



DAILY METALS COMMENTARY

Wednesday April 10, 2024

PRECIOUS METALS COMMENTARY

4/10/2024

Severe overbought condition presents a key junction

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +9.90, SILVER +0.02, PLATINUM +0.80

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mostly higher except for the markets in Japan, Russia, and mainland China which traded moderately lower. Overnight the Fitch credit rating agency lowered the outlook for China citing difficulty over transitioning away from a property centric economy. Critical economic news released overnight included slightly expanded Japanese bank lending, a softer than expected Japanese producer price index reading for March, no change in interest rates in New Zealand, and slightly softer than expected Italian retail sales. Apparently, Chinese new loans have been pushed back with the next scheduled economic readings from China consumer price index readings for March released tomorrow. The North American session will start out with a weekly private survey of mortgage applications followed by the highlight for global markets, the March US consumer price index which is expected to have a mild uptick from February's 3.2% year-over-year rate. The March core consumer price index (excluding food and energy) is forecast to have a minimal downtick from February's 3.8% year-over-year rate. The Bank of Canada's latest monetary policy meeting is not expected to result in any change to benchmark Canadian interest rates. The minutes from the March FOMC meeting will be released during afternoon US trading hours. Fed Governor Bowman will speak during morning US trading hours while Chicago Fed President Goolsbee will speak during the afternoon. Earnings announcements include Delta Air Lines before the Wall Street opening.



MARKET FUNDAMENTALS: While gold has not managed a new all-time high this morning, both gold and silver markets remain just under this week's highs. We suspect the downgrade of China provides a measure of flight to quality buying, but China is also the largest consumer of gold, and the last mainland China gold import tally showed a month over month reduction of almost 50% and therefore the downgrade could injure classic physical gold demand expectations. In a sign of volatility potential in the current market, the Shanghai futures exchange implemented trading limits on gold and copper starting Friday. However, the focus of the gold trade will obviously shift to the US today and the latest inflation reading which in turn will likely result in the usual chain reaction between US treasuries, the dollar and gold prices. Clearly, the trade is expecting US CPI to soften thereby rekindling hope for rate cuts. Fortunately for the bull camp, supportive data and developments have not lifted the dollar, potentially indicating a lower path in the currency index ahead. Even though futures prices are short-term and intermediate term overbought, stock analysts suggest that gold mining shares are not overvalued yet and its possible gains in gold mining shares could help support gold. Clearly, seeing gold and silver as hedges against a widening of geopolitical risks around the globe will remain in place today despite the gyrations caused by US CPI. Unfortunately for the bull camp, the breakneck rate of gain since late last month leaves little in the way of close in support on the charts for gold, with the \$2,350 level suspect as initial support and a more solid support point seen all the way down at \$2,321.70.

TODAY'S MARKET IDEAS:

The path of least resistance remains up despite short-term technical indicators registering sell signals. However, reconfirmation of ongoing global central bank buying this week, a slight softening of US treasury yields and emerging weakness in the dollar should leave the bull camp with a slight edge today. On the other hand, the Fitch downgrade of China from surging debt levels is certainly an issue that could harm the bull camp ahead. In the near-term, US rate cut hopes have been steadily dissipating and today's reading could be the final death knell of

early US rate cut hopes unless CPI is at or below +0.2%.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

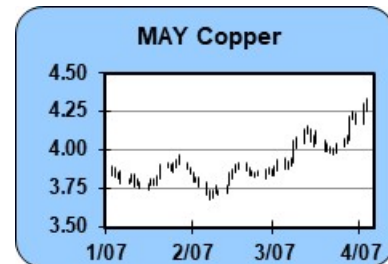
Long May Gold \$2,300 put at \$15.00 and long a June Gold \$2,390 call at \$35.00. Use an objective of \$35.00 for the May put and wait for further instructions for this strategy in upcoming comments. Utilize a risk on the long June \$2390 call at \$32 through the CPI report this morning.

COPPER COMMENTARY

4/10/2024

Severe overbought technical conditions into key US macro data

GENERAL: With May copper sitting just under yesterday's spike high, the market up aggressively over the past two weeks and holding the gains this morning in the face of a Fitch downgrade of China, the bull camp in copper has significant fortitude. The Fitch downgrade moved the Chinese outlook to negative because of consistently expanding debt. In a sign of volatility potential in the current market, the Shanghai futures exchange implemented trading limits on gold and copper starting Friday. Apparently, a portion of the trade continues to base their buying interest on the mine disruptions in central and south America, while others continue to buy aggressively off the unilateral decision to reduce smelter capacity in China. However, with the copper market into the highs yesterday sitting \$0.55 above the 2024 low, short-term technical indicators are flashing red and with a wave of fund buying operating in the market this week, prices are beginning to feel very expensive. In fact, with copper prices reaching 14 month highs yesterday, we suspect copper has seen its net spec and fund long reach the highest level since March 2022.



MARKET IDEAS:

While we are unwilling to jump in the short side in the face of an aggressive uptrend, seeing the downgrade of China because of surging debt increases the prospect the copper market could see a very aggressive setback. While we do not expect a full normal retracement of the late March and early April rally, that retracement price sits at \$4.1935. Another potential critical pivot point in the May copper contract today is \$4.2525.

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) 04/10/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 2399.4. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2385.6 and 2399.4, while 1st support hits today at 2356.8 and below there at 2341.9.

COMEX SILVER (MAY) 04/10/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 28.883. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 28.612 and 28.883, while 1st support hits today at 27.898 and below there at 27.454.

COMEX PLATINUM (JUL) 04/10/2024: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 1014.62. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1003.34 and 1014.62, while 1st support hits today at 978.65 and below there at 965.23.

COMEX COPPER (MAY) 04/10/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 4.37. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 4.33 and 4.37, while 1st support hits today at 4.26 and below there at 4.22.

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										
GCEM24	2371.2	86.74	83.03	91.03	93.75	2347.25	2305.96	2249.53	2157.24	2135.14
SIEK24	28.255	89.84	83.85	82.51	90.85	27.70	26.50	25.77	24.34	24.04
PLAN24	991.00	70.11	64.39	63.61	77.04	962.95	941.64	932.76	920.10	920.57
CPAK24	4.29	82.10	76.67	79.99	87.76	4.27	4.15	4.11	3.95	3.92
PAAM24	1086.09	65.75	61.38	44.59	60.95	1046.33	1025.31	1026.18	990.92	984.35

Calculations based on previous session. Data collected 04/09/2024

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						
GCEM24	COMEX Gold	2341.8	2356.8	2370.6	2385.6	2399.4
SIEK24	COMEX Silver	27.453	27.897	28.168	28.612	28.883
PLAN24	COMEX Platinum	965.22	978.64	989.92	1003.34	1014.62
CPAK24	COMEX Copper	4.21	4.25	4.29	4.33	4.37
PAAM24	COMEX Palladium	1056.80	1073.09	1082.80	1099.09	1108.80

Calculations based on previous session. Data collected 04/09/2024

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.