



## DAILY METALS COMMENTARY Monday April 01, 2024

### PRECIOUS METALS COMMENTARY

4/1/2024

#### Speculative frenzy toward gold continues

##### OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

**GOLD +41.00, SILVER +0.04, PLATINUM +0.50**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly higher except for the markets in Spain which traded 0.33% lower. Critical economic news released overnight included a Japanese Tankan Large manufacturing index reading come in better than expectations as did the Japanese Tankan All Industry Capex showed and non-manufacturing index readings improved, the Chinese Caixin cactus in manufacturing PMI came in slightly better than expected. Many European markets and the Canadian market were closed for Easter Monday. Critical US economic data scheduled for release today includes S&P global manufacturing PMI for March, US construction spending for February, which is expected to gain of 0.6%, ISM Manufacturing employment index readings for March, ISM manufacturing new orders index for March, ISM manufacturing PMI, which is expected to be up, and ISM Manufacturing prices paid for March which is also expected to tick higher.



**MARKET FUNDAMENTALS:** The views that gold prices are being pulled higher by Bitcoin are dealt a blow this morning with gold at times trading nearly \$40 an ounce higher and bitcoin at times trading \$2000 lower. Another potential myth regarding the record run in gold is talk that global central bankers are dumping the dollar in favor of long gold positions. While we suspect central bankers have investment plans in motion to buy gold, the dollar has not suffered from a massive rotation. On the other hand, hedge fund managers continue to their build their long positions. In fact, adjusted for the gains since the current COT positioning report was released in June gold has gained more than \$80 an ounce thereby likely putting the spec and fund long at the highest level since April of 2022! The March 26th Commitments of Traders report showed Gold Managed Money traders are net long 157,720 contracts after net buying 253 contracts. Non-Commercial & non-reportable traders added 3,890 contracts to their already long position and are now net long 236,610. So far, small investors have not rushed into gold ETF holdings with current gold ETF holdings down 4% versus holdings at the beginning of the year. Nonetheless, the gold trade remains fixated on the perception that the US and other central bankers are poised to cut rates despite the potential to rekindle the smoldering embers of inflation. In retrospect, gold open interest fell back sharply last week following a blowoff rally and reversal and now looks to rebuild in a fashion that confirms the upward bias. Not to be left out, silver has also managed a range up extension but remains well below its March highs and adjusted for the gains since the last positioning report was measured silver likely has the largest net spec and fund long since April 2022. Silver positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders reduced their net long position by 7,637 contracts to a net long 30,182 contracts. Non-Commercial & non-reportable traders net sold 1,385 contracts and are now net long 62,720 contracts. Critical support in May silver today is \$25.05 with key resistance and a pivot point at \$25.41. The March 26th Commitments of Traders report showed Platinum Managed Money traders were net short 2,741 contracts after decreasing their short position by 1,084 contracts. Non-Commercial & non-reportable traders were net long 13,941 contracts after increasing their already long position by 426 contracts. Palladium positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders were net short 10,081 contracts after decreasing their short position by 58 contracts. Non-Commercial & non-reportable traders are net short 9,981 contracts after net buying 173 contracts.

#### TODAY'S MARKET IDEAS:

While we continue to have difficulty determining the primary driving force behind the rally in gold, the ability of gold to rally sharply without a falling dollar and a surging bitcoin suggests the gold market could be the leading market. While the idea that easier global monetary policy is behind the gold rally has some basis in fact that argument is overplayed and fundamentally a little suspicious. Nonetheless, the trade is fixated on the prospects of a June US rate cut even though the CME Fed watch tool this morning pegs the odds of a rate cut in June at only 65.9%! In the end, the bias is up, but the market is overbought, and the bull fundamentals are suspicious. Perhaps the markets are concerned about the US political situation, the Middle East, the US southern border, Ukraine, and or Taiwan.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

None

**COPPER COMMENTARY**

4/1/2024

**The bias is up off better Chinese data**

**GENERAL:** Apparently, the copper trade has been able to discount last Friday's 1.8% week over week jump in Shanghai copper warehouse stocks, which is surprising considering the rapid "trend" of building stocks at the exchange. However, copper should be cheered by a favorable Chinese Caixin Manufacturing PMI reading for March, but the gains were fractional. Perhaps the trade is cheered by signs of reduced refined copper production plans from several Japanese companies for the first half of 2024. Unfortunately for the bull camp the net spec and fund long positioning in copper is burdensome with the May contract at this morning's high sitting nearly 7 cents above the level where the report put the copper market at the largest net spec and fund long since April 2022. Copper positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders are net long 20,269 contracts after net selling 19,001 contracts. Non-Commercial & non-reportable traders are net long 32,022 contracts after net selling 10,611 contracts.



**MARKET IDEAS:**

With copper prices this morning sitting nine cents below the mid-March high and sitting nine cents above the late March low, more gains coupled with increased volatility could be expected before the market hits formidable resistance. Key support climbs to \$4.03 and critical resistance today is \$4.07.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 3/19/2024 - 3/26/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Metals</b>						
Copper	23,607	-10,920	-32,023	+10,610	8,415	+309
Gold	218,366	+79	-236,610	-3,890	18,244	+3,811
Palladium	-9,857	+80	9,981	-174	-124	+93
Platinum	8,583	+1,805	-13,941	-426	5,358	-1,379
Silver	47,926	-4,587	-62,718	+1,386	14,794	+3,202

## 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 (JUN) 04/01/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 2273.0. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2259.9 and 2273.0, while 1st support hits today at 2220.7 and below there at 2194.5.

COMEX SILVER (MAY) 04/01/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is now at 24.335. The next area of resistance is around 25.245 and 25.415, while 1st support hits today at 24.705 and below there at 24.335.

COMEX PLATINUM (JUL) 04/01/2024: The major trend could be turning up with the close back above the 40-day moving average. Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close above the 9-day moving average is a positive short-term indicator for trend. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is 898.28. The next area of resistance is around 931.25 and 937.27, while 1st support hits today at 911.75 and below there at 898.28.

COMEX COPPER (MAY) 04/01/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside objective is 3.96. The next area of resistance is around 4.03 and 4.06, while 1st support hits today at 3.98 and below there at 3.96.

## 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
<b>METALS COMPLEX</b>										
GCEM24	2240.3	75.01	72.27	66.00	67.82	2212.93	2202.70	2195.54	2117.42	2106.07
SIEK24	24.975	59.64	60.12	55.63	45.88	24.81	24.96	24.83	23.76	23.61
PLAN24	921.50	50.36	50.17	35.33	29.35	917.63	916.52	925.78	916.91	921.98
CPAK24	4.00	52.57	55.70	58.46	50.50	4.01	4.04	4.00	3.90	3.88
PAAM24	1021.50	52.72	52.60	37.03	29.88	1007.23	1009.67	1026.83	982.26	983.42

Calculations based on previous session. Data collected 03/28/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCEM24	COMEX Gold	2194.4	2220.6	2233.7	2259.9	2273.0
SIEK24	COMEX Silver	24.334	24.705	24.875	25.245	25.415
PLAN24	COMEX Platinum	898.27	911.75	917.77	931.25	937.27
CPAK24	COMEX Copper	3.95	3.97	4.00	4.03	4.06
PAAM24	COMEX Palladium	993.50	1008.50	1019.50	1034.50	1045.50

Calculations based on previous session. Data collected 03/28/2024

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