



PRECIOUS METALS WEEKLY REVIEW AND OUTLOOK

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Weekly Price Review For The Week Ending			Date			
20-Jul-18			21-Jul-18			
OTC Spot Market	High Bid	Low Offer	Close	WTD Change \$	WTD Change %	YTD Change %
Gold	\$1,245.50	\$1,211.50	\$1,231.00	(\$10.00)	-0.81%	-5.45%
Silver	\$15.87	\$15.15	\$15.47	(\$0.31)	-1.96%	-8.73%
Options & Forwards	ATM Options Vols			Forward Swaps		
	1 month	3 months	6 months	1 month	3 months	6 months
Gold	10.12%	10.41%	10.51%	2.10%	2.15%	2.40%
Silver	16.19%	16.26%	16.89%	2.20%	2.35%	2.55%
Gold Prices in Other Currencies	EUR	GBP	CNY	INR	TRY	ZAR
Weekly Close	1,050.00	937.00	8,331.00	84,632.00	5,905.00	21,980.00
WTD Change %	-1.13%	0.00%	0.35%	-0.43%	-1.67%	-0.72%
YTD Change %	-3.23%	-2.80%	-1.69%	1.80%	19.66%	-4.82%
Silver Prices in Other Currencies	EUR	GBP	CNY	INR	MXN	PEN
Weekly Close	13.20	23.54	104.68	1,063.32	294.24	50.65
WTD Change %	-2.24%	-1.26%	-0.84%	-1.61%	-1.25%	-1.72%
YTD Change %	-4.82%	-5.06%	19.66%	-6.14%	-1.70%	0.42%
Physical Premia	Dubai	Hong Kong	Istanbul	Mumbai	Singapore	Shanghai
Gold Kg Bars Ask	\$1.25	\$1.30	\$0.50	\$1.00	\$1.00	\$4.00
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	54,991,644	0.03%	-0.84%	512,384	-2.30%	8.64%
Silver	631,277,978	0.32%	0.41%	214,811	1.77%	10.83%

FROM THE NEWSWIRES

NEW YORK/LONDON, July 20 (Reuters) - Gold prices rose on Friday from one-year lows hit the previous day and spot platinum increased more than 3 per cent after U.S. President Donald Trump criticized the strength of the dollar and interest rate increases by the Federal Reserve, pushing the greenback sharply lower. Spot gold gained 0.7 per cent at \$1,230.89 per ounce by 1:40 p.m. EDT (1740 GMT) and U.S. gold futures GCcv1 settled up \$7.10, or 0.6 per cent, at \$1,231.10 per ounce. Platinum gained 2.8 per cent at \$827 an ounce, earlier rising 3.2 per cent to \$830.10, but on track to end the week barely changed. Its Friday performance followed gold prices, traders said. But gold was still down almost 1 per cent this week, with little sign of an end to the slide in prices that has knocked 10 per cent off gold's value since mid-May Bank of America Merrill Lynch said on Friday fears of a trade war had seen global investors plough \$5 billion into bonds this week while pulling \$1.2 billion from gold. Despite Trump's monetary policy intervention the dollar was still near one-year highs on Friday, as Fed Chairman Jerome Powell did nothing this week to counter expectations of two more rate rises this year and said the United States was poised for several more years of growth. Meanwhile, funds and money managers have cut their net long position in Comex gold to a 2-1/2-year low, helping drive down prices. And gold-backed exchange traded funds tracked by Reuters have cut their holdings by more than 5 per cent since their 2018 peak in mid-May. Gold on Thursday touched \$1,211.08 an ounce, the lowest since July last year. On the technical front, support was at gold's July 2017 low of \$1,204.90 and Fibonacci resistance was at \$1,234.70, analysts at ScotiaMocatta said, adding that technical and momentum indicators suggested prices would fall further. Meanwhile, silver gained 1.7 per cent at \$15.52 an ounce but was still down nearly 2 per cent this week. Palladium gained 2.7 per cent at \$893 an ounce but was set for a weekly loss of almost 5 per cent.

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MINDEX ANALYSIS AND OUTLOOK



In last week's report we had warned that gold was vulnerable to fresh technical weakness if key support pegged at \$1240 was penetrated on a closing basis with \$1215 the target on the charts and this proved to be an accurate call as gold slumped from a high of \$1245.50 posted in early trading in Asia on Monday. The yellow metal reached a one year low of \$1211.50 on Thursday as the USD and US Treasury yields rose following Jerome Powell's bullish comments on the US economy to Congress on Tuesday and Wednesday; however the greenback reversed direction on Friday following President Trump's comments on the value of the dollar and criticism of the Fed's hawkish interest rate policy prompting a sharp rally in gold that saw the price end with a pared \$10 or 0.81% loss at \$1231.00

bid. Gold has had a torrid time over the last three months falling by over 11% from this year's high of \$1366 posted in mid April and the bears have emerged in numbers, however our view is that Thursday's sell-off could signal the end of this phase of weakness with a gradual recovery towards \$1300 likely before the end of August with potential to post fresh highs for the year in Q4. This view is based on the likelihood of strong physical demand emerging from India (post the monsoon season) and China, while Russia and its satellite countries will continue to add gold to reserves as a 'geo-political hedge'. Also the .DXY chart shows that the USD is technically vulnerable on the downside after the failure to penetrate the 200 day MA set at 95.50 with a near term target of 94.00 and potential to fall towards 93.50 then 92.50.

If gold has had a difficult time recently silver has fared even worse with the price falling to a one year low of \$15.15 on Thursday, down from a weekly high of \$15.87 posted on Monday, representing a loss of more than 12% over the last month despite the fact that longer term investors have remained faithful to the industrial metal as evidenced by the fact that ETF holdings have actually posted moderate gains in 2018. A short covering rally saw the price end with a pared loss of 31 cents or 1.96% at \$15.47 bid and given our positive out look for gold we expect silver to extend its recovery towards \$16 in the week ahead and an eventual breakout to the upside that will bring \$20 back onto technical radar screens.



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