PRECIOUS METALS WEEKLY REVIEW AND OUTLOOK

Indications only| Closing prices are bids| data source Thomson Reuters Eikon| See disclaimer below

Weekly Price Review For The Week Ending		18-May-18		Date	20-May-18	
OTC Spot Market	High Bid	Low Offer	Close	WTD Change $	WTD Change %	YTD Change %
Gold	$1,322.00	$1,285.75	$1,291.50	($26.50)	-2.01%	-0.81%
Silver	$16.73	$16.19	$16.42	($0.20)	-1.20%	-3.13%
Options & Forwards	ATM Options Vols			Forward Swaps		
	1 month	3 months	6 months	1 month	3 months	6 months
Gold	9.12%	9.43%	10.11%	1.95%	2.20%	2.40%
Silver	15.64%	16.39%	16.85%	2.05%	2.20%	2.35%
Gold Prices in Other Currencies	EUR	GBP	CNY	INR	TRL	ZAR
Weekly Close	1,096.00	958.00	8,236.00	87,803.00	5,804.00	16,473.00
WTD Change %	-0.63%	-1.54%	-1.31%	-1.12%	2.13%	2.06%
YTD Change %	1.01%	-0.62%	-2.81%	5.61%	17.61%	2.35%
Silver Prices in Other Currencies	EUR	GBP	CNY	INR	MXN	PEN
Weekly Close	13.94	24.36	104.71	1,116.31	327.50	53.96
WTD Change %	0.20%	-0.73%	-0.52%	-0.33%	1.47%	-0.23%
YTD Change %	2.35%	-5.03%	17.61%	-2.86%	3.20%	4.69%
Physical Premia	Dubai	Hong Kong	Istanbul	Mumbai	Singapore	Shanghai
Gold Kg Bars Ask	$0.25	$1.50	$0.25	($4.00)	$1.00	$9.00
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	57,860,840	-0.37%	4.33%	512,963	1.31%	8.76%
Silver	631,703,727	0.10%	0.48%	199,277	0.51%	2.81%

FROM THE NEWSWIRES

NEW YORK/LONDON, May 18 (Reuters) - Gold prices rebounded on Friday, as the U.S. dollar eased after Italian political tension sparked a sell-off in the country's bond markets and investors sought a safe haven in bullion. Spot gold gained 0.2 per cent at $1,292.12 per ounce by 1:33 p.m. EDT (1733 GMT), after hitting its lowest since Dec. 27 in the previous session at $1,285.41. The metal was heading for its biggest weekly decline since early December, down nearly 2 per cent versus last week. U.S. gold futures GCcv1 for June delivery settled up $1.90, or 0.2 per cent, at $1,291.30 per ounce. "Gold got stronger off Italian geopolitics and the sell-off in Italian bond markets," said Josh Graves, senior commodities strategist at RJO Futures. The demands of populist parties likely to form Italy's next government, which promised to ramp up spending, caused Italian investors to flee bond markets and purchase gold. (Full Story) "A debt crisis in Italy would have a far bigger impact than one in Greece. Gold would profit as a result," Commerzbank analysts said in a note. This caused more volatility in global equities, which also provided gold support, Graves added. Earlier, the sentiment index in gold was indicating it was strongly oversold while the dollar was heavily overbought as U.S. inflation measures were rising, said Gianclaudio Torlizzi, partner at consultancy T-Commodity in Milan. Thursday data showed a tightening U.S. labour market and mid-Atlantic factory activity picking up, bolstering expectations the Federal Reserve will raise interest rates next month. "We think there is room for a strong rally into the summer and we have a gold target of $1,430 by August," Torlizzi said. The dollar index earlier rose to a fresh five-month peak as the benchmark U.S. Treasury yield hit the highest in nearly seven years. A stronger greenback makes dollar-denominated gold more expensive for users of other currencies, while higher U.S. yields dampen the appeal of non-yielding bullion. Spot silver fell 0.4 per cent to $885.40 an ounce, on track to shed slightly more than 1 per cent for the week.

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MINDEX

MINDEX ANALYSIS AND OUTLOOK

Gold started the week on the front foot in Asia as the price staged an early rally to a high of $1322 on Monday but quickly came under downside pressure on a combination of a rising USD and US Treasury yields with the price conclusively penetrating the key 200 day moving average now set at $1307 and the psychologically important $1300 level to reach $1285.75 on Friday, its lowest level since December last year. A modest reversal in both the greenback and Treasury yields into the close and concerns about the Eurozone following the latest Italian election turmoil saw gold end the week with a pared but significant $26.50 or 2.01% loss at $1291.50 bid. The late rally will no doubt have chart watchers looking for the yellow metal to make a pass at $1300 in the week ahead, however the lack of any real physical interest emerging from key markets such as India, Dubai and Turkey into this price dip suggests further weakness ahead. Perhaps surprisingly there was a distinct lack of stop loss and 'black box momentum" selling on the break below $1300 and we can expect a slow grind downwards towards the band of technical support located between $1265 and $1250 over the summer unless there is a flare up in geo-political tensions in the Middle East, the Korean peninsular or Europe to come to gold's rescue.

Silver made an early move up through the 100-day moving average on Monday to a high for the week of $16.73 only to stage a typically abrupt reversal in direction to a low of $16.19 by Wednesday before bouncing back to end the week with a relatively modest 20 cents or 1.20% loss at $16.42 bid. With gold seemingly set for a period of modest summer weakness it would appear that the battle of the long term moving averages (100 day at $16.67 and 200 day at $16.79) has been lost to the bears with a test of key long term band of technical support in place between $16 and $15.50 looking increasingly likely. However with investors remaining loyal to the industrial precious metal, as evidenced by virtually unchanged ETF holdings this year despite the 3% decline in price, such a technical move lower would be viewed as a long-term fundamental buying opportunity.

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