



DAILY METALS COMMENTARY

Thursday March 07, 2024

PRECIOUS METALS COMMENTARY

3/7/2024

The bias is up with more outside market assistance

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +3.60, SILVER -0.01, PLATINUM +0.10

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with declining markets outnumbering markets trading higher. Critical economic news released overnight included continued contraction in Australian home loans, stronger than expected Chinese imports and exports for February, no change in the Swiss unemployment rate, a catastrophic contraction in German factory orders in January 2011.3%, and a slight moderation in GBP Halifax House Prices in February. The North American session will start out with the February Challenger job cut survey followed by a weekly reading on initial jobless claims which are expected to have a minimal uptick from the previous 215,000 reading. Ongoing jobless claims are forecast to have a minimal weekly decline from the previous 1.905 million reading. The January US international trade balance is expected to have a minimal increase from December's \$62.2 billion monthly deficit. January Canadian international merchandise trade is forecast to have a modest increase from December's monthly deficit. Fourth quarter non-farm productivity is expected to have a moderate downtick from the previous 4.9% reading while fourth quarter unit labor costs are forecast to have a moderate uptick from the previous -1.1% reading. Fed Chair Powell will testify in front of the Senate Banking Committee during mid-morning US trading hours. Cleveland Fed President Mester will speak during late morning US trading hours. January US consumer credit is expected to have a sizable uptick from December's \$1.6 billion reading. Earnings announcements will include Kroger before the Wall Street opening while Broadcom, Costco Wholesale and Marvell Technology report after the close.



MARKET FUNDAMENTALS: While the views might be misguided and premature, a segment of the market believes interest rate cuts are likely to rekindle inflation which could be the source of the recent buying frenzy in gold, silver, and Bitcoin. Another bullish catalyst for gold and other physical commodities came from strong Chinese commodity imports which provides hope the Chinese economy is recovering. Keep in mind, the Chinese are the world's largest gold consumers! However, April gold has continued to surge over the last 48 hours while Bitcoin has seemingly stalled questioning the correlation between the two markets. On the other hand, the dollar index washed out sharply yesterday and is sitting right on its 200 day moving average this morning potentially setting up the beginning of a trend down. US treasuries also look to provide more support for gold and silver going forward especially if "any" of today's US employment related data shows weakness. In short, outside market influences on gold and silver look to be very supportive again today, likely propelling April gold to a contract high and other measures of gold to even higher all-time highs. While not major inputs to the bull case, the Perth mint showed very strong February gold sales, Chinese gold reserves expanded again and an attack on a ship in the Red Sea resulted in the first casualties of the Yemeni terrorists' attacks. So far, small investors/traders have not pushed money into gold ETF holdings which could ultimately be a signal of a top, with small investors becoming the bag holders. It is possible that gold, currencies, and US treasuries have overstated the dovishness of yesterday's Fed testimony as the probability of a June rate cut was only 57% after the testimony (from 55% before) and the probability has slipped slightly overnight. We think gold and silver prices will continue to track tightly with Bitcoin with gains above 70,000 in the March Bitcoin futures likely to inspire new all-time highs in gold prices. An alternative to buying overbought gold could be long platinum after the World Platinum Investment Council yesterday indicated the market would see another global deficit this year. While platinum demand improved last year, prices failed to rally, but a coming rally in platinum could be inspired by ongoing severe

financial difficulties among platinum miners in Africa. While July platinum exploded yesterday, prices are only \$43 above the last four months' lows!

TODAY'S MARKET IDEAS:

The path of least resistance in gold and silver remains up especially with outside market influences back into definitively supportive patterns. Furthermore, we see the bullish outside market forces of falling treasury yields and a weakening dollar accentuated further by soft US data in the coming hours. However, as indicated already, we suggest bulls interested in participating in the current precious metal rally should consider purchasing platinum which is significantly undervalued relative to gold prices over the last year.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

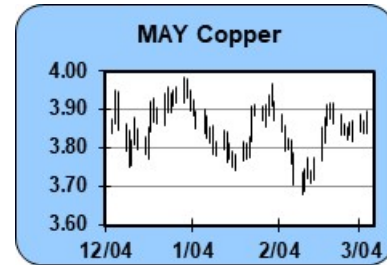
None

COPPER COMMENTARY

3/7/2024

Outside and inside fundamentals project higher prices ahead

GENERAL: With a strong range up breakout to the highest levels since January 31st, the copper market has clearly embraced Chinese copper import data positively. In fact, almost all forms of copper and copper product imports to China increased with January and February copper concentrates and ore reaching the highest seasonal tallies ever. In addition to China's 2.6% increase in January and February unwrought copper imports, the markets were also reminded of China's expanded smelting capacity from year ago levels. Obviously, expectations and hopes for a June US rate cut were improved yesterday and another day of soft US economic data today should begin to ratchet up broader market rate cut expectations. We see copper extending toward the January 31st high of \$3.9675 especially if the dollar falls further and treasuries rally following today's round of US jobs related data. We suspect the market will continue to benefit from short covering as last week's positioning report showed the copper market holding a "net short".



MARKET IDEAS:

The bulls have seen fundamentals shift definitively in favor of the bull camp with positive Chinese commodity import data rekindling hope for improving Chinese copper demand. Certainly, the market is limited by the recent explosion in Chinese copper supplies and therefore the improvement in demand has managed to overshadowed supply concern inside China. Therefore, Friday's Shanghai copper warehouse stocks release will take on added importance especially after the significant jumps in Chinese supplies over the last two weeks. Nonetheless, we see macroeconomic sentiment adding to long interest in copper today especially if the US presents additional soft data. We see copper extending toward the January 31st high of \$3.9675.

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) 03/07/2024: 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. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 2178.9. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2168.4 and 2178.9, while 1st support hits today at 2139.6 and below there at 2121.4.

COMEX SILVER (MAY) 03/07/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 25.022. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 24.760 and 25.022, while 1st support hits today at 24.010 and below there at 23.523.

COMEX PLATINUM (APR) 03/07/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside objective is 938.77. The next area of resistance is around 928.45 and 938.77, while 1st support hits today at 896.15 and below there at 874.18.

COMEX COPPER (MAY) 03/07/2024: The crossover up in the daily stochastics is a bullish signal. 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 daily closing price reversal up is a positive indicator that could support higher prices. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 3.92. The next area of resistance is around 3.90 and 3.92, while 1st support hits today at 3.84 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 | 2154.0 | 86.98 | 78.07 | 84.08 | 92.21 | 2126.28 | 2080.83 | 2053.32 | 2053.64 | 2057.09 |
| SIEK24 | 24.385 | 73.67 | 66.14 | 67.50 | 81.31 | 23.96 | 23.34 | 23.17 | 23.17 | 23.44 |
| PLAJ24 | 912.30 | 56.17 | 52.69 | 44.80 | 54.52 | 897.98 | 894.30 | 896.02 | 913.31 | 928.16 |
| CPAK24 | 3.87 | 58.13 | 55.34 | 71.48 | 72.89 | 3.86 | 3.86 | 3.83 | 3.83 | 3.85 |
| PAAM24 | 1048.90 | 67.13 | 61.36 | 68.20 | 71.85 | 982.93 | 969.61 | 953.62 | 969.10 | 1010.51 |

Calculations based on previous session. Data collected 03/06/2024

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 | 2121.3 | 2139.6 | 2150.1 | 2168.4 | 2178.9 |
| SIEK24 | COMEX Silver | 23.522 | 24.010 | 24.272 | 24.760 | 25.022 |
| PLAJ24 | COMEX Platinum | 874.17 | 896.15 | 906.47 | 928.45 | 938.77 |
| CPAK24 | COMEX Copper | 3.80 | 3.84 | 3.86 | 3.90 | 3.92 |
| PAAM24 | COMEX Palladium | 923.95 | 993.90 | 1033.95 | 1103.90 | 1143.95 |

Calculations based on previous session. Data collected 03/06/2024

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