



DAILY METALS COMMENTARY Monday March 04, 2024

PRECIOUS METALS COMMENTARY

3/4/2024

Rate cut hope returns bulls need soft data

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -3.70, SILVER +0.00, PLATINUM +0.90

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were generally higher with weakness seen in Japan, Australia, and Paris. Critical economic news released overnight included a significant jump in Japanese capital spending, a noted contraction in Japanese monetary base readings for February, traction in Australian TD, a sharper than expected decline in New Zealand job advertisements, a contraction in Australian building permits, a much hotter than expected Swiss Consumer Price Index reading for February (+0.6%), a significant narrowing of the French monthly budget deficit and a noted improvement in Spanish unemployment from last month. There are no major US or Canadian economic numbers on today's schedule. Philadelphia Fed President Harker will speak during morning US trading hours.



MARKET FUNDAMENTALS: Apparently, expectations for a June US interest rate cut have returned which in turn fueled the most significant gold and silver rallies since early December. However, the CME Fed Watch tool did not show a significant increase in the probability of a June rate cut from just below 50% early last week to only 52.8% after the close Friday. Therefore, the gold and silver markets are anticipating the continuation of soft US and international data which has already resulted in widespread talk of euro zone, Japanese, and Canadian rate cuts in June. Surprisingly, the gold market managed the gains at the end of last week despite a temporary eight day high in the dollar, but the dollar ultimately closed weaker which in turn sets the gold and silver bulls up in a confident position to start the new trading week. Looking ahead to the US nonfarm payroll report on Friday, market expectations call for a number significantly lower than the stellar reading for January. In our opinion, the Friday report will need to see nonfarm payrolls under 200,000 to dramatically expand US slowing fears and push up rate cut hopes. In short, speculators are jumping in ahead of an emerging pattern of softer US data despite debatable inflation signals. It should be noted that the coming week will present an avalanche of global inflation readings which should keep the June rate cut issue in the windshield of the markets. The Commitments of Traders report for the week ending February 27th showed Gold Managed Money traders net long 68,042 contracts after increasing their already long position by 3,694 contracts. Non-Commercial & non-reportable traders are net long 160,396 contracts after net selling 672 contracts. Fortunately for the bull camp, the net spec and fund long positioning in gold recently dropped back into the middle of the last two years range as the net long positioning in this week's report is clearly understated given that April gold rallied \$57 from the report mark off. Therefore, the gold market likely retains speculative buying fuel. In a surprising development, May silver joined the gold rally Friday with the most significant rally since early December. For the bull camp, the net spec and fund long in silver sits near seven-month lows, leaving silver with residual buying capacity. Silver positioning in the Commitments of Traders for the week ending February 27th showed Managed Money traders net sold 9,506 contracts which moved them from a net long to a net short position of 4,143 contracts. Non-Commercial & non-reportable traders net sold 5,303 contracts and are now net long 30,232 contracts. The February 27th Commitments of Traders report showed Platinum Managed Money traders added 5,535 contracts to their already short position and are now net short 11,218. Non-Commercial & non-reportable traders are net long 9,177 contracts after net selling 5,167 contracts. The February 27th Commitments of Traders report showed Palladium Managed Money traders net bought 589 contracts and are now net short 11,510 contracts. Non-Commercial & non-reportable traders net bought 335 contracts and are now net short 12,200 contracts.

TODAY'S MARKET IDEAS:

We leave the edge with the bull camp in gold and silver, as the trade on Friday rekindled hope for a wave of June rate cuts even though the currency markets did not fully buy into that theme. This week's big events include the Chinese national party meeting which starts on Tuesday, a sprinkling of global inflation readings and US nonfarm payrolls which should provide significant direction for the outside markets that drive gold and silver. The range up move in gold and silver was partially confirmed by the upside breakout in US treasuries. Initial resistance for April gold today is \$2,107.70 with key support at \$2,074.70. Near-term upside targeting in May silver is now \$23.71 with key support at \$23.00.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

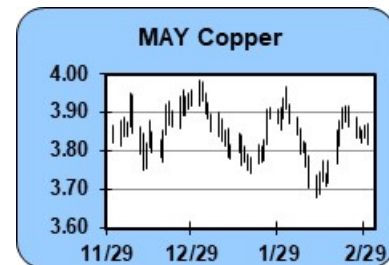
None

COPPER COMMENTARY

3/4/2024

Chinese demand fears remain but bulls hope for Chinese stimulus

GENERAL: The bulls received good news at the end of last week with headlines that the world's largest copper producer (Codelco) indicating their 2023 output was the lowest in 25-years. Keep in mind, the major bull argument of the October through early December rally was expectations of ongoing tightening of aboveground global supply! However, the bull camp was dealt a significant blow by a veritable explosion in Shanghai copper warehouse stocks over the last two weeks. Fortunately for the bull camp, general sentiment toward China has improved, thereby helping the copper trade discount headwinds from building Chinese domestic supplies. A Chinese national party meeting starts on Tuesday with some in the trade thinking a massive stimulus plan could be announced and we think that was the primary source of the bounce off last Friday's low. Overnight a private Chinese Caixin Services PMI reading for February came in slightly stronger than expected providing fresh bullish interest for copper to start the new trading week. China will release their monthly import and export figures at the end of the week and given the significant buildup in Shanghai copper stocks last month, that data is likely to be bearish to copper prices. However, the most recent positioning showed a moderate spec and fund net short position, thereby tempering the threat of massive stop loss selling by the bulls. The Commitments of Traders report for the week ending February 27th showed Copper Managed Money traders went from a net short to a net long position of 4,367 contracts after net buying 13,174 contracts. Non-Commercial & non-reportable traders are net short 2,498 contracts after net buying 15,447 contracts.



MARKET IDEAS:

We are highly suspicious of copper's ability to sharply extend Friday's four-day high upside breakout, as Chinese economic sentiment deteriorated at times last week which in turn increased chatter regarding a potential massive Chinese stimulus package announcement from this week's National Party Conference. It should be noted that in a break with tradition the Chinese government announced there would not be an opening press conference with the Chinese premier! Uptrend channel buying support is \$3.79, with closer in support today pegged at \$3.8625 and resistance at \$3.8980.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/20/2024 - 2/27/2024						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
Metals						
Copper	-4,031	+13,615	2,499	-15,446	1,533	+1,832
Gold	143,887	+1,340	-160,397	+672	16,509	-2,012
Palladium	-12,244	+195	12,200	-335	44	+140
Platinum	3,514	-4,784	-9,177	+5,167	5,663	-383
Silver	11,608	-7,767	-30,231	+5,305	18,624	+2,464

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) 03/04/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. 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 2132.2. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2117.2 and 2132.2, while 1st support hits today at 2067.2 and below there at 2032.1.

COMEX SILVER (MAY) 03/04/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The daily stochastics have crossed over up which is a bullish indication. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend could be turning up with the close back above the 18-day moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 24.003. The next area of resistance is around 23.747 and 24.003, while 1st support hits today at 22.973 and below there at 22.454.

COMEX PLATINUM (APR) 03/04/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 863.90. The next area of resistance is around 903.70 and 909.90, while 1st support hits today at 880.70 and below there at 863.90.

COMEX COPPER (MAY) 03/04/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close below the 9-day moving average is a negative short-term indicator for trend. 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 target is at 3.90. The next area of resistance is around 3.88 and 3.90, while 1st support hits today at 3.84 and below there at 3.80.

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	2092.2	76.76	67.39	68.40	82.93	2056.98	2046.86	2038.88	2051.06	2053.28
SIEK24	23.360	58.34	54.25	48.35	52.54	22.91	23.00	22.93	23.20	23.46
PLAJ24	892.20	47.13	46.41	37.94	36.20	889.55	895.37	895.58	921.03	928.75
CPAK24	3.86	55.15	53.51	70.46	72.42	3.85	3.87	3.81	3.84	3.84

PAAM24 962.50 52.06 50.00 66.04 64.79 948.35 964.49 942.08 979.38 1009.23

Calculations based on previous session. Data collected 03/01/2024

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	2032.0	2067.1	2082.1	2117.2	2132.2
SIEK24	COMEX Silver	22.453	22.972	23.228	23.747	24.003
PLAJ24	COMEX Platinum	863.90	880.70	886.90	903.70	909.90
CPAK24	COMEX Copper	3.79	3.83	3.85	3.88	3.90
PAAM24	COMEX Palladium	925.75	946.50	957.75	978.50	989.75

Calculations based on previous session. Data collected 03/01/2024

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