



## DAILY METALS COMMENTARY Monday April 22, 2024

### PRECIOUS METALS COMMENTARY

4/22/2024

**What goes up aggressively can come down aggressively**

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

**GOLD -38.90, SILVER -0.10, PLATINUM -1.03**

**OUTSIDE MARKET DEVELOPMENTS:** Global equity markets overnight were mostly higher with the exceptions in China, and Russia. Critical economic news released overnight was thin with the Chinese Central Bank leaving interest rates unchanged, a GBP Rightmove House Price Index for April positive but softer than the prior month, and New Zealand credit card spending also softening but remaining in positive territory. The North American session will start out with the Chicago Fed's March national activity index which is expected to have a mild uptick from February's 0.05 reading. The March Canadian industrial product price index (IPPI) is forecast to have a moderate uptick from February's -4.7% reading. The March Canadian new housing price index is expected to have a minimal uptick from February's -0.4% year-over-year rate. Earnings announcements will include Verizon and Truist Financial before the Wall Street opening while Cadence Design Systems reports after the close.



**MARKET FUNDAMENTALS:** The vibe in the Middle East seems to suggest that the "tit-for-tat" fighting between Israel and Iran will pause has obviously punctured bullish sentiment in gold and silver. Therefore, the focus of gold and silver is likely to shift back to action in the dollar and US treasury yields. While silver ETF holdings continue to decline very rapidly, gold ETF holdings declines are less significant. Last week gold ETF holdings declined by 478,713 ounces, while silver ETF holdings declined by 22.8 million! Even though we suspect the Chinese central bank will continue to add to reserves (following 17 straight months of purchases) we suspect lower prices will have only a marginal impact on the size of Chinese Central Bank purchases. However, we suspect China's desire to diversify away from US dollar instruments will entrench consistent buying out of China. Furthermore, there was a report over the weekend of massive recent Russian gold buying from Singapore. The initial invasion of Ukraine focused sanctions on Russia's utilization of gold as a currency, with restrictions on their currency requiring the use of a non-sanctioned currency. The Allies have had difficulty enforcing what sanctions are already in place, and blocking Russian gold shipments should be harder than oil given their smaller portable size. Unfortunately for the bull camp the gold contract significantly overbought in its net spec and fund categories with the report last week registering the highest net long since June 2021. It should also be noted that the post COT report rally of \$34.00 likely means the positioning report understated the size of the net long. The Commitments of Traders report for the week ending April 16th showed Gold Managed Money traders were net long 172,861 contracts after decreasing their long position by 6,281 contracts. Non-Commercial & non-reportable traders reduced their net long position by 2,460 contracts to a net long 252,643 contracts. While short-term technical signals in silver like stochastics are in sell mode, the silver market has built a credible layer of consolidation support starting at \$27.92. Nonetheless, silver will continue to take direction from gold, the dollar, and to a lesser degree from the equity markets. Unfortunately for the bull camp, the net spec and fund long in silver last week was the highest since May 2021 with the market into the high Friday gaining \$0.73 potentially leaving the net spec and fund long near the highest level since February 2020. The Commitments of Traders report for the week ending April 16th showed Silver Managed Money traders net bought 2,466 contracts and are now net long 40,962 contracts. Non-Commercial & Non-Reportable traders added 2,068 contracts to their already long position and are now net long 72,813. The April 16th Commitments of Traders report showed Platinum Managed Money traders are net long 11,017 contracts after net selling 1,768 contracts. Non-Commercial & Non-Reportable traders net sold 1,121 contracts and are now net long 26,295 contracts. The Commitments of Traders

report for the week ending April 16th showed Palladium Managed Money traders net bought 41 contracts and are now net short 9,494 contracts. Non-Commercial & Non-Reportable traders are net short 8,982 contracts after net selling 77 contracts.

#### **TODAY'S MARKET IDEAS:**

While we see the precious metal markets vulnerable to further corrective action, the Middle East situation could rekindle buying interest at any given moment. However, global economic reports do not offer the likelihood of significant financial market volatility in the first two days of this week, leaving technical selling momentum a dominating force. In fact, uptrend channel support in gold at \$2,385.20 and \$2,370.70 were violated early today projecting a dip down toward consolidation low pricing of \$2340.20. Fortunately for the bull camp in silver, chart damage this morning is not as severe as in the gold market, with a critical support point at \$27.933 holding but becoming a very key pivot point today.

#### **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 giving a \$55.00 gain.

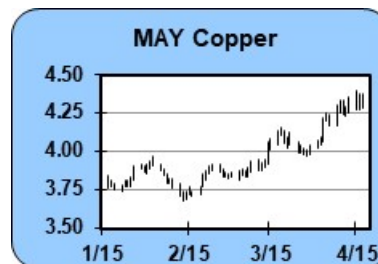
## **COPPER COMMENTARY**

**4/22/2024**

### **Don't fight the trend but expect increased volatility**

**GENERAL:** The beat goes on with copper forging another higher high early today and managing the upside action without the Chinese Central Bank supporting the Chinese economy with a reduction in interest rates overnight. While we are surprised with the copper market's capacity to rally, a prediction from the Antofagasta CEO of increased demand in the "Americas" and a 2024 deficit in a range of 200,000 to 300,000 tons that provides badly needed fundamental support for the bull case. However, the copper market is significantly overbought from short-term technical measures and from the net spec and fund long as measured by the

COT report. Last Tuesday the copper market net spec and fund long reached the highest level since May 2021 and after the report added \$0.26 indicating the net spec and fund long reading was likely very understated. The April 16th Commitments of Traders report showed Copper Managed Money traders net bought 2,263 contracts and are now net long 52,950 contracts. Non-Commercial & non-reportable traders net bought 4,944 contracts and are now net long 55,953 contracts. On the other hand, the record net spec and fund long in copper is 82,302 contracts from February 2021 suggesting it retains buying fuel. In the end, if the contrived reduction in Chinese smelting capacity sparked the rally, we expect higher pricing to bring some smelting activity back online especially given increased seasonal demand ahead.



#### **MARKET IDEAS:**

Unless there is a hidden supply threat (perhaps an attempt to limit Russian copper exports) we see copper prices excessively overbought. Given the significant rally over the last three weeks we see support levels at \$4.4765 and \$4.4260 with those levels far off the market. We suggest those long profit stops at support levels.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

|                  | Non-Commercial |                   | Commercial   |                   | Non-Reportable |                   |
|------------------|----------------|-------------------|--------------|-------------------|----------------|-------------------|
|                  | Net Position   | Weekly Net Change | Net Position | Weekly Net Change | Net Position   | Weekly Net Change |
| <b>Metals</b>    |                |                   |              |                   |                |                   |
| <b>Copper</b>    | 46,922         | +2,962            | -55,954      | -4,945            | 9,031          | +1,982            |
| <b>Gold</b>      | 231,584        | -2,920            | -252,644     | +2,459            | 21,059         | +460              |
| <b>Palladium</b> | -8,998         | -305              | 8,982        | +78               | 16             | +228              |
| <b>Platinum</b>  | 20,848         | -1,154            | -26,296      | +1,119            | 5,447          | +33               |
| <b>Silver</b>    | 51,881         | -619              | -72,812      | -2,068            | 20,932         | +2,687            |

## 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) 04/22/2024:** Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. 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 downside objective is 2360.1. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2426.2 and 2453.0, while 1st support hits today at 2379.8 and below there at 2360.1.

**COMEX SILVER (MAY) 04/22/2024:** Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside target is 27.743. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 29.145 and 29.522, while 1st support hits today at 28.255 and below there at 27.743.

**COMEX PLATINUM (JUL) 04/22/2024:** Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The next downside objective is 922.15. The next area of resistance is around 955.40 and 969.75, while 1st support hits today at 931.60 and below there at 922.15.

**COMEX COPPER (MAY) 04/22/2024:** Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside target is 4.58. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 4.54 and 4.58, while 1st support hits today at 4.44 and below there at 4.36.

## 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                | 2403.0  | 70.04     | 71.30      | 78.78               | 75.80               | 2393.38     | 2383.11     | 2335.10      | 2215.96      | 2177.64      |
| SIEK24                | 28.700  | 83.11     | 80.81      | 76.36               | 74.78               | 28.50       | 28.37       | 27.24        | 25.35        | 24.75        |
| PLAN24                | 943.50  | 43.45     | 48.27      | 59.02               | 46.80               | 956.93      | 973.21      | 953.91       | 932.50       | 928.00       |
| CPAK24                | 4.49    | 79.04     | 76.46      | 87.05               | 90.99               | 4.39        | 4.34        | 4.23         | 4.05         | 3.99         |
| PAAM24                | 1026.40 | 47.29     | 49.72      | 45.92               | 39.60               | 1031.73     | 1046.17     | 1031.13      | 1013.39      | 995.77       |

Calculations based on previous session. Data collected 04/19/2024

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      | 2360.0    | 2379.7    | 2406.5  | 2426.2   | 2453.0   |
| SIEK24                | COMEX Silver    | 27.742    | 28.255    | 28.632  | 29.145   | 29.522   |
| PLAN24                | COMEX Platinum  | 922.15    | 931.60    | 945.95  | 955.40   | 969.75   |
| CPAK24                | COMEX Copper    | 4.35      | 4.43      | 4.47    | 4.54     | 4.58     |
| PAAM24                | COMEX Palladium | 996.07    | 1012.65   | 1023.57 | 1040.15  | 1051.07  |

**Calculations based on previous session. Data collected 04/19/2024**

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