

PRECIOUS METAL update

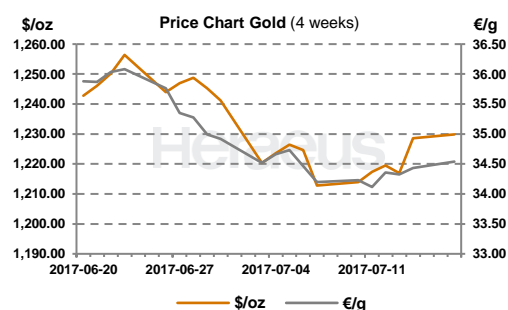
10 July - 16 July 2017

	Au	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
GOLD	High	1,233.36	1,076.48	34.61	17 July 2017	54,425,324	-0.34%
	Low	1,204.45	1,056.05	33.95	10 July 2017	54,609,279	

Strong demand for gold

Early in the trading week, gold initially traded near its 4-month low at \$1,204/oz. before posting gradual gains over the course of the week. The interim low was caused mainly by falling US Treasuries which conversely catapulted yields to a 2-month high. Rising opportunity costs thus render the non-interest bearing investment in precious metals less attractive. Significantly stronger physical demand resulted due to the "favorable" market level. Particularly denominated in euros, gold reached its most favorable price since February 2016, prompting market participants from a variety of industries to place hedging contracts. By mid-week, the focus of the US congress turned to Fed chair Janet Yellen's testimony on the occasion of the semiannual monetary policy report. Yellen emphasized that the Fed aims to maintain their approach of prudent interest rate hikes and will soon commence the process of shrinking its balance sheet, bloated as a result of the financial crisis. Another interest rate increase is planned for 2017, depending on US economic growth. Meanwhile, the initial signs are showing that Gary Cohn, the current chief economic advisor to Donald Trump, could be in a position to succeed Janet Yellen in the spring of 2018. The price of gold jumped to a week-high of \$1,233/oz. on Friday afternoon on the back of weak US inflation and retail data. The euro rocketed to \$1.147. The next meeting of the ECB Governing Council will be held on July 20.

After our technical support held at \$1,200/oz., gold managed even to surpass the 200-days moving average at \$1,228/oz. in a wave of consolidation. For the upcoming trading week, it remains to be seen whether gold will tackle the new resistance at \$1,247/oz. (100-days moving average).

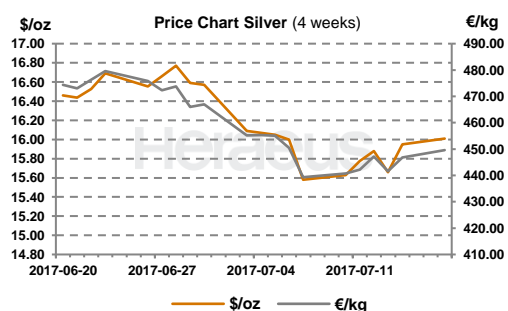


	Ag	\$/oz	€/oz	€/kg	Date	ETF oz (abs.)	ETF (rel.)
SILVER	High	16.13	14.08	452.52	17 July 2017	656,065,982	1.16%
	Low	15.16	13.29	427.21	10 July 2017	648,514,566	

Silver turns around

As previously suggested in the last reporting week, silver seemed to be clearly "oversold" compared to gold after yet another weekly loss of over 6%. Beginning from an opening price of \$15.62/oz., silver managed to climb up to 3% to \$16.13/oz. at its peak and closed the week over the psychological threshold of \$16/oz. Based on the yearly low, physical demand for silver grew significantly, similar to the trend in gold.

We expect technical support at \$15.80/oz. (23.5% Fibonacci retracement) and resistance at \$16.18/oz. (38.2% Fibonacci retracement) for the coming trading week.

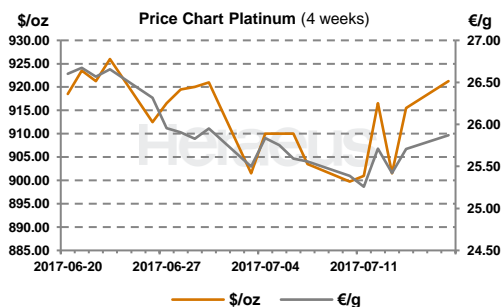


	Pt	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PLATINUM	High	927.50	813.62	26.16	17 July 2017	2,217,778	0.06%
	Low	886.15	776.65	24.97	10 July 2017	2,216,369	

Platinum on 7-month low

Last week, platinum tumbled to a 7-month low of just under \$890/oz. as futures gross short positions peaked again last week. Both a strong ZAR as well as the recovery of the gold price by the weekend resulted in short covering, bringing the week to its close on a high note of \$925/oz.

A long-term lack of imagination surrounding a growing market for platinum sales continued to influence the generally sustained weakness of platinum and Tuesday's 7-month low. Meanwhile, there have been further signals for the displacement of automotive catalytic converters by the anticipated growth of electric car as in early July, for example, Volvo Car Corporation announced that, starting in 2019, it would offer only hybrid and electric cars. We will also monitor the trend of the price of platinum compared to palladium with great interest in the weeks to come. Platinum closed last week only \$57/oz. over the price of palladium, which would have been inconceivable one year ago. A difference of almost \$480/oz. last year has dwindled to a narrow lead of less than \$30/oz. in June 2017.

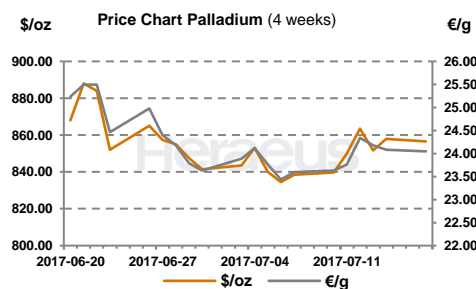


	Pd	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PALLADIUM	High	876.50	771.00	24.79	17 July 2017	1,372,402	-0.36%
	Low	825.49	725.00	23.31	10 July 2017	1,377,357	

Palladium market still volatile

Palladium was driven to a 4-week low of less than \$830/oz. at the beginning of the week and climbed to \$863/oz. by Friday. Because of the current situation of slow growth of the palladium supply in the mining industry and Asia as the main driver of demand through its more stringent emissions standards and higher automotive industry sales in general, many analysts anticipate that the excess demand will continue to grow over the years to come.

Speculative investors seem to have found increasing interest in the metal in recent weeks, and many market participants are acting on the assumption of greater price volatility in the coming weeks. The CME reacted once again and raised the margin per futures contract to \$12,320 (increased by more than 100% over the past four weeks). However, prospective buyers are trying to take advantage of the currently volatile market prices by placing limit orders in order to be able to profit from short-term downward price movements.



RHODIUM, RUTHENIUM, IRIDIUM		Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)
	Bid	980	60	940
Ask	1,080	70	1,040	

Competitive market for rhodium; Ruthenium is waiting for impulses; Iridium demand still strong

At the beginning of the reporting week, the **rhodium** market initially appeared to express an interest in selling, but this momentum was then immediately used to make new purchases which resulted in only a marginal reduction in price. However, the market remained extremely competitive for the entire week in tightly focused environment paired with strong sales. Since industrial customers continue to express an interest in buying, we do not foresee any significant reduction in price. However, potential sellers are quite willing to sell their holdings at the current level, which means that we could see a similar scenario once again in the coming week and the price may only move sideways.

The **ruthenium** market remains very reticent with regard not just to sales but also to market intelligence concerning applications, sales markets, etc. As a result, we also expect to see little change for ruthenium in the coming week.

As we expected, the price of **iridium** slowly began to rise again. Various iridium users and consumers continue to enjoy favorable market conditions for products made from or containing iridium, and therefore we stand by our view that this situation will continue. The current supply is still lower than the quantity in demand.

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