# Precious Metals Weekly Outlook

Monday September 25, 2017

For last week's report, please click <u>here</u>



"Everything has its limit - iron ore cannot be educated into gold."

Mark Twain

#### **Overall Sentiment**

Market taking risk by second guessing the Fed's true intention

# Speculative funds positioning

 Net long cut their exposure as 1358 attracted profit taking activity but shorts were covering as well – they seem under pressure and decided to bail

# **Bullish perspective**

 There is sufficient rooms for funds to exert higher through recent price weakness

# Bearish perspective

- Dollar index revival in progress although it may be temporary
- Recent weakness may encourage speculative longs to reconsider their exposure

**Conclusion** – Fed to begin balance sheet normalisation in October but dead set on another rate hike in December



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"If I have cash and I can't figure a way to put it into real estate or my business, I hold it in gold and silver." -

#### Robert Kiyosaki

#### **Overall Sentiment**

 Technical weakness has prevailed and the weekly chart showed why bulls are struggling for now

# Speculative funds positioning

 Net long cut their bullish exposure in what seems like a profit taking near the high – shorts regained confidence and added to their bearish exposure – the cycle seems to have turned

# **Bullish perspective**

 Silver found support off the 20 WMA and if support holds, we could see it turning higher again

### Bearish perspective

 The break below 20 WMA should give way to further selling pressure

**Conclusion** – With short-covering rally pretty much run its course, the upside looks limited unless fresh buyers comes in



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# Market moving events this week

- Fed to commence balance sheet reduction \$10 billion every quarter
- Precious metals gave way to stronger dollar
- Risk assets initially turned south but has since recovered stronger
- Inflation is expectation is toned down the Fed downplayed the impact on the economy from Hurricane Harvey and Irma



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