



DAILY METALS COMMENTARY

Thursday April 18, 2024

PRECIOUS METALS COMMENTARY

4/18/2024

The bias in gold remains up but more choppiness

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +5.90, SILVER +0.01, PLATINUM -0.13

OUTSIDE MARKET DEVELOPMENTS: Global equity markets traded higher overnight with gains largely less than 0.5%. Critical economic news released overnight included significant (less dovish) central banker dialogue flowing from the IMF meeting, a weaker than expected Australian employment reading for March, residual weakness in Australian bank business confidence readings, slight uptick in Australian unemployment (but softer than expected), softer Swiss trade activity in euro zone construction output for February. The North American session will start out with a weekly reading on initial jobless claims that are expected to have a modest uptick from the previous 211,000 reading. Ongoing jobless claims are forecast to have a minimal weekly increase from the previous 1.817 million reading. The April Philly Fed manufacturing survey is expected to have a mild downtick from March's 3.2 reading. March existing home sales are forecast to have a moderate downtick from February's 4.38 million annualized rate. The Conference Board's March reading on leading indicators is expected to have a minimal downtick from February's 0.1% reading. Fed Governor Bowman, New York Fed President Williams and Atlanta Fed President Bostic will speak during morning US trading hours. Earnings announcements will include Elevance Health, Marsh & McLennan, Blackstone and Infosys before the Wall Street opening while Netflix and Intuitive Surgical report after the close.



MARKET FUNDAMENTALS: Despite a chorus of hawkish (less dovish) global central bank dialogue flowing from the IMF meeting, gold and silver prices are tracking higher perhaps because of slightly supportive outside market action in US treasuries and the dollar. However, a new concern may be rising in the marketplace as significant declines in Japanese and South Korean currencies were acknowledged by the US Treasury Secretary at the IMF meeting with the US, Japan and South Korean officials agreeing on the need to monitor and consult with other central banks on the situation. Not surprisingly, the IMF dialogue has resulted in a downside extension in the US dollar this morning which could be the primary source of the gold and silver rebounds. However, checking the upside action in gold is the latest wave of US Fed commentary which in turn pushed back the timing of and reduces the potential number of US rate cuts this year. The gold and silver markets were deserving of a setback from severely overbought technical conditions, but the pattern of higher lows (in general) has not been disrupted this week. On the other hand, bitcoin futures posted a massive range down failure yesterday and reached the lowest levels since the end of February in a fashion that detracts from the gold bull case. Unfortunately for the bull camp, the net spec and fund long in gold as of Tuesday last week reached the highest level in 15 months and adjusted for the extension into the all-time high of \$80, we estimate the net spec long to be above 300,000 contracts! In the end, what goes up aggressively can correct aggressively, and getting short is trading against the trend and is betting against Israeli retaliation. Uptrend channel support in June gold today is \$2,376.40 with a trade back above \$2,399.50 potentially reigniting the rally.

TODAY'S MARKET IDEAS:

While we give the temporary edge to the bear camp, we think the uptrend in gold will soon return! Rather than get short for a temporary correction, we suggest traders stick with the bull case and utilize risk controlled strategies in call options. In our opinion, traders should consider June bull call spreads using close strike prices where the short call can be lifted if declines become significant in the next two days.

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 \$11.00 for the Long May \$2,300 put. *Hit the objective on the long June Gold \$2,390 call of \$90.00.

COPPER COMMENTARY

4/18/2024

Hedge fund short covering, Russian sanctions & deficit forecasts

GENERAL: With major brokerage firm research departments predicting an extreme global refined copper deficit this year and reports of concentrated hedge fund stop loss buying copper prices have vaulted even higher which certainly exaggerates what was already a significant overbought condition. Adding into the speculation of ongoing tightness in copper are concerns that sanctions on Russia will impact their exports of copper, aluminum, and nickel. A large portion of overnight gains is likely a reaction to the 3% rally in Shanghai copper overnight. It should be noted that the US and China are engaging in a trade rift over base metals trade and that adds the potential for increased copper price volatility. Certainly, the reduction in Chinese smelting capacity has given the bull camp a distraction from classic Chinese demand signals, but massive inflows to Shanghai copper warehouse stocks and a massive net spec and fund long suggests the current rally is excessive. In fact, adjusted for the \$0.14 rally following the last COT positioning report, we estimate the net spec and fund long in copper has reached the highest level in two years and is nearing the record net spec and fund long.



MARKET IDEAS:

While the trend in copper from the charts clearly favors the bull camp, supply and demand fundamentals do not support the massive, compacted run-up in prices. However, with a pattern of higher lows and a general pattern of higher highs, the market has bullish momentum and at present copper has de-linked from a tight correlation with economic signals flowing from China.

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) 04/18/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 next downside target is now at 2355.9. The next area of resistance is around 2406.1 and 2426.8, while 1st support hits today at 2370.7 and below there at 2355.9.

COMEX SILVER (MAY) 04/18/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market's close above the 9-

day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 27.693. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 28.740 and 29.192, while 1st support hits today at 27.990 and below there at 27.693.

COMEX PLATINUM (JUL) 04/18/2024: 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 936.90. The next area of resistance is around 963.99 and 979.70, while 1st support hits today at 942.60 and below there at 936.90.

COMEX COPPER (MAY) 04/18/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 4.43. The next area of resistance is around 4.39 and 4.43, while 1st support hits today at 4.30 and below there at 4.25.

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	2388.4	69.51	71.34	82.87	79.27	2386.88	2374.44	2312.73	2199.64	2166.56
SIEK24	28.365	78.86	78.01	78.88	75.14	28.45	28.15	26.82	25.07	24.56
PLAN24	953.30	47.57	51.03	69.93	61.32	977.75	974.96	949.86	930.13	926.97
CPAK24	4.34	69.00	69.08	83.32	84.14	4.32	4.29	4.18	4.02	3.97
PAAM24	1030.80	48.87	50.73	51.50	46.23	1041.35	1045.39	1028.17	1007.80	993.58

Calculations based on previous session. Data collected 04/17/2024

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	2355.8	2370.6	2391.3	2406.1	2426.8
SIEK24	COMEX Silver	27.692	27.990	28.442	28.740	29.192
PLAN24	COMEX Platinum	936.90	942.59	958.30	963.99	979.70
CPAK24	COMEX Copper	4.24	4.29	4.33	4.39	4.43
PAAM24	COMEX Palladium	999.77	1013.55	1034.27	1048.05	1068.77

Calculations based on previous session. Data collected 04/17/2024

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