

PRECIOUS METAL update

17 July - 23 July 2017

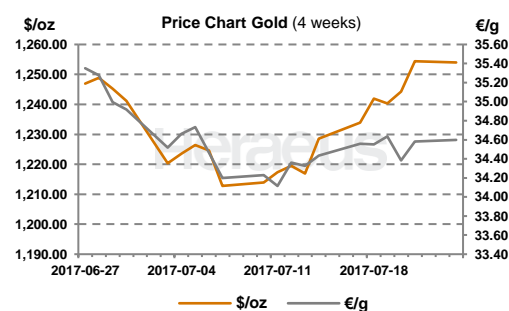
	Au	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
GOLD	High	1,256.73	1,080.18	34.73	24 July 2017	54,066,572	-0.66%
	Low	1,227.80	1,066.78	34.30	17 July 2017	54,425,324	

Draghi boosts gold to a three-week high

Continuing its upward trend of the past trading week, gold opened at \$1,231/oz. and is still boosted by several positive factors: strong technical support, weak economic and inflation figures in the US, the cautious initial Brexit negotiations and continuing political uncertainty related to Trump, Russia and the numerous other conflict areas around the world. These factors should also serve as a supportive basis and catalyst for improved investor sentiment. While there were sharply higher trading volumes in trading of physical bars – in part because of more favorable price levels for initial investments – the situation was different for ETFs and on futures markets. Gold ETFs have fallen to their lowest level since March and there was a decline in bullish net non-commercial-futures-positions for the sixth week in a row according to the COT data. If this downward spiral reverses, possibly as a result of a correction on the stock market, this could boost the price of gold as well.

Gold rose to a weekly high of \$1,256/oz. on Thursday following the press conference by ECB President Mario Draghi. The ECB will continue its zero-interest rate policy for the time being, as inflation has still not materialized and there is therefore still a need for “very substantial monetary support.” As Draghi did not seem to be concerned about a stronger euro, the Eurozone currency improved to a 2-year high of USD 1.168. The Japanese central bank also maintained its more accommodative monetary policy, changing the planned date for reaching its target inflation rate of 2% for the sixth time, postponing it by another fiscal year to 2019. All eyes are now on the next FOMC meeting on July 26.

As we forecasted, gold exceeded its 100-day average of \$1,247/oz. at the end of the week. After starting the week with a weekly closing price of \$1,255/oz., there is now support at \$1,240/oz. (38.2% Fibon. level) and upward resistance at \$1,261/oz. (61.8% Fibon. level).

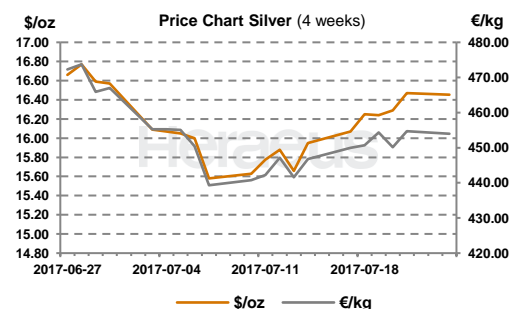


	Ag	\$/oz	€/oz	€/kg	Date	ETF oz (abs.)	ETF (rel.)
SILVER	High	16.58	14.23	457.66	24 July 2017	655,650,419	0.28%
	Low	15.94	13.90	446.75	17 July 2017	653,851,353	

Silver shines

Silver continues to move in one direction. After opening at \$16.01/oz., it has stabilized well above the initial resistance of \$16/oz. The gold-silver ratio has improved since reaching its 15-month high of 82 (on July 7) and now stands at 76, which confirms silver's outperformance. In addition, there have been ETF inflows of more than 2% since the beginning of July. The latest COT data shows that the silver futures market is currently in a net short situation. A short covering on the futures markets could further boost the price of silver.

Silver ended the trading week with an increase of 3.3%, closing at \$16.55/oz. We are still confident about the fundamental strength of the metal, and we therefore see technical support at \$16.18/oz. (38.2% Fibon. level) and resistance at \$16.73/oz. (50-days-moving-average).

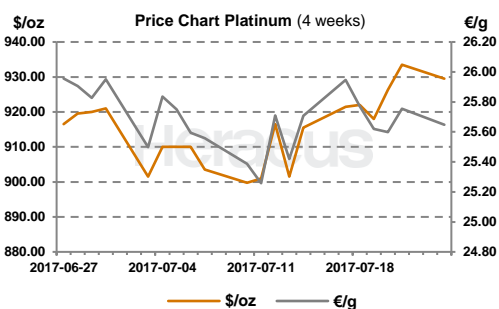


	Pt	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PLATINUM	High	944.75	820.00	26.36	24 July 2017	2,223,372	0.49%
	Low	908.50	785.12	25.24	17 July 2017	2,212,483	

Platinum back on track

Following the downward trend in platinum which continued throughout the month of June, the metal — overshadowed by gold and the weak US dollar — slightly recovered from its all-time low of under \$900/oz. The lower prices, however, were used by some industrial consumers to stock up on supplies for the second half of the year. Having opened the reporting week at \$925/oz, platinum gradually increased in value, closing the week at \$938/oz. In a surprise move, the South African Reserve Bank (SARB) reduced its interest rate from 7% to 6.75% last week, resulting in a slight depreciation of the rand against the US dollar and thereby bolstering the local platinum price in rand.

Diesel technology made the headlines once again. Last week, Daimler announced that it was recalling 3 million vehicles throughout Europe to update emissions software. There seems to be no end to the negative headlines surrounding compression-ignition engines after Dieselgate and discussions on whether the vehicles should be banned. Registration figures for new diesel vehicles are plummeting, and new automobile buyers are concerned about the residual value of their cars. In addition to dealing with the diesel predicament, the automobile sector—which is important for industrial platinum consumption—will face its biggest challenges over the next few years. That is why the right course must be set to secure the drive technology of the future and win back consumers' trust. Market assessments foresee little change in the use of platinum in the medium term, since there will be not enough capacity for the new automobile technologies in the short to medium term. The current situation, however, is likely to significantly accelerate the trend towards alternative solutions. Whether there will also be demand for fuel cells in addition to the use of battery powered motors will be something to keep an eye on. These could, in turn, significantly drive forward the need for platinum.

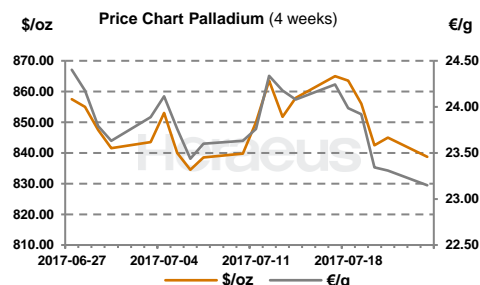


	Pd	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PALLADIUM	High	876.75	763.00	24.53	24 July 2017	1,372,155	-0.02%
	Low	836.47	721.00	23.18	17 July 2017	1,372,404	

Palladium market still volatile

Unlike its sister metal palladium's price development remained volatile through the end of the reporting week. After trading at \$863/oz at the start of the week, the metal fell to a weekly low of \$840/oz on Thursday. At Friday's close, the metal stood at \$850/oz.

Demand was boosted by the Chinese automobile market: 2.2 million vehicles were sold in June, representing an increase of 3.6% compared to May. At the same time, automobile production in June rose by 3.9% on the previous month, according to Thomson Reuters. Even though April was a weak month for the Chinese automobile industry, 13.4 million vehicles were sold in the first half of 2017, representing an annual growth of 3.8%. The price of palladium continues to be well supported, not least due to the abovementioned developments on the diesel market.



RHODIUM, RUTHENIUM, IRIDIUM		Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)
	Bid	965	60	940
Ask	1,065	70	1,040	

Slightly weaker prices for rhodium; No momentum for ruthenium; Quiet week for iridium

Last week we noted the potential interest in selling **rhodium**, and this interest picked up somewhat at the end of the reporting period, resulting in a slight decline in the price of the metal. However, there are still no signs of a significant wave of selling. It should be noted, however, that the price has moved within a range of about \$25/oz. over the past four weeks. Despite strong turnover, the price has not increased and experience shows that market participants, especially the speculative ones, tend to sell such positions, which is the case at present.

There are still no significant changes that might impact the price of **ruthenium**.

Things were somewhat quieter in the market for **iridium** this week, most likely as a result of the summer vacation season. There was little movement on the price side this week, and even turnover were well below the level seen in previous weeks. It is important to remember that the price of this metal has been on the rise for more than a year – with no downturns – and has nearly doubled in this time. Ever new record highs cannot be taken for granted, as investors will likely sell any of the metal that they have because of the high prices.

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