

# PRECIOUS METAL update

23 January - 29 January 2017

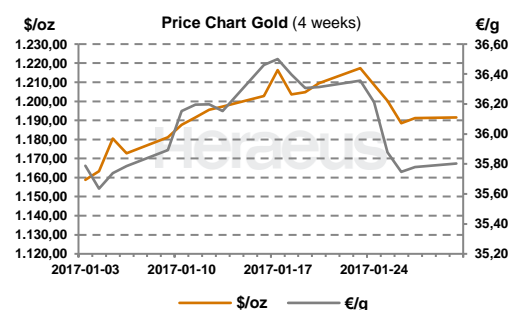
	Au	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
GOLD	High	1.219,59	1.134,89	36,49	27 January 2017	52.915.380	-0,55%
	Low	1.184,03	1.104,75	35,52	20 January 2017	53.205.385	

## Investors' appetite for risk weighs down Gold

Investor's growing appetite for taking risk in other assets puts pressure on the Gold price. While stock markets picked up substantially - the Dow Jones recently marked a new all-time high - the "safe haven" dropped to 1,180.70 \$/oz by the end of the last week after previously trading at 1,218 \$/oz.

Hopes for the economic program of President Trump to stimulate the economy - not only in the US but worldwide - are spurring the euphoria. Promising quarterly figures for companies in Europe and the USA enforce the sentiment. It remains to be seen how sustainable the rally on the stock markets will be. For Gold, the "crisis metal", however, it initially results in lower physical demand. In the medium term, however, we expect stable interest from buyers. Price dips such as those seen in recent days will be considered as attractive buying opportunities for investors. After all, Trump's first actions do not only inspire euphoria, but also uncertainty about the medium-term economic and political consequences and Gold would benefit accordingly. Nevertheless, in the current environment we do not rule out seeing the metal decline further. From a technical point of view, we may even see the support at 1,125 \$/oz being tested.

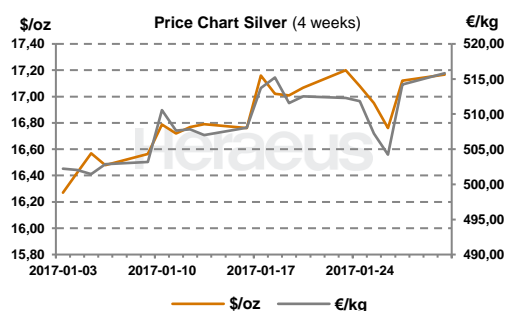
Despite the significant investment demand, the Gold market marked the highest surplus since Q4 / 2005 in the fourth quarter of last year. According to analysts of Thomson Reuters GFMS, ETFs sales and low demand from India were the main reasons for this. For the full year, physical demand was at the lowest level in seven years. Switzerland, however, set a new record: Gold exports to China reached 158 tons in December, the highest volume since Bloomberg analyses of Swiss customs began.



	Ag	\$/oz	€/oz	€/kg	Stock/oz	ETF (abs.)	ETF (rel.)
SILVER	High	17,32	16,14	518,76	27 January 2017	627.480.811	-0,36%
	Low	16,59	15,52	499,05	20 January 2017	629.768.333	

## Silver defies difficult environment

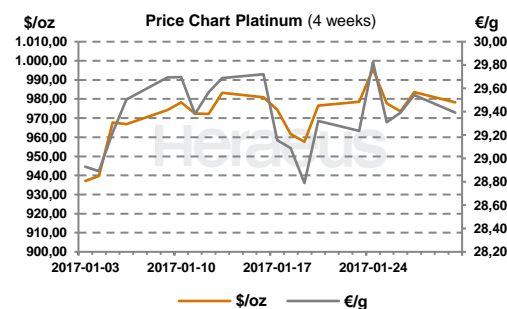
Silver could not quite escape the generally negative sentiment towards the metals and partially traded below 17 \$/oz last week. However, it performed better than Gold, and the Gold-Silver ratio dropped below 70, when Silver climbed back to 17 \$/oz. Beside the decreasing risk aversion - a result of bullish stock markets - the US Dollar is once again the main driver for weaker metal prices. One moment, Trump's policies and statements lead to a weaker Dollar, then again to a stronger Dollar, depending on which decree he is issuing and which message he is tweeting. Last week the market agreed that the protectionist measures were initially good for the US dollar. This week, the focus is likely to temporarily shift to the Fed's interest rate decision. While by now only two rate hikes are expected for this year, it remains interesting to see how optimistic or observant the Fed will comment on economy and inflation. From a technical perspective, Silver's positive momentum since the beginning of the year has somewhat flattened. It remains to be seen whether the metal can break out of the downward trend channel of the past six months. Resistance waits at 17.35 \$/oz, while support is available at 16.65 \$/oz.



	Pt	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PLATINUM	High	1.010,25	940,03	30,22	27 January 2017	2.103.163	-0,23%
	Low	958,50	896,80	28,83	20 January 2017	2.108.047	

## Long positions and economic environment spread optimism

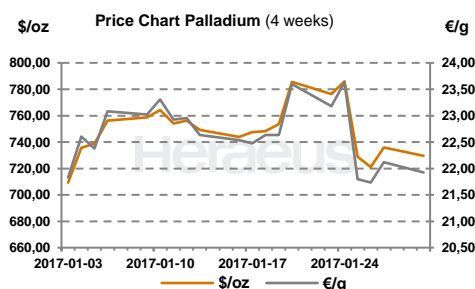
The positive trading environment for Platinum mentioned in our previous market report was confirmed with the start of this week. It is primarily driven by speculative long positions and the fact that "Trumponomics" support the US economy, in particular the automotive market. With such tailwind, Platinum tested the psychological mark at 1,000 \$/oz on Wednesday. However, the price bounced off this level and corrected by 2.5% on the same day. Compared to sister metal Palladium, however, losses were limited - despite news of a 15% import decline into the important Chinese market and a depreciation of the South African Rand. We therefore continue to see Platinum positively but do not rule out temporary price corrections. Another test of the 1,000 \$/oz mark and maybe even a breakthrough is a possible scenario throughout the course of the week.



	PD	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PALLADIUM	High	799,50	745,00	23,95	27 January 2017	1.469.629	0,00%
	Low	708,97	665,00	21,38	20 January 2017	1.469.676	

## Palladium under pressure

With a price drop of more than 7% from 789 \$/oz to briefly as low as 730 \$/oz on Wednesday, the metal recorded the biggest daily decline since April 2013. After the substantial increases in previous weeks with a high of 797 \$/oz, profit taking was the crucial factor. The price did not recover by the end of the week, touching even the 3-week low of 711 \$/oz. The Chinese New Year celebrations will also affect the coming days, as many market participants are unavailable, thus enforcing the lower price level. Nevertheless, Palladium will be able to stabilize again due to the continued physical deficit in the market. Overall market expectation is that the 800 \$/oz mark could be exceeded in the medium term. Even if investor interest in the booming stock markets and US yields is increasing, thus overshadowing the safer precious metal markets, this is unlikely to have any further negative effect on Palladium. The decisive factor will be the question of how fast Trump's economic measures will result in higher demand for Palladium. In recent months, the metal showed a strong positive correlation to base metals such as Copper and Tin, which could benefit from new infrastructure projects in the US.



	Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)	
RHODIUM, RUTHENIUM, IRIDIUM	Bid	790	34	665
	Ask	890	42	765

## Rhodium slightly weaker, Ruthenium turnover on good level, Iridium still difficult

**Rhodium** was unable to defend the level already reached this year and closed slightly lower than at the beginning of last week. Overall, Rhodium has not quite been able to position itself. Perhaps it was already anticipating the upcoming Chinese New Year when demand will be lower due to the lacking market participation of some important consumers and traders.

Despite unchanged price levels, **Ruthenium** remains active and turnover is on a good level, although somewhat lower than in previous weeks. Beside this, there is no news for the metal.

**Iridium** is still in the same difficult environment of good demand and limited supply. However, the overall situation regarding liquidity has slightly improved. Nevertheless, we continue to see Iridium on a high level and can imagine a further price increase in the near future.

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