



## DAILY METALS COMMENTARY

Wednesday April 03, 2024

### PRECIOUS METALS COMMENTARY

4/3/2024

#### A loss of momentum looms

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

**GOLD +8.60, SILVER +0.05, PLATINUM -0.50**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were evenly divided between winners and losers with most markets posting changes of less than 0.5%. Critical economic news released overnight included better but still deep in contractionary territory Australian AiG construction and manufacturing PMI readings for February, softer Japanese Jibun Bank services PMI, minimally improved Chinese Caixin services PMI for March, a surprisingly large jump in Italian unemployment for the month of February (+0.2%), a slightly higher than expected euro zone unemployment rate reading for February, and softer euro zone core and harmonize consumer prices for the month of March. The North American session will start out with a weekly private survey of mortgage applications followed by the March ADP employment survey which is forecast to have a mild uptick from February's 140,000 reading. The March ISM services PMI is expected to have a minimal uptick from February's 52.6 reading. Fed Governor Bowman will speak during morning US trading hours while Fed Chair Powell, Chicago Fed President Goolsbee, Fed Vice Chair Barr and Fed Governor Kugler will speak during the afternoon.



**MARKET FUNDAMENTALS:** Another day and another new all-time high in gold prices with the market managing the rally in the face of adversity from the dollar and US treasury yields. According to overnight press coverage from Asia, gold prices are being lifted by inflationary pressures resulting in purchasing of gold as a hedge. However, we are suspicious of that argument as inflation data has softened and delays in cutting interest rates should reduce inflationary expectations. Not surprisingly, the breakneck pace of gains has fostered a plethora of bullish chatter which should facilitate further gains ahead. Apparently, flight to quality interest from the renewed attacks by Israel is at the top of some traders list as the primary force lifting gold, especially with the recent attack reportedly killing seven aid workers. Other traders think global central bankers are reducing US treasury holdings and increasing gold holdings as a percent of their total holdings. Furthermore, given the sharp slide in treasury prices this week, ideas that central bankers are trimming US treasury holdings and buying gold is certainly plausible. Therefore, the focus of the gold trade directly ahead could become intense on treasury market action. With this week presenting the latest US monthly jobs report cycle, volatility in treasuries could surge thereby fanning the speculative flames for gold. Surprisingly, gold, and silver ETF holdings have not seen any investment inflows of note (yesterday gold ETF holdings fell by 117,781 ounces and are 4.1% lower year-to-date) which could be seen as a sign that the small investor has not entered the fray yet! On the other hand, the net spec and fund long positions in gold and silver are likely ramping up significantly with the long in gold likely approaching the highest levels since the first quarter of 2022. From a technical perspective, the rally this week has been suspect as aggressive gains have been forged on extremely low trading volume and declining open interest! While the \$2,300 level could become psychological resistance, the primary bull force driving gold seems to be entrenched and therefore prices might waffle around \$4.10 until the monthly US jobs report cycle results in a market opinion on the US economy.

#### TODAY'S MARKET IDEAS:

While the bull camp retains the edge this week's rally has been forged on very low trading volume and open interest has declined indicating the breadth of buying is narrow. Obviously, gold prices have become very expensive and are reportedly slamming demand in India and China with prices gaining 15% from the middle of

February! Nonetheless, the bull camp retains an edge with gold and silver managing to rally in the face of typically bearish outside market headwinds. However, tensions in the Middle East are escalating following the latest Israeli attack, China is thought to be gaining economic traction and plummeting US treasury prices give a small measure of credence to the talk that central banks are shifting reserves from treasuries to gold! Critical support (which is very difficult to measure at record price levels) is located at \$2,250 with a thin measure of resistance at psychological even number pricing of \$2,300. On the other hand, the failure to hold \$2272.50 could signal a badly needed retracement. A normal retracement of the late March and early April rally is pegged at \$2256.10.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

None

**COPPER COMMENTARY**

4/3/2024

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

**GENERAL:** The copper market posted a higher high yesterday and again overnight as if the trade continues to embrace fresh signs of a recovery in China following positive economic news released over the last week (better Chinese manufacturing PMI). In fact, the Chinese economy produced a positive Caixin services PMI reading overnight, and it appears that China is indeed showing some green shoots. It should be noted that the front month Shanghai exchange copper contract reached an all-time high today after five consecutive higher closes which certainly speaks of an overdone short-term technical condition. Furthermore, given the reduction in smelter capacity, China is likely to become a larger importer of finished copper products and less interested in raw ore. Overnight the Shanghai exchanged released or republished last week's copper warehouse inventory readings with a gain of 1,621 tons adding to the recent string of rising inventories. On the other hand, Asian sources are predicting Chinese copper inventories will begin to fall as seasonal production picks up, but normal seasonal production could be hindered by the effort to reduce excess smelter capacity. While rising US treasury yields and a surging US dollar are headwinds, that action has not been a major feature in the copper trade. On the other hand, open interest in copper has exploded and is approaching 294,000 contracts and the rally over the previous 3 days was forged on very low trading volume which could indicate waning interest for copper priced around \$4.10.



**MARKET IDEAS:**

New record high Shanghai copper futures prices, another new high for the move in US copper prices and positive Chinese economic data leaves the bull camp in control. However, technical signals are registering overbought readings and trading volume is softening on the rally. However, improved Chinese economic sentiment can extend the bullish wave toward copper, but with the initial failure to hold above \$4.10 overnight, we feel the risk of adding to long positions at current levels is unattractive.

**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 (JUN) 04/03/2024:** Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 2323.5. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2313.8 and 2323.5, while 1st support hits today at 2280.8 and below there at 2257.4.

**COMEX SILVER (MAY) 04/03/2024:** The daily stochastics gave a bullish indicator with a crossover up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside target is at 26.988. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 26.712 and 26.988, while 1st support hits today at 25.678 and below there at 24.919.

**COMEX PLATINUM (JUL) 04/03/2024:** The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The crossover up in the daily stochastics is a bullish signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 961.60. The next area of resistance is around 951.60 and 961.60, while 1st support hits today at 922.20 and below there at 902.80.

**COMEX COPPER (MAY) 04/03/2024:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 4.02. The next area of resistance is around 4.10 and 4.12, while 1st support hits today at 4.05 and below there at 4.02.

## 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	2297.3	83.87	79.40	75.31	85.26	2260.03	2226.73	2209.45	2127.85	2112.87
SIEK24	26.195	78.50	72.96	56.04	63.71	25.23	25.04	24.98	23.87	23.69
PLAN24	936.90	56.43	53.99	32.55	33.71	919.13	917.12	927.19	917.19	919.95
CPAK24	4.07	65.68	63.42	56.26	56.00	4.03	4.03	4.02	3.91	3.89
PAAM24	1004.30	47.73	49.52	30.87	25.19	1005.20	1006.07	1027.53	984.27	981.47

Calculations based on previous session. Data collected 04/02/2024

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	2257.3	2280.7	2290.4	2313.8	2323.5
SIEK24	COMEX Silver	24.918	25.677	25.953	26.712	26.988
PLAN24	COMEX Platinum	902.80	922.20	932.20	951.60	961.60
CPAK24	COMEX Copper	4.01	4.05	4.07	4.10	4.12
PAAM24	COMEX Palladium	982.15	990.30	1010.15	1018.30	1038.15

Calculations based on previous session. Data collected 04/02/2024

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