



Precious Metals Weekly Outlook

Monday October 23, 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

- Global equity market and risk sentiment runs high – haven-assets are not appealing
- Dollar bulls are nervous post Sept meeting minutes as officials are concerned about low inflation pressure

Speculative funds positioning

- Both longs and shorts increased their exposure – but recent price weakness is likely to put stale-long disappointed

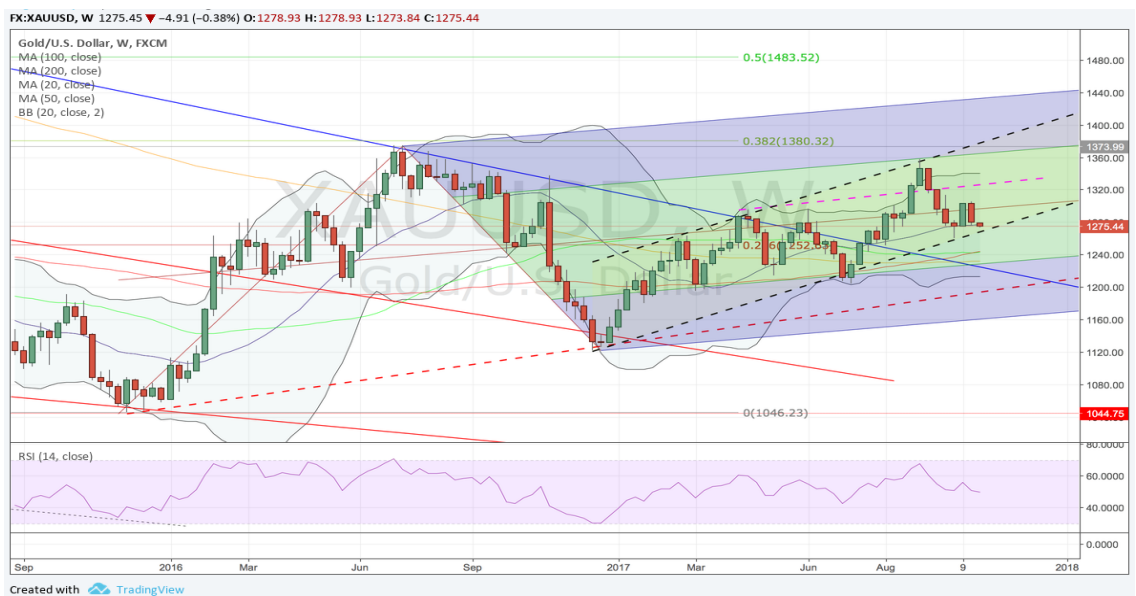
Bullish perspective

- Its price action remain within the uptrend channel (see weekly chart)

Bearish perspective

- The dollar inverse head and shoulder formation is getting some traction here – gold could stay under pressure

Conclusion – Failure at 1306 and now just above 1275 tells a bearish story in gold so far



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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

- Dollar strength could push the white metal lower
- We wonder if recent weakness could encourage gross longs to cut their bullish exposure further

Speculative funds positioning

- Delayed COT data suggests that there were fresh buying and short-covering but recent price weakness is an indication that sentiment may have changed

Bullish perspective

- It is difficult to put a bullish events on haven-demand after it reversed lower – perhaps further consolidation before it can attempt higher again

Bearish perspective

- Well the rally was temporary and brief – silver continue to trade within the downtrend channel (see chart below).

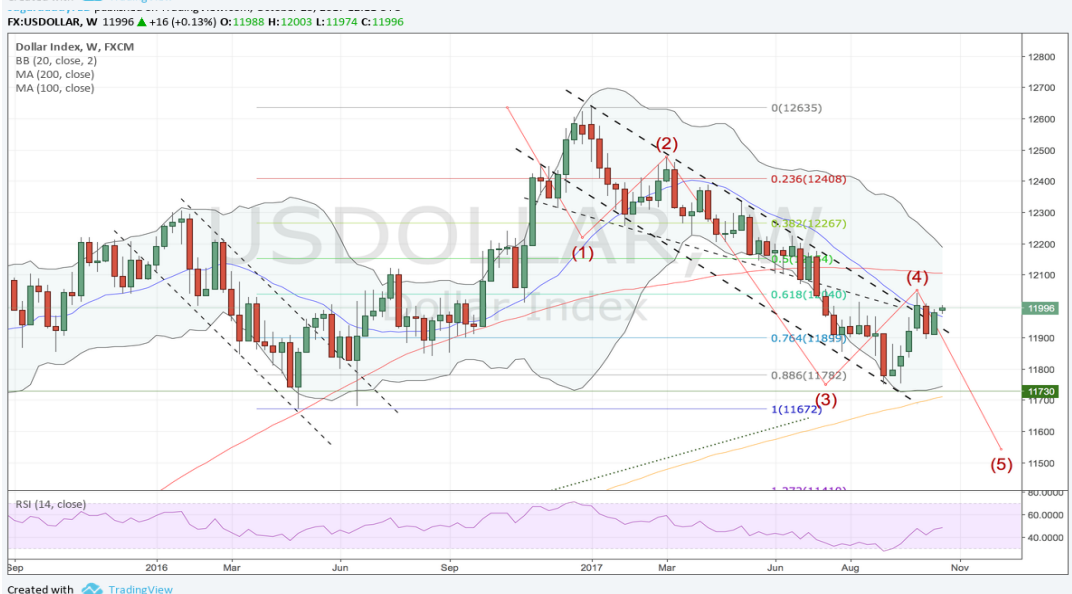
Conclusion – Sellers are keen to take back control-further selling has materialised and with the dollar poised higher – we cannot rule out further weakness but expect dips to remain well supported



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Market moving events this week

- ECB meeting – market participants keen to learn about the pace and scale of tapering
- US New home sales data and GDP numbers this Wednesday and Friday respectively
- Catalan leaders continue to defy PM Rajoy – orders from Madrid neglected
- The next Fed chair will be announced shortly by President Trump



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