



DAILY METALS COMMENTARY Wednesday March 13, 2024

PRECIOUS METALS COMMENTARY

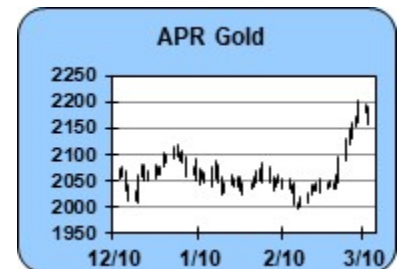
3/13/2024

Expect prices to mark time today before key data tomorrow

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD -2.00, SILVER +0.00, PLATINUM +0.63

OUTSIDE MARKET DEVELOPMENTS: Global equity markets were mixed overnight with up markets outnumbering down markets. However, most of the overnight weakness was centered in Asia with declines in Chinese and Japanese markets. Critical economic news released overnight included a contraction in New Zealand food price index readings for February, a larger than expected German wholesale price index decline, a larger than expected GBP industrial production decline in January, a slight expansion of GBP trade deficit numbers for January, flat GBP manufacturing production, and as expected GBP which posted a gain of 0.2%. The North American session starts out with a weekly private survey of mortgage applications, and there are no major US or Canadian economic numbers scheduled. Earnings announcements will include Dollar Tree before the opening of Wall Street, while Lennar reports after the close.



MARKET FUNDAMENTALS: While the dollar has not shown fresh direction following its aggressive recovery bounce yesterday, the upward bias from the charts and a measure of newfound respect for lingering inflation reduces the prospect of US easing in June. However, gold and silver should be cushioned by continued chatter about a European rate cut in June. In today's action the markets could simply "mark time" as the other shoe to drop (Thursdays PPI) could easily rekindle another upward pulse in the dollar and downward pulse action in gold and silver. However, today's US economic report slate is devoid of reports likely to produce reactions in precious metal markets unless US treasuries react more than usual to US mortgage applications. On the other hand, with the dollar bias shifting higher and treasury yields rising, the magnitude of the Tuesday washout in gold could have been more aggressive especially given the \$150 rally off the lows this month. While gold ETF holdings have continued to decline, Costco reported it has been selling 1 ounce 24-karat gold bars since October of last year and has sold more than \$100 million, and that suggests small investor interest has picked up under the surface. It should also be noted that Costco reported heavy purchases of silver coins and is also selling Canadian precious metal coins. The most recent gold ETF holdings report showed a 4.3% year to date decline in ETF holdings could be a sign that some gold investors and traders have decided to utilize Bitcoin instead of gold derivatives. While we doubt gold will forge a full retracement of the February and March rally, that would produce a steep correction down to \$2,124.80. A closer in support and key pivot point today in April gold is seen at \$2,150.50. Those long gold should recognize the potential for another liquidation wave in the wake of Thursday's US PPI report!

TODAY'S MARKET IDEAS:

As we indicated earlier this week, we suggested traders bank profits, implement protective stop loss orders, or implement options hedges against long positions and that advice holds into tomorrow's US PPI report. In fact, we suggest longs also step up options protection if gold retests \$2,180 before Thursday's US PPI report release. Certainly, a definitive decline in US PPI could save the day for the bull camp, which justifies staying long gold but implementing option protection.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

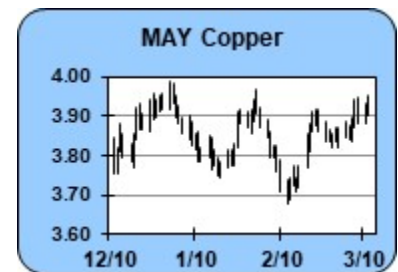
None

COPPER COMMENTARY

3/13/2024

Bullish resiliency impressive as traders see better China news

GENERAL: Given the upside breakout overnight to the highest price level since late December, the Chinese copper trade is apparently focused on talk from Chinese smelters of the lack of available copper concentrate supply which in turn has resulted in a coordinated effort to close facilities with operating losses until treatment charges recover and domestic raw materials become more available. A minimal positive overnight development came from another decline in daily LME copper warehouse stocks but that was partially offset by Chinese new loans for February posting below the prior month. While the May copper contract managed an upside breakout to the highest level since the end of December overnight, we expect expanded volatility over the coming 24 hours as most markets are expected to be very sensitive to the Thursday US PPI report which is expected to post a modest gain of 0.3%. Not surprisingly, the sticky US consumer price index readings the dollar with lift and at least temporarily pushed up treasury yields. Fortunately for the bull camp, the disappointment over the inflation reading yesterday did not prevent equities from forging noted gains, which in turn keeps demand hopes for physical commodities alive.



MARKET IDEAS:

While disappointment from Chinese new loan data later today will likely result in some give back of significant overnight gains, the bull camp in copper should be emboldened by signs of a shortage of raw smelting material inside China and from signs earlier this week a Chinese entity was seeking to buy foreign copper production companies. Unfortunately for the bull camp, expectations for February Chinese new loans called for a much smaller number than in January. While the path of least resistance is pointing up from the charts, we see the risk and reward of fresh longs from current prices as unattractive with a near-term target getting closer to the trade at \$3.986.

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) 03/13/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 2133.2. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2179.4 and 2202.4, while 1st support hits today at 2144.8 and below there at 2133.2.

COMEX SILVER (MAY) 03/13/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 25.125. The next area of resistance is around 24.670 and 25.125, while 1st support hits today at 23.990 and below there at 23.765.

COMEX PLATINUM (APR) 03/13/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside objective is at 956.65. The next area of resistance is around 942.30 and 956.65, while 1st support hits today at 914.50 and below there at 901.05.

COMEX COPPER (MAY) 03/13/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 3.97. The next area of resistance is around 3.95 and 3.97, while 1st support hits today at 3.91 and below there at 3.88.

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	2162.1	71.58	70.16	89.39	87.10	2176.15	2140.56	2087.96	2062.66	2066.65
SIEK24	24.330	64.82	61.82	82.80	85.48	24.56	24.11	23.59	23.25	23.53
PLAJ24	928.40	58.24	55.31	69.85	78.85	926.75	909.43	904.77	908.55	928.02
CPAK24	3.93	64.51	60.43	76.10	79.13	3.92	3.89	3.87	3.84	3.85
PAAM24	1050.59	64.42	60.03	74.22	77.72	1039.18	1003.91	984.85	966.75	1014.87

Calculations based on previous session. Data collected 03/12/2024

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	2133.2	2144.8	2167.8	2179.4	2202.4
SIEK24	COMEX Silver	23.764	23.990	24.445	24.670	25.125
PLAJ24	COMEX Platinum	901.05	914.50	928.85	942.30	956.65
CPAK24	COMEX Copper	3.87	3.90	3.92	3.95	3.97
PAAM24	COMEX Palladium	996.30	1028.09	1041.30	1073.09	1086.30

Calculations based on previous session. Data collected 03/12/2024

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