



Precious Metals Weekly Outlook

Monday October 16, 2017

For last week's report, please click [here](#)

Gold

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

Mark Twain

Overall Sentiment

- Watch the potential inverse head and shoulder formation on the dollar index
- Dollar bulls are nervous post Sept meeting minutes as officials are concerned about low inflation pressure

Speculative funds positioning

- There were fresh additions from gross long – an indication that dip buying has emerged – but gross shorts were also increasing their bearish exposure

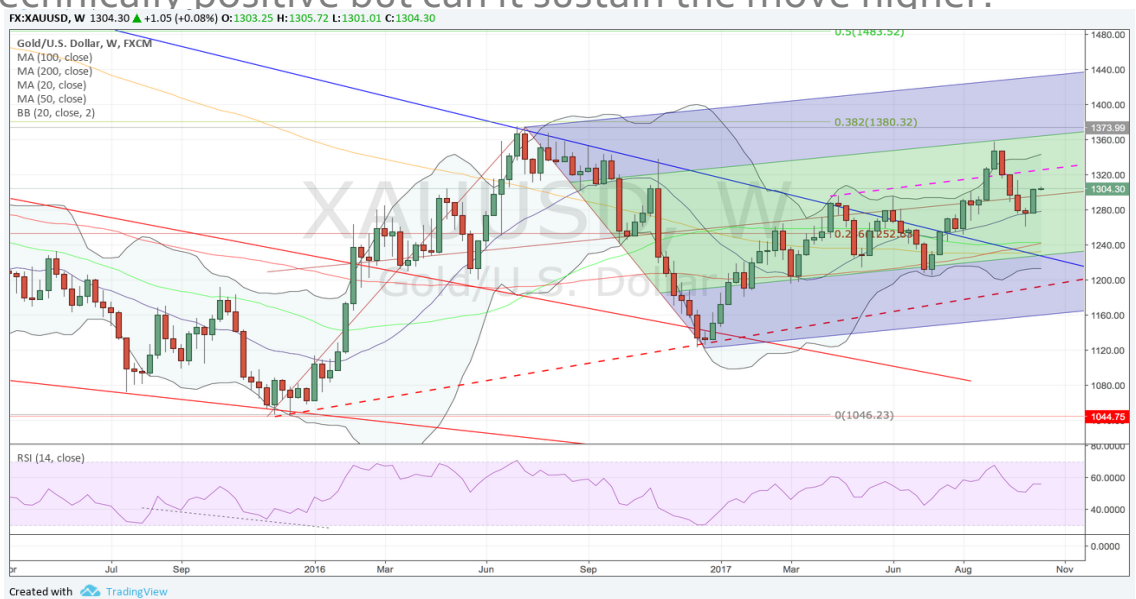
Bullish perspective

- Fed chair uncertainty and weak inflationary pressure are giving bulls momentum

Bearish perspective

- If the dollar index recovered higher, gold could get under selling pressure again

Conclusion – Gold has traded above \$1298 per oz – that is technically positive but can it sustain the move higher?



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Silver

"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

- Weekly reversal candle has encouraged fresh buying
- Bulls are back in control in the short-term

Speculative funds positioning

- The fresh buying was offset by selling as well – they cancel each other out

Bullish perspective

- With gold edging higher already – the uncertainty over N Korea, Spain, Brexit and various other risk off events are mounting to boost haven demand again

Bearish perspective

- If there is an indication of selling during the rally – that could very well suggest that this rally is temporary

Conclusion – Silver weekly chart showed how it has rebounded after a rather bullish hammer reversal candle – given the higher low, there may well be further buying for a potential inverse h&S

FX:XAGUSD, W 17.388 ▲ +0.011 (+0.06%) O:17.377 H:17.422 L:17.319 C:17.388

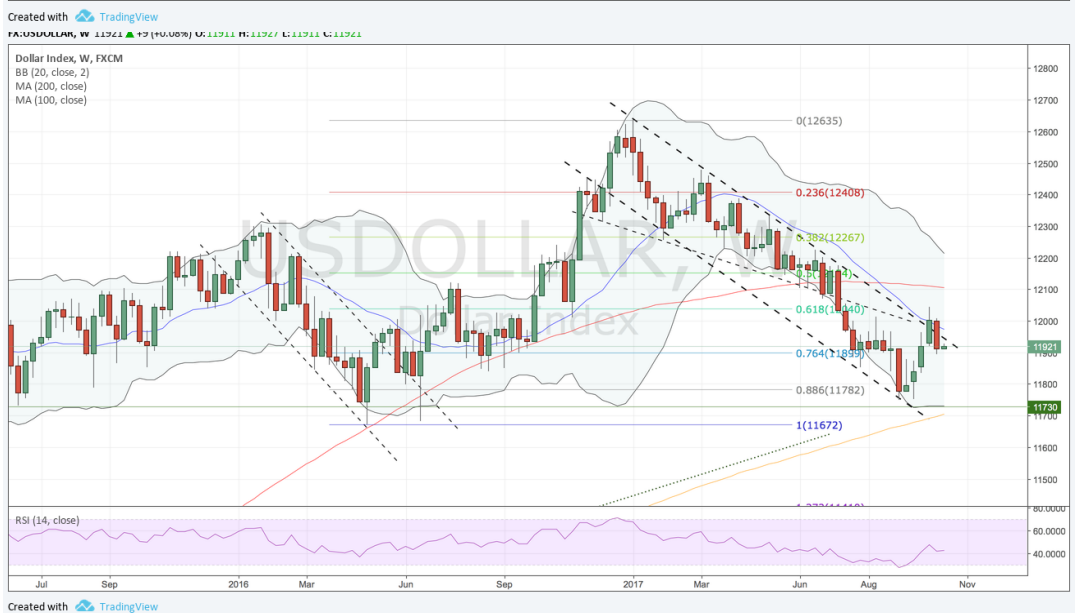
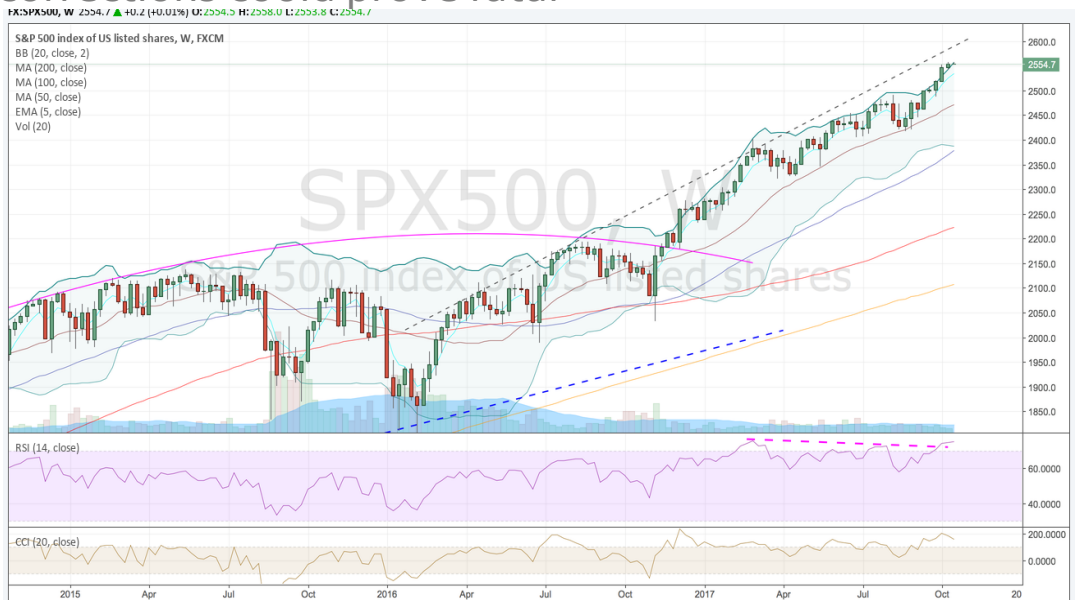


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Market moving events this week

- Watching the dollar closely for a potential inverse head and shoulder formation
- September Fed meeting seen as dovish – though December probability has risen well above 80%
- Uncertain Brexit negotiations and then Spain and Catalans discussions failed to show any clear resolution so far
- The resilient equity market is far too placid – any corrections could prove fatal



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