



PRECIOUS METALS WEEKLY REVIEW AND OUTLOOK

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Weekly Price Review For The Week Ending			08-Jun-18			Date		09-Jun-18	
OTC Spot Market	High Bid	Low Offer	Close	WTD Change \$	WTD Change %	YTD Change %			
Gold	\$1,303.00	\$1,289.75	\$1,298.00	\$5.25	0.41%	-0.31%			
Silver	\$16.90	\$16.35	\$16.74	\$0.39	2.39%	-1.24%			
Options & Forwards	ATM Options Vols			Forward Swaps					
	1 month	3 months	6 months	1 month	3 months	6 months			
Gold	8.85%	9.39%	10.16%	2.35%	2.40%	2.45%			
Silver	14.70%	16.23%	16.68%	2.45%	2.40%	2.55%			
Gold Prices in Other Currencies	EUR	GBP	CNY	INR	TRY	ZAR			
Weekly Close	1,103.00	967.00	8,311.00	87,641.00	5,800.00	23,130.00			
WTD Change %	-0.54%	-0.10%	0.17%	1.20%	-3.51%	0.24%			
YTD Change %	1.66%	0.31%	-1.92%	5.42%	17.53%	0.16%			
Silver Prices in Other Currencies	EUR	GBP	CNY	INR	MXN	PEN			
Weekly Close	14.22	24.94	107.16	1,130.02	339.45	54.53			
WTD Change %	1.43%	1.80%	2.11%	3.16%	4.14%	2.04%			
YTD Change %	0.16%	-2.81%	17.53%	-0.56%	4.47%	6.68%			
Physical Premia	Dubai	Hong Kong	Istanbul	Mumbai	Singapore	Shanghai			
Gold Kg Bars Ask	\$0.00	\$1.30	\$0.25	(\$5.00)	\$0.60	\$7.00			
Investment & Trade Flows	ETF Holdings (fine ounces)			CME Open Interest (100 oz contract)					
	Weekly Close	WTD Change %	YTD Change %	Weekly Close	WTD Change %	YTD Change %			
Gold	56,791,425	-1.49%	2.40%	450,367	-1.91%	-4.51%			
Silver	629,518,540	-0.44%	0.13%	230,466	9.53%	18.91%			

FROM THE NEWSWIRES

NEW YORK/LONDON, June 8 (Reuters) - Gold firmed on Friday as a rise in risk aversion ahead of G7 talks this weekend lent support, but the yellow metal remained hemmed within its narrowest weekly range in over a decade as a recovery by the dollar capped gains. Expectations that the Federal Reserve will announce another U.S. interest rate hike next week also pressured gold. Higher rates lift the opportunity cost of investing in non-yielding assets, such as bullion. Spot gold inched up 0.1 per cent to \$1,298.11 per ounce by 1:35 p.m. EDT (1735 GMT), while U.S. gold futures GCcv1 for August delivery settled down 30 cents, or 0.02 per cent, at \$1,302.70 per ounce. Gold has hardly budged since last Friday's close, with the spread between its highs and lows at just \$13.70 an ounce - the narrowest of any week since August 2007. Bullion headed for a weekly rise of 0.4 per cent. World stocks fell as expectations of trade tensions dominating this weekend's G7 summit weighed on risk sentiment. The dollar edged off a three-week low rising against the euro. Ahead of the G7 summit in Canada, leaders of the seven rich countries were seen as more divided than at any time in the group's 42-year history, as Trump's "America First" policies risk causing a global trade war and deep diplomatic schisms. U.S. President Donald Trump is set to meet North Korean leader Kim Jong Un in Singapore on June 12, the same day as the Federal Open Market Committee starts its two-day meeting on U.S. monetary policy. "It'll be important what the direction from the Fed is ... We are still expecting two more hikes after next week," said ABN Amro analyst Georgette Boele. A European Central Bank meeting on rates on Thursday is also in focus for traders next week. Silver increased 0.2 per cent at \$16.70 an ounce, after hitting its highest in more than six weeks on Thursday. It was on track for a 2.3 per cent rise for the week, its biggest in seven weeks. It is poised for a rally before the end of the year, traders said.

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Gold had its narrowest weekly trading range since August 2007 amid light volume with the price posting a low of \$1289.75 on Tuesday before briefly penetrating the \$1300 barrier to reach a high of \$1303 on Thursday as the dollar lost ground before easing back to end with a modest \$5.25 or 0.41% gain at \$1298.00 bid. The low-key week, however could be the quiet before the storm with all eyes on the G7 meeting in Canada this weekend with “Trade Wars” the main focus, the FOMC meeting starting on Tuesday, with another rate hike of 25 basis points widely predicted, the much anticipated summit between President Trump and Kim Jong Un in

Singapore on Wednesday, and the ECB meeting on Thursday. A major move in gold is brewing with the lack of price volatility seen so far in 2018 unsustainable. In the first five months of the year the difference between the high of \$1366 in January and \$1282 in May represents a trading range of just 6.55% compared to the annual average of 31% seen between 2001 and 2017 and well below the previous lows of 17.50% recorded in 2001 and 2012. For gold’s range this year to even match that this year we need to see either low of \$1127 or high \$1506 between now and the end of the year and so requires a major move one way or the other. While we continue to strongly favour the upside given the fact that financial markets, particularly gold, are only a ‘Trump Tweet’ from increased volatility, in an environment of rising US interest rates a sharp fall in the gold price cannot be completely ruled out. With ATM option volatility at historic lows, a low risk approach for investors could be to ‘buy the wings’ (I.e. out of the money calls and puts options) in order to benefit from the breakout that is on the cards and could be sooner rather than later.

Silver had an excellent week as the industrial metal benefited from a strong rally in base metals with the price rising by 3.36% from a low of \$16.35 on Tuesday to a high of \$16.90 by Thursday before ending up 39 cents or 2.39% at \$16.74 bid. On the charts the close above the 100 day moving average now set at \$16.58 was technically positive but not conclusive and it requires a clear break and close above the 200 day MA pegged at \$16.75 to generate further upside technical momentum. There are a growing number of market pundits calling for a major move higher in the silver price and a 10% increase in open interest on the COMEX points to ‘fast money’ coming into silver with a minimum target of \$18 if the medium term downtrend that intersects at \$17.20 is penetrated on a closing basis.



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