

# PRECIOUS METAL update

08 May - 14 May 2017

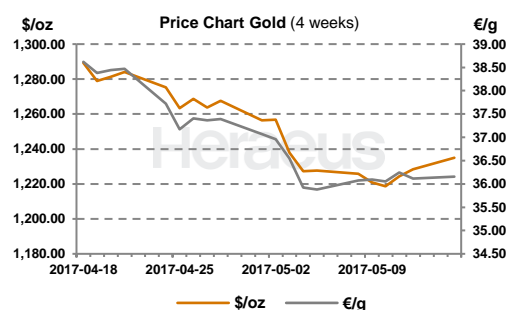
	Au	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
<b>GOLD</b>	High	1,236.60	1,132.04	36.40	15 May 2017	54,996,526	-0.08%
	Low	1,213.81	1,112.29	35.76	8 May 2017	55,040,044	

## Gold trending sideways

The price of Gold trended sideways last week and briefly dipped to an eight-week-low of 1,214 \$/oz on Tuesday. The price recovered to 1,221 \$/oz by evening, as US yields declined again and the US Dollar rose slightly. As the week ended, Gold closed at 1,230 \$/oz. Gold also traded somewhat higher against the Euro for the week, rising from 1,116 €/oz at the start to 1,123 €/oz on Friday evening.

In our view, the current prices already reflect the possibility that the Fed will raise interest rates. According to Bloomberg and the CME FedWatch tool, the majority of market participants currently expect the Fed to raise rates on June 14. A 50% probability of two further rate increases in 2017 is already factoring into the price.

The price of Gold also received tailwind from North Korea's threat to conduct another nuclear missile test. The threat, issued during the presidential election in South Korea, was probably just a matter of political calculus. However, any escalation would lift the price of Gold in the short term and should therefore be monitored further. Apart from the omnipresent political uncertainties, such as Syria or the ouster of the FBI director in the United States, the price of Gold could benefit in the weeks ahead from an increased physical demand from India and China. Especially the eight-week low on Tuesday was welcomed in India as the wedding season approaches. Although jewellery demand in China in April was somewhat weaker than last year's level, this was balanced by greater interest on the part of investors. Therefore, we anticipate higher demand in the months ahead.

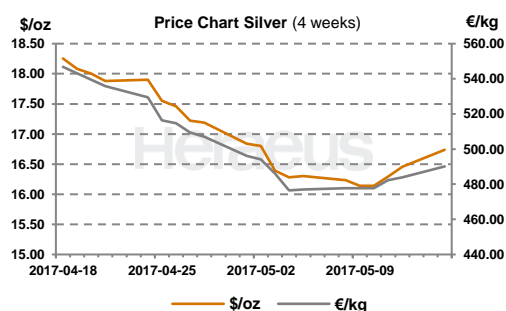


	Ag	\$/oz	€/oz	€/kg	Stock/oz	ETF (abs.)	ETF (rel.)
<b>SILVER</b>	High	16.54	15.19	488.36	15 May 2017	638,141,586	1.49%
	Low	16.01	14.71	472.97	8 May 2017	628,756,407	

## Silver reaching its floor

Silver traded in the range from 16.07 to 16.56 \$/oz over the past trading week, finding support near the psychological barrier of 16 \$/oz. After US economic data (CPI and retail sales) on Friday afternoon turned out to be weaker than expected, Silver closed the trading week nearly unchanged overall at 16.47 \$/oz as the US Dollar faltered. Technical resistance can be expected at the March low of 16.80 \$/oz. On Wednesday, the focus will turn to the next meeting of the ECB Governing Council, where no change in fiscal policy is expected at this time.

According to the just released World Silver Survey 2017, total Silver supply – from mine production and recycling – fell by 32.6 million ounces. On the demand side, new record highs were reached in the PV sector at 76.6 Moz. Overall, the Silver market has now posted a deficit (-147.5 Moz) for the third year in a row.

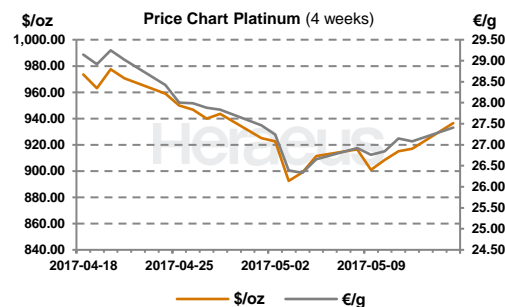


	Pt	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PLATINUM	High	931.00	856.96	27.55	15 May 2017	2,194,715	2.80%
	Low	895.00	821.86	26.42	9 May 2017	2,134,911	

## Platinum production in South Africa continues to decline

Platinum opened the reporting week at 907 \$/oz. After maintaining a downward trend in recent weeks, the price of Platinum recovered somewhat and closed the week at 927 \$/oz.

On the supply side, all signs indicate that the price will rise. Production in South Africa continues to decline. According to Thomson Reuters GFMS, the supply deficit in the global Platinum market could widen to as much as 370 thousand ounces in 2017. Last week, members of impoverished communities protested at Lonmin, the third-largest Platinum producer, and elsewhere, causing severe disruptions in production. The protests were reportedly led by the Bapo Ba Mogale Traditional Community, which seeks the creation of more jobs in the mines. But Lonmin is not the only producer affected by such unrest. Similar disputes are also demonstrably jeopardizing production operations at Impala and Anglo American. At the same time, the global auto industry is again reporting slumps in demand in the USA and China, key automotive markets for Platinum and Palladium. In addition to the growing investment demand for Platinum, however, industry in particular is using the current price level to hedge prices. This is expected to bring a tailwind back to the price of Platinum on the demand side as well.

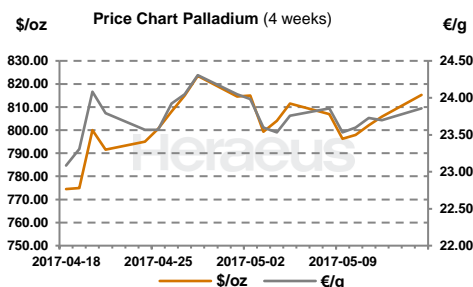


	PD	\$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PALLADIUM	High	822.90	752.00	24.18	15 May 2017	1,463,311	-1.25%
	Low	790.98	726.00	23.34	8 May 2017	1,481,906	

## Palladium continues to outperform other precious metals

Palladium prices in the past week exhibited a price movement similar to that of Platinum. Having opened the week at 810 \$/oz, the metal closed the week at 807 \$/oz. Although technical demand in the Chinese auto market is currently softening, Palladium is still benefiting overall, particularly from the global boom in demand for gasoline engines: Despite various market opinions regarding the future of diesel vehicles, it is generally evident that demand for gasoline vehicles is on the rise – and that comes with increased demand for Palladium, at the expense of demand for Platinum in diesel engines. This is particularly exacerbated by the VW emissions scandal.

Having risen steadily since 2016, Palladium is now in a bull market. According to Thomson Reuters GFMS, Palladium prices could soon even top those for its sister metal Platinum, which typically trades higher.



	Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)	
RHODIUM, RUTHENIUM, IRIDIUM	Bid	890	60	900
	Ask	990	70	1,000

## Rhodium stabilizes at a lower level; dull Ruthenium; Iridium takes a breather

**Rhodium** stabilized, though at a somewhat lower level, after encountering relatively strong selling pressure until the middle of the reporting week. It was fairly apparent that this was more likely to reflect investors disposing of their holdings, willingly or not, than market participants with a “physical” background. After dropping nearly 100 \$/oz in the past 2.5 weeks, Rhodium has reached a level at which interested parties will resume activity. However, it will likely be difficult to quickly regain ground to trading prices in the mid/late April. Therefore, we expect that movement in the coming week will tend to be sideways.

This reporting week brought very little news on the **Ruthenium** front in comparison to recent weeks. With low turnover and fairly lackluster trading, there was no change in the price. After a series of turbulent trading weeks, the market now needs to rediscover itself.

After gaining 35% in just three months, **Iridium** took a little breather this week. The high price is certainly not going unnoticed by consumers, although little about the overall situation has changed. Strong interest on the part of consumers and users is encountering a still limited supply. Therefore, we continue to think that, although the situation seems quiet at the moment, the price still has room to rise in the medium term.

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