



DAILY METALS COMMENTARY

Thursday April 25, 2024

PRECIOUS METALS COMMENTARY

4/25/2024

Potential major pivot trend resumption or bust

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):

GOLD +0.50, SILVER +0.01, PLATINUM +0.13

OUTSIDE MARKET DEVELOPMENTS: Global equity markets overnight were mixed with Chinese stocks higher and European stocks trading lower. Critical economic news released overnight included inflows of foreign investment in Japanese bonds, outflows of foreign investment in Japanese stocks, a stronger-than-expected Japanese Coincident Index reading for February, as expected Japanese Leading Economic Indicator reading for February, a slight improvement (but still deep in negative territory) German GfK Consumer Evidence Survey for May and a softer than expected French Business Climate in Manufacturing for April. The North American session will start with a reading on first quarter US gross domestic product which is expected to have a moderate downtick from the fourth quarter's 3.4% annualized rate. First quarter core personal consumption expenditures (a favorite Fed inflation gauge) are forecast to have a moderate uptick from the fourth quarter 2% reading. A weekly reading on initial jobless claims are expected to have a minimal uptick from the previous 212,000 reading. Ongoing jobless claims are forecast to have a modest weekly decline from the previous 1.812 million reading. March wholesale inventories are expected to have a mild downtick from February's 0.5% reading. March pending home sales are forecast to have a moderate downtick from February's 1.6% reading. The Kansas City Fed's April manufacturing index is expected to have a mild uptick from March's -9 reading. Earnings announcements will include Merck, Caterpillar, Comcast, Union Pacific, Honeywell, Valero Energy and Bristol-Myers Squibb before the Wall Street opening while Microsoft, Alphabet (Google) and Intel report after the close.



MARKET FUNDAMENTALS: With the gold market over the last 72 hours settling within a range bound by \$2350 and \$2300, it is possible that some form of value has been found ahead of what is likely to be a key fork in the road for prices. Fortunately for the bull camp, the dollar is showing signs of tracking lower this morning as the aggressive liquidation this week has clearly rocked the bull camp back on their heels. While the February to April rallies in gold and silver were not fueled by definitive inflows to ETF holdings, both gold and silver holdings continue to decline in a sign that small investors have not been enticed by the second half of April setback. It should be noted that daily silver ETF holdings have been exhibiting significant volatility with holdings virtually unchanged on the year. Obviously, the markets are likely to see a financial market chain reaction following today's PCE data even though sentiment in the markets has already pushed back timing and reduced the number of expected rate hikes this year. Therefore, a simple downtick in PCE could shift the pendulum back in favor of less restrictive US monetary policy, while a steady or higher reading probably gives rise to views the US will not cut rates this year! Looking at a chart of the PCE it is clear the inflation measure has been declining since June of 2022 with only two upticks in the measure from the June 2023 reading and the March 2024 reading! In fact, PCE is back into the range seen from 2013 to 2021. Perhaps the core rate or the year-over-year rate will be important today as the trade is hyper focused on predicting the Fed. In a longer-term supportive development, the World Gold Council chief market strategist for Europe and Asia thinks the gold market has delinked from the dollar and is benefiting from recovering demand in China, India, and Turkey. He said that on balance, banks continue to add to their gold reserves even though some smaller banks might have backed away from purchases because of the long string of historic new highs. The World Gold Council noted the growing importance of Egypt and Turkey in global demand patterns as those banks have appeared in monthly gold sales reports frequently. While we see value at \$2,300, today's US scheduled data is very important and a return to volatility is possible today. Uptrend

channel support in June gold is \$2,318.05, but to turn the tide in favor of the bull camp again might require a trade above \$2,351.

TODAY'S MARKET IDEAS:

We think the gold and silver markets remain vulnerable to further liquidation as the charts remain bearish, outside market influences are bearish (at least ahead of today's data), and gold trader sentiment has been injured by the magnitude of the setback from the recent high. However, we see a solid value zone at \$2,300, with closer in uptrend channel support in June gold seen at \$2,318.05.

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. *Hit objective of \$5.00 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. Long put loss \$10.00. Net \$45.00.

COPPER COMMENTARY

4/25/2024

The bullish vibe has returned with PCE potentially ignored

GENERAL: While not a realistic component of this morning's strong recovery, BlackRock indicates the hurdle rate to consider new copper mine projects is \$12,000 a ton, which would be 20% higher than current London prices. In addition to soaring costs for basic inputs, extensive environmental restrictions, long holding periods before returns become positive, and in some cases in Central and South America there is the threat of government seizure and shutdowns from local protests.

Nonetheless, we remain skeptical of the bull case in copper, but strong US durable goods readings yesterday and renewed efforts to block Russian base metal exports with sanctions should help the bull camp maintain control of the market. Even though we hold out little hope sanctions against Russia will be effective, the threat of removing or delaying that supply flow in a tight market would likely result in another upside breakout in prices. In a very minor negative development, Poland's KGHM sees its production rising 1% this year, but that added supply is likely to offset production troubles in South America.



MARKET IDEAS:

It appears the July copper contract may have found value at this week's spike low of \$4.4115 but the market still maintains an overbought technical vibe. However, bullish sentiment controls with macroeconomic influences apparently only a background force. Uptrend channel support in July copper today is far off the market at \$4.40 with the uptrend reconfirmed early today with a trade back above \$4.52 in the July copper contract.

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) 04/25/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 2307.7. The next area of resistance is around 2342.6 and 2359.8, while 1st support hits today at 2316.6 and below there at 2307.7.

COMEX SILVER (MAY) 04/25/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 26.792. The next area of resistance is around 27.452 and 27.721, while 1st support hits today at 26.988 and below there at 26.792.

COMEX PLATINUM (JUL) 04/25/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 897.85. The next area of resistance is around 921.90 and 935.05, while 1st support hits today at 903.30 and below there at 897.85.

COMEX COPPER (MAY) 04/25/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 4.38. The next area of resistance is around 4.49 and 4.52, while 1st support hits today at 4.42 and below there at 4.38.

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 | 2329.6 | 46.86 | 54.10 | 60.44 | 46.04 | 2353.28 | 2371.46 | 2353.91 | 2235.39 | 2191.38 |
| SIEK24 | 27.220 | 45.77 | 53.80 | 58.07 | 43.84 | 27.67 | 28.10 | 27.65 | 25.61 | 24.96 |
| PLAN24 | 912.60 | 32.04 | 40.07 | 34.66 | 18.35 | 927.65 | 953.02 | 954.76 | 932.73 | 927.79 |
| CPAK24 | 4.45 | 69.28 | 69.81 | 84.43 | 80.69 | 4.47 | 4.40 | 4.30 | 4.09 | 4.02 |
| PAAM24 | 1008.30 | 42.07 | 46.23 | 34.58 | 26.49 | 1019.28 | 1031.22 | 1033.08 | 1016.52 | 998.20 |

Calculations based on previous session. Data collected 04/24/2024
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 | 2307.6 | 2316.5 | 2333.7 | 2342.6 | 2359.8 |
| SIEK24 | COMEX Silver | 26.791 | 26.987 | 27.256 | 27.452 | 27.721 |
| PLAN24 | COMEX Platinum | 897.85 | 903.30 | 916.45 | 921.90 | 935.05 |
| CPAK24 | COMEX Copper | 4.37 | 4.41 | 4.45 | 4.49 | 4.52 |
| PAAM24 | COMEX Palladium | 990.27 | 997.55 | 1011.77 | 1019.05 | 1033.27 |

Calculations based on previous session. Data collected 04/24/2024
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.