



PRECIOUS METALS WEEKLY REVIEW AND OUTLOOK

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Weekly Price Review For The Week Ending			31-May-19	Date	01-Jun-19	
OTC Spot Market	High Bid	Low Offer	Close	WTD Change \$	WTD Change %	YTD Change %
Gold	\$1,306.50	\$1,274.75	\$1,305.25	\$20.75	1.62%	1.77%
Silver	\$14.67	\$14.27	\$14.57	\$0.01	0.07%	-5.88%
Platinum	\$817.50	\$788.00	\$791.50	(\$10.50)	-1.31%	-0.03%
Palladium	\$1,380.75	\$1,323.00	\$1,325.00	(\$10.00)	-0.75%	5.08%
Precious Metals Cross Rates	XAU/XAG	XAU v XPT	XAU v XPD	XPT v XPD	XAU/BRENT	XAU/DJIA
Weekly Close	89.58	\$513.75	(\$19.75)	(\$533.50)	21.06	0.0526
WTD Change %	1.55%	6.48%	60.89%	-0.09%	12.60%	4.77%
YTD Change %	8.13%	4.69%	-191.86%	13.69%	-11.67%	-4.33%
Gold Prices in Other Currencies	AUD	EUR	GBP	INR	RUB	ZAR
Weekly Close	1,880.76	1,168.85	1,032.47	90,806.24	85,580.54	19,030.55
WTD Change %	1.37%	1.93%	2.17%	1.92%	3.43%	2.96%
YTD Change %	3.45%	4.55%	2.73%	1.81%	-4.21%	3.45%
Physical Swaps	Dubai	Hong Kong	Mumbai	Singapore	Shanghai	Tokyo
Gold Kg Bars Bid	\$0.00	\$0.60	\$0.50	\$0.80	\$14.00	\$1.00
Interest Rates & Forward Swaps	1 month	2 months	3 months	6 months	1 year	2 years
USD Libor	2.43050%	2.48663%	2.52488%	2.56013%	2.64475%	n/a
Gold	2.58%	2.58%	2.57%	2.55%	2.39%	2.20%
Silver	2.63%	2.64%	2.64%	2.63%	2.59%	2.30%
Platinum	2.46%	2.44%	2.43%	2.35%	2.30%	2.25%
Palladium	-0.65%	-0.75%	-1.00%	-1.50%	-2.25%	-2.50%
ATM Option Volatility	1 month	2 months	3 months	6 months	1 year	2 years
Gold	8.15%	8.35%	8.45%	9.05%	10.00%	11.05%
Silver	12.55%	12.95%	13.15%	14.35%	15.85%	16.90%
Platinum	16.10%	16.10%	16.10%	16.55%	16.40%	n/a
Palladium	27.15%	27.15%	27.15%	27.25%	27.80%	n/a
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	53,647,140	0.10%	-3.16%	464,721	-10.16%	2.85%
Silver	607,919,600	0.08%	-1.51%	210,267	-0.68%	19.36%
Platinum	2,453,265	-0.14%	20.87%	84,742	3.22%	2.30%
Palladium	675,997	-1.05%	-9.32%	19,467	-3.55%	-27.31%
Other Major Markets	.DXY	TR CRB	BRENT	CME COPPER	10Y US TRY %	DJIA
Weekly Close	97.609	183.56	\$61.99	\$2.639	2.1315%	24,815.04
WTD Change %	0.00%	-1.78%	-9.75%	-2.53%	-8.2041%	-3.01%
YTD Change %	1.49%	4.32%	15.22%	0.42%	-20.7915%	6.38%

- ❖ Gold spiked to \$1306 as Mexico joined China and Europe on Trump's trade wars hit list
- ❖ Silver posted a fresh 2019 low at \$14.27 then rallied to end barely changed at \$14.57, Gold/Silver hit 26 year high at 89:1
- ❖ Platinum extended recent losses to end 1.31% lower at \$791.50, vulnerable on the downside, break of \$775 targets \$600
- ❖ Palladium rose to \$1380.75 then collapsed to end at \$1325, could now test \$1270 and lose its MVPM crown to gold

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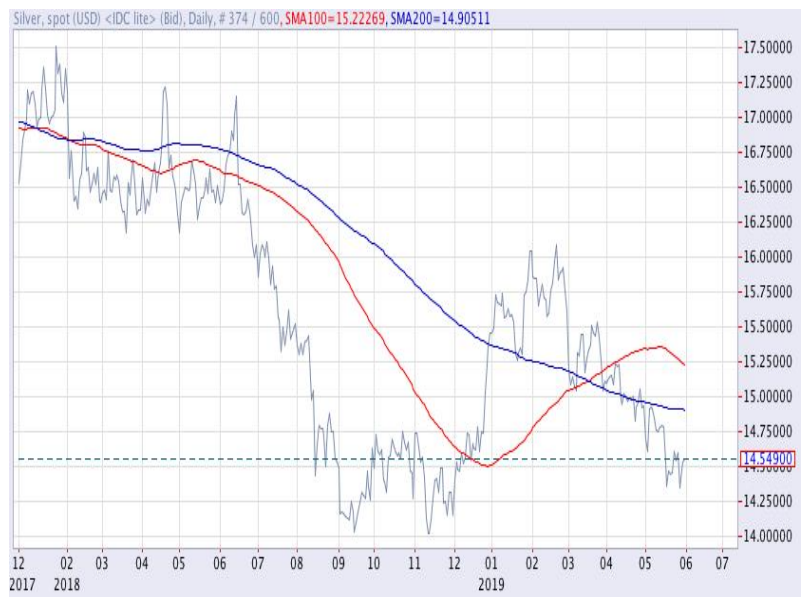
ANALYSIS AND OUTLOOK



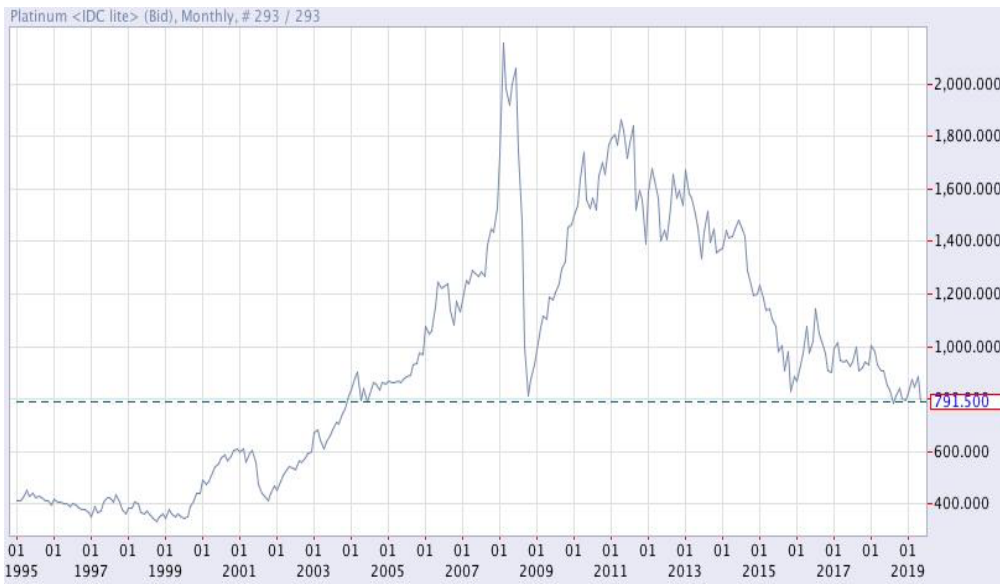
Gold had a slow start to the week with most major bullion markets closed on Monday but this proved to be ‘the quiet before the storm’ as the yellow metal reacted to increasing tensions between the US and China and weaker US economic data to trade erratically between \$1275 and \$1288 until staging a significant break out to the upside on Friday to reach a six week high of \$1306.25 before ending up \$20.75 or 1.62% at \$1305.25 bid. Reports that President

Trump had widened the scope of trade wars to include Mexico, due to immigration issues, in addition to the stand off with China, and to a lesser extent Europe, sparked turmoil in global financial markets with the DJIA falling by 3% on the week, US 10 year bonds dipping to 20 month lows, 10 year German Bonds hitting a record bottom and was the catalyst for gold’s safe haven surge higher. Looking ahead to the coming week the main focus will be the US led Global Trade Wars, however the US economy and its impact on interest rates and direction of the USD remains a key driver of the gold price and all eyes will be on Friday’s US employment data for signals on the near term direction of Fed monetary policy. On the charts, while reclaiming a foothold above \$1300 was psychologically important, of more significance was the break and close above the 200 day moving average set at \$1296 and if this move is confirmed in the coming week technical traders will be targeting a test of resistance pegged at \$1320. On the downside \$1275 has now been established as a major point of support that should contain any unexpected reversal of fortune for gold.

Silver had a torrid start to the week with the price slumping to a fresh low for the year of \$14.27 on Tuesday as the impact of US versus China trade wars on the outlook for economic growth took its toll on the prospects for industrial demand. The so called ‘industrial precious metal’ has been the biggest loser so far in 2019 from the growing trade stand off between the world’s two leading economies but it was interesting to note that the precious metal element of silver came to its rescue with the price tracking gold higher to reach \$14.67 on Friday before ending marginally higher on the week at \$14.57 bid. Looking at the charts, the way silver bounced impressively from the key band of long term support in place between \$14.25 and \$14.00 suggests that the weakness is over, at least for now, and technical traders will now be looking for a sustained rally towards the 200 day moving average set at \$14.90 with potential to reach the 100 day MA pegged at \$15.22.



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The early signs for platinum were fairly positive with the price staging an early rally from the previous week's close of \$802 to reach \$817.50 on Tuesday on (unfounded) optimism of progress in the Sino/US trade talks. However reports that China was considering using Rare Earths as a weapon on its trade war with the US sparked a sharp reversal in direction with the noble metal falling by 3.6% to a low of \$788 on Thursday before ending the week down \$10.50 or 1.31% at \$791.50. With no signs of an end to the stand off between the US and China, fresh

weakness can be expected in the near term with this year's to date low of \$775 in danger of being tested next week. Chart watchers will be well aware that this price also represents crucial long term support that has been tested five times since the summer of 2004 and survived, however as this chart illustrates a clear break could yield a further \$175 or 22% on the downside representing a potentially attractive break out opportunity for the fast money momentum traders.

Palladium was impressive for most of the week as it worked its way steadily higher from the previous Friday's close of \$1335 to reach \$1380.75 by Thursday. However news that President Trump had imposed punitive tariffs on Mexico as result of growing concerns in the US about illegal immigration from its trading partner to the south sparked an amazing sell off that saw the price plunge by over 4% on Friday to a low of \$1323 before ending down \$10 or 0.75% at \$1325 bid. The reason for this reaction was the fact that a number of major US auto makers use Mexico, with its cheaper labour costs, to manufacture significant volumes and this move, if carried out could seriously



impact industrial demand from the auto industry in the US. Although palladium has been the star of the precious metals sector in recent years it now looks vulnerable on the downside with chart watchers eyeing a possible test of the 200 day moving average located at \$1270 and the prospect of palladium losing its recently earned tag of the most valuable precious metal back to gold.

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