

# PRECIOUS METAL update

1 May - 7 May 2017

	Au	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
GOLD	High	1.271,10	1.165,83	37,48	8 May 2017	55.040.044	-0,15%
	Low	1.225,20	1.115,30	35,86	1 May 2017	55.123.885	

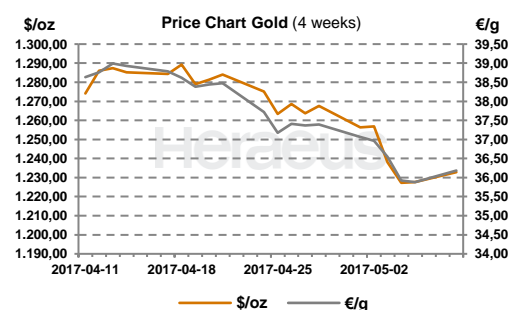
## Gold under pressure

After opening close to \$1,270/oz on Monday, gold posted substantial losses during the week reaching a six-week low on Thursday at \$1,225/oz. The metal stabilized somewhat by the weekend due to good US economic data, closing the trading week at \$1,330/oz. The focus thus turns to the current 100-day average of \$1,222/oz as well as breaking the psychological limit of \$1,200/oz.

The price drop was due particularly to a sell-off on Wednesday evening, which even led to a breakthrough of the 200-day moving average. The US Federal Reserve was a crucial factor here, as it spoke positively about a further interest rate hike in June. This made investment in precious metals seem less attractive, and prices slumped.

In contrast to comparatively strong last year, demand for gold fell by 18% to 1,035 tons in the first quarter of 2017. This decline was chiefly evident in declining ETF inflows, which dropped by 68% year-on-year. In addition, central banks were very cautious about buying gold; for example, China's central bank has made no officially confirmed purchases of gold since November 2016. By contrast, demand from private consumers in China and India grew. Bars and coins were at a good level in the first quarter, with demand rising by 9% compared to last year. On the other hand, jewelry and technology industries had less demand for gold.

The victory of Emmanuel Macron in the French presidential election had already been priced in by the market participants so that gold opened this reporting period at almost unchanged levels. The Euro could stabilize close to the six month high of 1.10 USD.

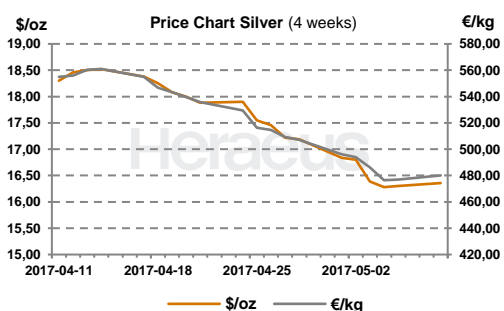


	Ag	\$/oz	€/oz	€/kg	Stock/oz	ETF (abs.)	ETF (rel.)
SILVER	High	17,30	15,87	510,38	8 May 2017	628.756.407	0,57%
	Low	16,17	14,73	473,63	1 May 2017	625.214.913	

## Big losses in silver

Similar to gold, silver declined during the week. After trading at \$17.27/oz on Monday, the metal fell to an intraweek low of \$16.17/oz on Thursday. Silver has thus lost just over 13% in the past two weeks, posting a five-month low. Based on Friday's closing price of \$16.45/oz, technical resistance can be expected at the March low of \$16.80/oz and support at the 2017 annual low of \$15.90.

The gold-to-silver ratio rose to 76:1, its highest level since June 2016 compared to 68:1 beginning of March. This trend demonstrates the poor performance of silver in recent weeks. One reason is that the demand for (American Eagle) coins has noticeably declined in the US market which plays a key role. But in principle it is to be expected that investment demand could markedly increase as a result of the currently favorable price level. This is already indicated by strong ETF inflows, amounting to 140 tons over the week.



	Pt	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PLATINUM	High	954,50	876,01	28,16	8 May 2017	2.128.520	0,14%
	Low	889,10	813,30	26,15	1 May 2017	2.125.548	

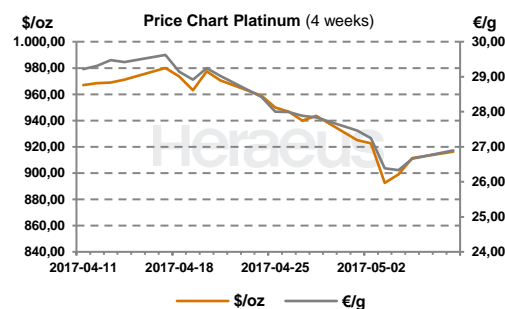
### Platinum briefly below the \$900/oz mark

Platinum opened the reporting period at the week's high of \$941/oz. Then the metal went into free fall, crossing the \$900/oz mark on Wednesday and dropping down to \$890/oz. Contributing factors were the falling price of gold and the parallel drop in industrial metal prices. Platinum recovered somewhat by the weekend, closing the week at \$911/oz. Platinum sponge also continued to trade at a premium.

Characteristic for platinum at present is that both as a traditional precious metal and as an industrial metal, it responds almost exclusively to negative news. The metal should react both to positive US economic data and to the heightened positive demand for platinum as a "safe haven."

We reported that the proportion of diesel automobiles in Europe continues to decline, though overall demand for diesel vehicles is high. However, a Frankfurter Allgemeine Zeitung interview last week with BMW CEO Harald Krüger brought a glimmer of hope. Krüger emphasized that diesel cars will remain popular, in part because of their technical advantages at mileage over 20,000 km, as reflected especially in the buying behavior of consumers. Thus, these reports, along with the rising popularity of platinum jewelry especially in the luxury jewelry market, should bring another upturn for platinum as well.

On the charts, we see resistance at \$983/oz and support at \$874/oz.



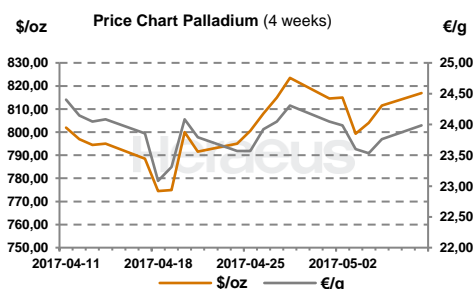
	PD	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PALLADIUM	High	832,77	764,00	24,56	8 May 2017	1.481.907	1,35%
	Low	785,47	718,00	23,08	1 May 2017	1.462.167	

### Sister metal less than \$100/oz apart

At the start of the week, palladium reached a two-year high of \$829/oz. Since 2002, the difference between platinum and its sister metal palladium has been less than \$100/oz. In 2017, palladium has ranked as one of the top-performing raw materials with cobalt and uranium.

However, Wednesday's selloff in precious metals did not spare this metal either, and palladium again fell below the \$800/oz mark, though it recovered relatively quickly and closed the week at \$811/oz.

The automotive industry generates 80% of the demand for platinum, with the US and China leading the pack. However, automobile sales slowed in April, mainly in the US (-4.7%). China also saw a slowdown in automobile sales, primarily because of tax incentive cuts. On the whole, however, market participants are assuming that platinum will quickly return to its former levels and set its sights on new records.



		Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)
RHODIUM, RUTHENIUM, IRIDIUM	Bid	925	60	900
	Ask	1.025	70	1.000

### Rhodium now on a downturn after all; A respite for Ruthenium; Iridium still in demand

The interest in selling mentioned in the last report has continued through the reporting week. Because of the major platinum "clearance sale," **Rhodium** appears to have readily come under pressure as well, although when it comes to automotive emissions, the combination of Palladium – Rhodium is more prevalent than that of Platinum - Rhodium, and Palladium survived the selling pressure relatively well. Potential buyers, particularly from Asia, have tended towards restraint when prices are falling, due to the anticipated prospect of even lower prices. Generally speaking, however, we do not expect rhodium to plummet further, because the market is already seeing initial inquiries, which could stabilize prices at the current level. **Ruthenium** appears to be taking a breather for now, trading sideways. After its performance in recent weeks, the market seems to have settled at a remarkable level. Sales are distinctly lower than in the past three months. Because the purchases were both partially panic-driven as well as speculative, it remains to be seen whether recently assembled long positions are sold again or whether this was a sustained movement that even holds additional potential in the medium and long term. **Iridium** remains in demand, although the limited supply does not allow a very high volume of sales. The situation is unchanged – interest from users and consumers remains strong and availability is limited, particularly in primary production. It looks as though iridium will continue to trade steadily at a four-digit price in the near future.

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