



DAILY METALS COMMENTARY

Thursday February 29, 2024

PRECIOUS METALS COMMENTARY

2/29/2024

Today could present trends for the coming two weeks

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +1.90, SILVER +0.00, PLATINUM +0.54

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the Hang Seng which traded nearly 1% lower on the session. Overnight economic data of importance included additional weakness in Japanese industrial production, as expected Japanese retail trade, a dip in New Zealand business confidence, an uptick in New Zealand activity outlook readings for February, expected Australian retail sales, a slight softening of annualized Japanese housing starts for January, a significant jump in Japanese year-over-year construction orders, a contraction in French fourth quarter nonfarm payrolls, a significant weakness in German retail sales for January, one tick better than expected French GDP, a significant decline in French producer prices, weaker than expected French consumer spending for January, softer than expected Swiss KOF leading indicators for February, better-than-expected GDP in Switzerland, a slight uptick in Spanish consumer price index readings on a year over year basis, a very minimal increase in German unemployment, an uptick in the German unemployment rate, stronger than expected GBP luggage approvals and consumer credit readings for January. The North American session will start out with a weekly reading on initial jobless claims which are expected to have a moderate uptick from the previous 201,000 reading. Ongoing jobless claims are forecast to have a mild weekly increase from the previous 1.862 million reading. January US personal income is expected to hold steady with December's 0.3% reading, while January personal spending is forecast to have a sizable downtick from December's 0.7% reading. January US core personal consumption expenditures (a favorite Fed inflation gauge) is expected to have a minimal downtick from December's 2.9% year-over-year rate. Fourth quarter Canadian GDP is forecast to have a sizable uptick from the previous -1.1% annualized rate. The February Chicago PMI is expected to have a modest uptick from January's 46 reading. January pending home sales are forecast to have a modest uptick from December's 1.3% year-over-year rate. The Kansas City Fed's February manufacturing index is expected to have a sizable uptick from January's -17 reading. Atlanta Fed President Bostic and Chicago Fed President Goolsbee will speak during morning US trading hours while Cleveland Fed President Mester and New York Fed President Williams will speak during the afternoon. Earnings announcements will include Anheuser-Busch Inbev, NetEast, Best Buy and Hormel Foods before the Wall Street opening while Dell Technologies and Autodesk report after the close.



MARKET FUNDAMENTALS: Not surprisingly, the markets expected to be impacted by today's critical US inflation reading (PCE) and they have forged a tight trading range again overnight as many traders avoid implementing fresh positions in front of what could be a critical trend deciding report in the form of US PCE later today. Fortunately for the bull camp, open interest in gold has come down significantly since the middle of last month, potentially suggesting the market found solid value earlier this month around \$2,000. Unfortunately for the bull camp, a US PCE reading above +0.3% will likely relaunch the dollar sharply higher and set the stage for a return to \$2,000 in April gold in the coming sessions. On the other hand, seeing the US PCE come in soft would at least temporarily resurrect US rate cut hopes which in turn would drive the dollar down and launch gold toward \$2,075. Therefore, today's US PCE report has the potential to spark significant volatility and perhaps signal the direction of the upcoming trend! However, an uneventful PCE release combined with positive jobless claims news could shift the bias in favor of the bear camp. While not a likely impact on gold Congressional leaders announced a plan to fund US federal programs and possibly avert a US government shutdown on Saturday if the bill can be passed! If the government were to run out of funding without a signed bill that could provide a measure of flight to

quality buying for gold. However, with the gold trade not displaying flight to quality buying from the war in Gaza, and not showing signs of flight to quality buying following news that Europe may put boots on the ground in Ukraine, a cease-fire deal in the Middle East should not be cause for a liquidation wave. As indicated already, we see the probable range in April gold today defined as \$2,054.20 on the upside and at \$2,015.10.

TODAY'S MARKET IDEAS:

Unless the recent pattern of softer than expected US scheduled data is joined by a slight downtick in the US PCE report this morning, the threat of a dollar inspired gold liquidation remains significant. Unfortunately for the bull camp, US Fed commentary yesterday reduced the prospects of a US rate cut further, increasing the potential for today to be a watershed moment for those holding out for a first-half US rate cut. We suggest traders favor the downside but be prepared to reverse course quickly if PCE is below +0.3%.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

2/29/2024

US data a temporary impact with Chinese PMI tonight setting the trend

GENERAL: We are somewhat surprised to see copper post a higher high today in the face of predictions that tonight's Chinese manufacturing PMI reading will soften for a 5th straight month. Fortunately for the bull camp two of three main Chinese equity markets forged gains of nearly 2% overnight and LME copper warehouse stocks have continued a pattern of significant daily outflows. However, with a fresh lower low yesterday, the copper market has likely become suspicious of a quick improvement in Chinese copper demand and some traders might be growing concerned about another large weekly inflow to Shanghai copper warehouse stocks tomorrow. In fact, with the next wave of Chinese economic data scheduled for release tonight, the copper bears are likely to retain control. Estimates for the Chinese manufacturing and nonmanufacturing PMI readings call for insignificant changes in both reports and call for offsetting results from manufacturing and service sector readings. It also seems that the copper trade wants and/or needs a shock and awe stimulus program as piecemeal efforts by the Chinese government over the last several months have failed to light the fuse of the Chinese economy. Therefore, an upside breakout in the dollar from today's PCE report combined with a slightly disappointing US GDP report yesterday should embolden sellers to finish the trading week.



MARKET IDEAS:

Fortunately for the bull camp, open interest and trading volume have fallen off dramatically on the recent slide which could increase the odds copper will find a solid bottom before \$3.75. However, without a clear-cut resurrection of US rate cut hopes we see May copper vulnerable to a slide to and perhaps below \$3.80 today.

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) 02/29/2024: Momentum studies are trending higher from mid-range, which should support 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. The daily closing price reversal up is a positive indicator that could support higher prices. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 2055.4. The next area of resistance is around 2049.4 and 2055.4, while 1st support hits today at 2035.4 and below there at 2027.4.

COMEX SILVER (MAY) 02/29/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 22.364. The next area of resistance is around 22.787 and 22.893, while 1st support hits today at 22.523 and below there at 22.364.

COMEX PLATINUM (APR) 02/29/2024: The daily stochastics have crossed over down which is a bearish indication. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 870.78. The next area of resistance is around 890.85 and 901.77, while 1st support hits today at 875.35 and below there at 870.78.

COMEX COPPER (MAY) 02/29/2024: The major trend has turned down with the cross over back below the 60-day moving average. Rising stochastics at overbought levels warrant some caution for bulls. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 3.87. The next area of resistance is around 3.85 and 3.87, while 1st support hits today at 3.82 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 | | | | | | | | | | |
| GCEJ24 | 2042.4 | 53.86 | 50.80 | 54.79 | 65.22 | 2042.13 | 2035.24 | 2036.25 | 2051.87 | 2053.83 |
| SIEK24 | 22.655 | 41.53 | 43.44 | 48.58 | 40.39 | 22.83 | 23.07 | 22.90 | 23.27 | 23.54 |
| PLAJ24 | 883.10 | 42.55 | 43.54 | 41.29 | 36.55 | 892.65 | 899.86 | 897.07 | 925.72 | 930.38 |
| CPAK24 | 3.83 | 50.36 | 50.57 | 68.51 | 70.89 | 3.86 | 3.86 | 3.81 | 3.84 | 3.84 |
| PAAM24 | 931.90 | 43.66 | 44.68 | 68.80 | 64.27 | 962.00 | 965.79 | 942.47 | 990.94 | 1010.84 |

Calculations based on previous session. Data collected 02/28/2024

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 | 2027.4 | 2035.4 | 2041.4 | 2049.4 | 2055.4 |
| SIEK24 | COMEX Silver | 22.363 | 22.522 | 22.628 | 22.787 | 22.893 |
| PLAJ24 | COMEX Platinum | 870.77 | 875.35 | 886.27 | 890.85 | 901.77 |
| CPAK24 | COMEX Copper | 3.80 | 3.82 | 3.83 | 3.85 | 3.87 |
| PAAM24 | COMEX Palladium | 905.07 | 919.15 | 930.57 | 944.65 | 956.07 |

Calculations based on previous session. Data collected 02/28/2024

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