

“Metal Health will drive you Mad”



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HEAD OF TECHNICAL STRATEGY

Key Takeaways

- SPX, QQQ look vulnerable through November and 5900-5950 looks important.
- Gold, Silver, Copper, and Uranium all look set for further gains in the near-term.
- Gold and Silver look closer to stalling and this might happen by early November.



Equity trends remain bullish, yet SPX is close to several projected targets near 5900 which should slow this rally down as it nears the end of October. This could take place anytime between now and end of month. However, the drying up in breadth and volume seems to be a warning sign to pay attention to following an extended run. Technology has underperformed this week and it's thought that the Equity rally from August lows likely could face a 38-50% retracement before Equities can continue higher. While intermediate-term bullish thesis remains very much intact, it's doubtful that US Equities continue to push up into and post-election without any consolidation. Moreover, November potential weakness should represent a short-term correction only, not the start of a larger decline. Risk/reward seems poor in the short run, and SPX seems unlikely to exceed 6000 right away but could find resistance near 5900-5935. Meanwhile, QQQ should find resistance at 503-505.

Friday's strength helped Equity indices like SPX carve out six straight weeks of gains, and with two weeks left in the month of October, could be set to finish its 11th month out of the last 12 with positive performance.



As might be expected, sentiment has slowly but surely gotten more optimistic with the stock market's trajectory now that Equities have passed the seasonally tough part of the year. SPX has climbed roughly 13% since early August, just 2.5 months ago, or about 700 SPX points.

However, my technicals suggest that the road between now and late November likely won't prove as smooth as many trend followers might expect. The combination of waning breadth over the last two months, lack of bearish sentiment, cyclical downward projections and DeMark exhaustion all should come together to result in consolidation in the month of November.

However, this has not started as of now, SPX and NASDAQ both managed to eke out +0.40% gains for Friday.

Given that Equities have made such a stellar advance in recent months, it's right to turn our attention to another group that demands some focus given that it's recently just started to kick into gear.. the Metals complex. Both Precious and Base metals have started to show more evidence of strengthening lately.

While Gold has certainly enjoyed more than two years of gains from its 2022 bottom thus far, others like Silver and Copper are not as advanced in their rallies.

As shown below, Silver could be set to begin to play "catch-up" with Gold given its Friday breakout to the highest levels since 2012, over a dozen years ago. (Silver made its all-time high back in 2011.)

For those looking to diversify out of US Technology given the slowdown in Big-Cap Tech lately, Silver looks like an appealing area. I expect a push up to \$35 before some consolidation into December. This should then be followed by a rally back to new all-time highs into next Spring/Summer. \$SLV and \$AGQ look like appealing choices depending on one's risk tolerance, while \$SILJ is attractive as an ETF covering Silver miners.

Silver Futures



Source: TradingView

Gold's pushback to new highs could run to 2800-2850 before facing resistance and consolidating

Gold has certainly outperformed Silver and has risen over 17% since early summer.

Trends and momentum are bullish, and price has shown no evidence of waning momentum, outside of some minor pullbacks made during the course of its advance.

At current levels, the breakout of 2685 from three weeks ago has kicked off the "likely" final stage of the rally from early Summer, from a wave perspective.

While trends remain quite positive, the Elliott-wave structure along with DeMark's counter-trend tools both suggest that rallies into late October likely will give way to consolidation into December before gains can continue.

Gold's cyclical projections also show a possible setback starting in November. Therefore, while this rally looks quite bullish structurally, it's thought that this move exhausts itself and turns down not dissimilar from my view for the stock market in November.

Thereafter, Gold is likely to turn back to new all-time highs again and rally in 1H 2025.

CFDs on Gold



Source: TradingView

Copper is likely to turn higher to challenge 2024 Spring highs

A potentially better risk/reward than the precious metals is thought to be industrial metals like Copper which is just showing evidence of bottoming out following a minor pullback in recent weeks.



Copper has been trending in a similar direction as Chinese Equities lately, given that China remains the world's top importer of Copper by a large margin.

As charts below illustrate, Copper pulled back from \$4.80 to just under \$4.40 before beginning its recent stabilization. Structurally this is a bullish consolidation as part of the latest structural advance which began back in August.

As seen below, Copper held at its Ichimoku cloud and successfully held above former swing highs from late August right near \$4.20. Both of these are positive, technically, suggesting that price should be on the verge of turning back higher to challenge and exceed Fall highs en route to \$5.00/lb.

Rallies back to near \$5.00 would likely find strong resistance near Spring 2024 peaks initially, but upon consolidating these gains through the Holiday season, I suspect that Copper also starts off 2025 with a bullish move higher.

ETFs that are based on Copper mining include the Global X Copper ETF (\$COPX) and stocks like Freeport McMoran (\$FCX) tend to correlate well with the price of Copper.

Copper Futures



Source: TradingView

Uranium’s gains look to be just getting underway

Shares of Cameco Corp. (\$CCJ) which correlate closely to Uranium, have just pushed back to new all-time highs. (As many know, CCJ is the largest, most liquid stock which is involved in the provision of Uranium.)

As weekly charts show below, CCJ has just moved back above former all-time highs and looks early to peak out.

However, weekly charts do show the possibility of a stalling out as November gets underway, based on the possible formation of a TD Sell Setup on weekly charts. (This would require at least another three weeks where the weekly close finishes above the weekly close from four weeks prior.)

In the short run, I expect a push up to \$60, followed by consolidation into December.



Upon CCJ retracing 38% of its rally from this Summer, it would be quite appealing to consider technically. However, for those with shorter time horizons, this recent breakout does look to extend a bit more even in the month of October.

Bottom line, CCJ looks attractive on an intermediate-term basis and is the one stock that looks like an appealing way to play the recent surge in relative strength in Uranium.

Cameco Corp



www.symbolik.com



OCT 18, 2024 11:16:27 UTC-04:00

Source: Symbolik



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