



# Precious Metals Weekly Outlook

Monday October 2, 2017

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# Gold

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

Mark Twain

## Overall Sentiment

- Global risk sentiment continue to undermine the threats from a potential all out war off the Korean peninsula

## Speculative funds positioning

- Gross long liquidated their bullish exposure as gold tumbled lower – but speculative funds were reducing their holdings too – which suggest the complex is not ready to be bearish yet

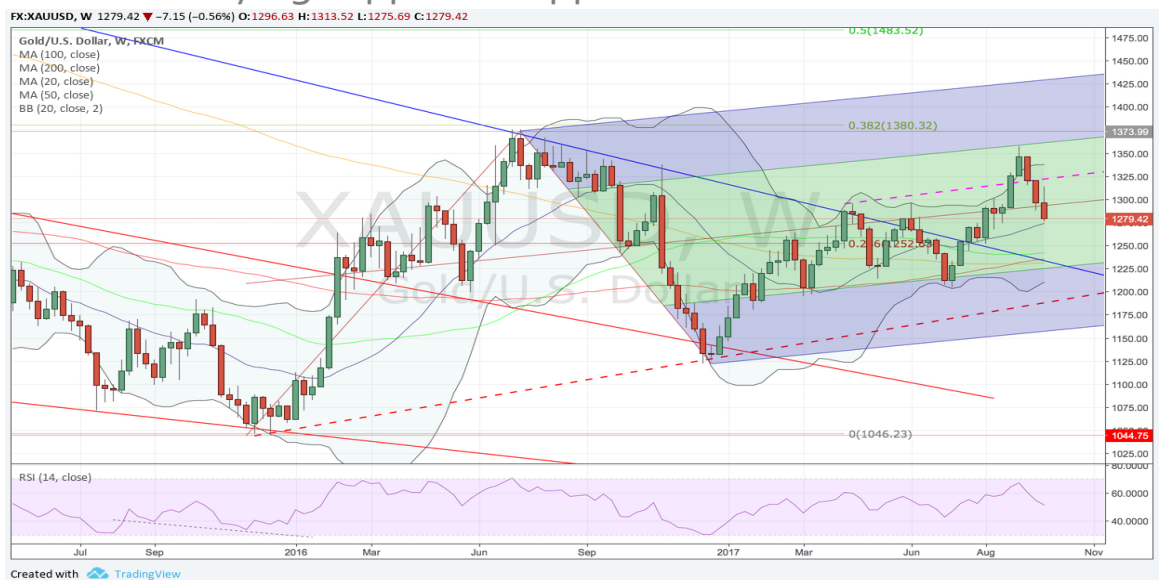
## Bullish perspective

- Recent price weakness may offer late longs a chance to enter the market again

## Bearish perspective

- Dollar rebound and the overstretched gold rally has given bears room to work lower
- Q4 weakness cannot be rule out as the drums for a December rate hike boost the dollar and treasury yields

**Conclusion** – Gold continue to consolidate lower – we expect decent underlying support to appear near technical levels



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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

- Will the edge lower formed a potential inverse head and shoulder formation in silver? It has the left shoulder and the head already.

## Speculative funds positioning

- A sizeable reduction in gross long position continue to suggest that selling pressure is likely to last in the short-term but shorts where seen covering as well

## Bullish perspective

- Short-term chart suggest that the complex is starting to look oversold – CCI seems to agree

## Bearish perspective

- Without further bullish catalysts – bears are currently in control and the price should remain under selling pressure

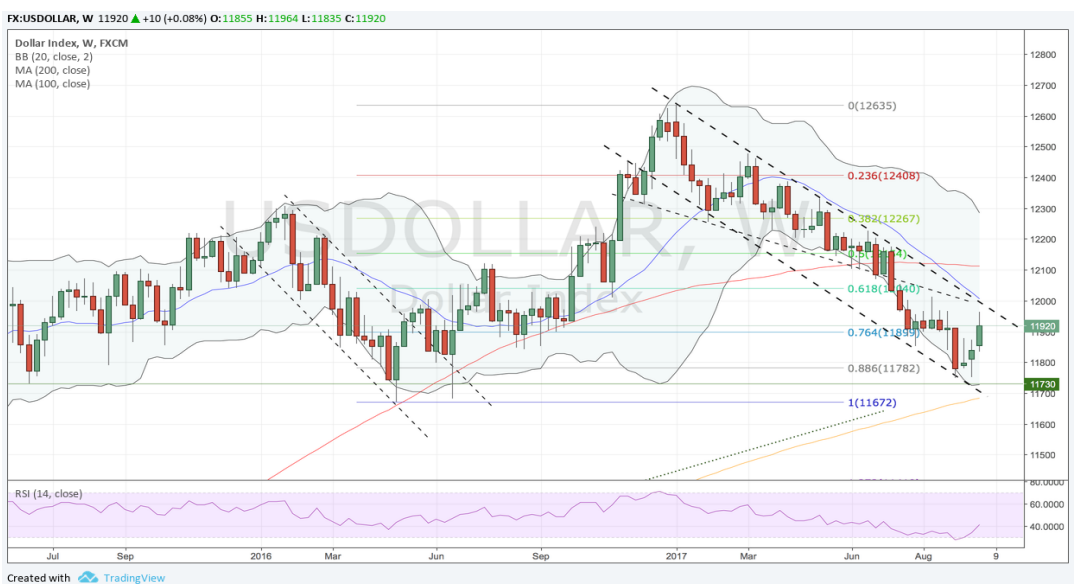
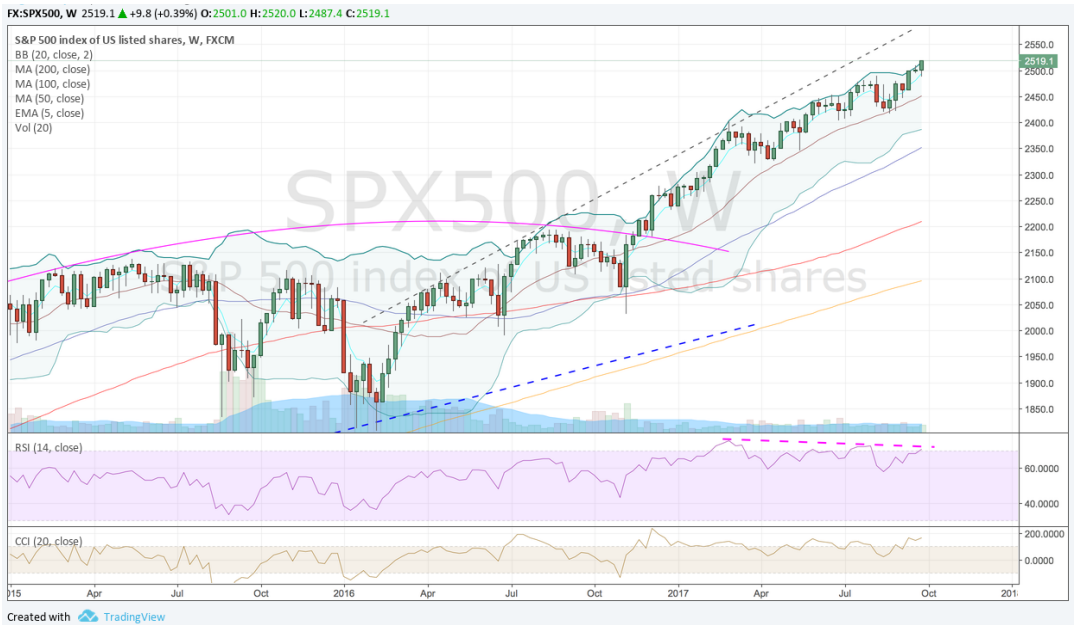
**Conclusion** – Will the price weakness attract fresh buying from speculative funds or will they rebuild their relatively low gross short position?



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# Market moving events this week

- Further rhetoric either from President Trump or Kim Jong-un could unravel risk on sentiment
- Trumpflation revived thanks to tax reforms
- Global equity market continue to propel higher – despite at risk of a severe and very much overdue corrections
- Global tightening policies shared among central banks are taking shapes



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