	50.57	57.37	59.77	22.94	22.83	22.80	23.18	23.47
PLAJ24	906.90	52.19	49.70	44.10	52.63	904.75	901.22	904.04	931.84	933.51
CPAH24	3.86	63.81	58.83	60.88	77.05	3.88	3.81	3.80	3.82	3.82
PAAH24	988.50	59.71	54.64	66.22	78.90	972.98	943.29	941.98	1002.92	1008.61

Calculations based on previous session. Data collected 02/23/2024

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	2014.7	2031.9	2042.5	2059.7	2070.3
SIEH24	COMEX Silver	22.435	22.739	22.884	23.189	23.334
PLAJ24	COMEX Platinum	886.85	897.90	904.85	915.90	922.85
CPAH24	COMEX Copper	3.81	3.83	3.87	3.89	3.92
PAAH24	COMEX Palladium	953.37	972.25	985.87	1004.75	1018.37

Calculations based on previous session. Data collected 02/23/2024

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