



DAILY METALS COMMENTARY

Wednesday March 06, 2024

PRECIOUS METALS COMMENTARY

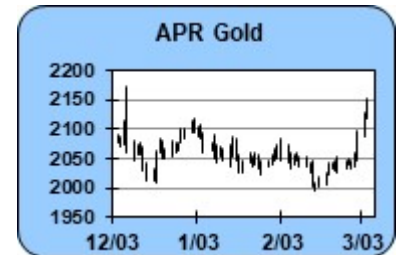
3/6/2024

The bias is up but gold bulls need help from J Powell

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -8.20, SILVER -0.01, PLATINUM +0.41

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were higher except for the two markets in Shanghai which closed less than 0.5% lower. Critical economic news released overnight included soft AiG construction, industry index and manufacturing PMI readings for January, slightly softer than expected Australian GDP, better-than-expected German imports and exports for January, a surprisingly large increase in the German trade surplus, stronger-than-expected GBP a construction PMI readings for February and a not as soft as feared euro zone retail sales for January. The North American session will start out with a weekly private survey of mortgage applications followed by the February ADP employment survey which is expected to have a sizable uptick from January's 107,000 reading. The Bank of Canada's latest monetary policy meeting is forecast to leave Canadian benchmark rates unchanged. The January US JOLTS survey is expected to have mild downticks from December's 9.026 million job openings reading and December's 3.270 million quits reading. January US wholesale trade is forecast to have a moderate downtick from December's 0.4% reading. Fed Chair Powell will testify in front of the House Financial Services Committee during midmorning US trading hours. The latest Fed Beige Book will be released during early afternoon US trading hours. San Francisco Fed President Daly and Minneapolis Fed President Kashkari will speak during afternoon US trading hours. Earnings announcements will include Campbell Soup before the Wall Street opening.



MARKET FUNDAMENTALS: Obviously, gold, and silver are short-term overbought from a technical perspective and perhaps somewhat overbought from a fundamental perspective. Nonetheless, with gold and silver prices vaulting higher yesterday and gold prices forging record highs again, the bull camp retains control even without a definitively apparent bullish fundamental theme. However, gold has forged a five-day low to high rally of \$123 which suggests the bull camp will need some "help" from the US Federal Reserve Chairman testimony this morning. While falling US treasury yields might have provided some lift yesterday, gold has not seen much support from the treasury markets during this wave lower in US treasury yields. Even more surprising is the fact gold and silver continue to rise without a significant Chinese stimulus and without noted weakness in the US dollar. So far, small investors have not joined the fray as gold and silver ETF holdings have continued to slide despite daily headlines touting huge returns for those long gold and silver instruments. While gold might be attracting investment from reemerging hopes for global rate cuts in June, following an extending chain of soft US data points and lower ISM prices paid, those arguments have not fostered gains in other critical physical commodities like oil and copper. Therefore, it appears that gold and silver are benefiting from a flight to quality angle which might be associated with or signaled by the upside explosion in bitcoin. However, the explosion in bitcoin could be the result of overzealous Asian traders migrating investments away from the slow to recover Chinese economy, especially with estimates suggesting 70% of Crypto trading is dominated by Asian traders. Some bulls might argue that the breakdown of the Middle East cease-fire talks justifies some flight to quality buying interest, while other traders think the fear of a significant stock market retrenchment from noted weakness in mega tech shares (which have been the backbone of the stock market for years) could be fostering buying of gold which in turn is dragging silver up. We will not argue against upside follow-through but continue to be very skeptical as the source of the rally is not apparent yet.

TODAY'S MARKET IDEAS:

The path of least resistance in gold and silver remains up with our best guess of the source of the rally attributable

to renewed hope of global central bank rate cuts which some in the trade think could be enacted before inflation is totally under control. However, it is possible that gold and bitcoin buyers are registering fear of upcoming US bank sector troubles with commercial real estate loans. We expect the April gold contract to target all-time highs up at \$2,171.50 and expect further declines in US treasury yields and weakness in the dollar to contribute to the bull case in the days ahead. However, given the aggressive rate of climb in gold prices (\$123 in five days) a back and fill setback from a neutral Fed testimony today could be outsized! With gold prices in record territory and PGM markets struggling to hold minimal gains from multiyear lows last month, bulls could consider long platinum as a substitute or surrogate for much higher priced gold. In fact, the fundamental backdrop for platinum is significantly more bullish than in gold with projections from the World Platinum Investment Council predicting another world platinum market deficit this year. Platinum demand has been firm after jumping 25% last year and platinum supplies are near record lows and are expected to decline further. Unprofitable pricing, infrastructure difficulties, higher costs, environmental barriers, and a lack of investment almost ensures tighter supply ahead. In conclusion, July platinum prices below \$900 should be considered a value!

NEW RECOMMENDATIONS:

Buy July Platinum at \$895 with an objective of \$1025. Risk the trade to \$877.

PREVIOUS RECOMMENDATIONS:

None

COPPER COMMENTARY

3/6/2024

Without a Chinese stimulus a dovish Fed is necessary today

GENERAL: On the one hand, seeing copper prices avoid noted weakness from a lack of stimulus from the Chinese national party meeting yesterday suggests the bear camp is not dominating the copper market at present. However, without an expansive stimulus from China, we suspect economic sentiment toward China will deteriorate again and along with a deterioration in sentiment toward China we suspect Chinese copper demand will be pulled down pulling copper prices down with it. Given the disappointment from the lack of a sentiment

changing Chinese stimulus package, upcoming Chinese import, and export data will need to show positive results avoid an extension of this week's developing lower high and lower low pattern on the charts. Fortunately for the bull camp, a UBS copper price forecast suggested the bull market in copper would extend in the years ahead as production problems are expected to remain entrenched. While the market has not shown interest in near-term supply tightening news, daily LME copper warehouse stocks continue to fall at a brisk pace thereby offsetting a portion of the significant jump in Chinese exchange warehouse stocks over the last two weeks.



MARKET IDEAS:

Fortunately for the bull camp, a portion of the trade thinks June rate cut potentials have been rekindled as the Chinese failed to offer support for their economy from the national People's Congress meeting. Key support is at a recent triple low around \$3.8340 and a trade above \$3.8880 likely signals a breakout above \$3.92.

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) 03/06/2024: 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 target is 2168.1. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 2153.7 and 2168.1, while 1st support hits today at 2121.7 and below there at 2104.1.

COMEX SILVER (MAY) 03/06/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 24.637. The next area of resistance is around 24.210 and 24.637, while 1st support hits today at 23.600 and below there at 23.418.

COMEX PLATINUM (APR) 03/06/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 909.75. The next area of resistance is around 895.50 and 909.75, while 1st support hits today at 875.50 and below there at 869.75.

COMEX COPPER (MAY) 03/06/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 3.82. The next area of resistance is around 3.86 and 3.88, while 1st support hits today at 3.83 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	2137.7	84.95	75.76	80.13	90.08	2101.28	2067.67	2047.59	2052.29	2055.63
SIEK24	23.905	65.50	59.98	60.13	70.82	23.54	23.16	23.08	23.16	23.44
PLAJ24	885.50	45.28	45.44	39.93	40.71	890.88	893.53	894.99	915.46	928.28
CPAK24	3.84	51.39	51.42	70.77	70.24	3.85	3.86	3.82	3.83	3.85
PAAM24	946.90	47.24	47.28	66.37	65.11	957.40	961.77	945.25	970.63	1009.49

Calculations based on previous session. Data collected 03/05/2024

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	2104.1	2121.7	2136.1	2153.7	2168.1
SIEK24	COMEX Silver	23.417	23.599	24.027	24.210	24.637
PLAJ24	COMEX Platinum	869.75	875.50	889.75	895.50	909.75
CPAK24	COMEX Copper	3.81	3.82	3.84	3.86	3.88
PAAM24	COMEX Palladium	918.82	933.15	946.32	960.65	973.82

Calculations based on previous session. Data collected 03/05/2024

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

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or

other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.