



A PALLION COMPANY

## ABC BULLION HEAD OFFICE

Level 6 88 Pitt Street Sydney NSW 2000 Australia

P: +61 2 9231 4511 | F: +61 2 9233 2227 | E: info@abcbullion.com.au

AUSTRALIA WIDE  
**1300 361 261**

abcbullion.com.au



**Nicholas Frappell**  
General Manager

ABC Bullion

**1 March 2017**



Gold continues to push higher as the narrative surrounding a 'Trump trade' weakens and ahead of the President's address to Congress on Tuesday evening. Short term support comes in at US\$1243 from the Daily Turning Line, and then US\$1220 from the Daily Standard Line. Resistance comes in at US\$1278 from the 61.80 pct Fibonacci retracement of the July -December 2016 downswing.

There is a slight warning from yesterday's doji candle-stick that the market may try some weakness next.

Upside targets extend to US\$1274 and US\$1292, with short term downside targets suggesting a pullback to US\$1233 if momentum drains away.

Gold in AUD keeps banging up against the Weekly Cloud base and 50 pct retracement resistance level at A\$1643. Support at A\$1605.

CME positioning shows that Managed Money longs grew by 690,000 Ftozs in the week to the 21st of February, while gross shorts covered by buying 751,700 Ftozs, all at a VWAP of US\$1233.62. Since then, open interest in the April contract has expanded by about 16,000 contracts up until last Friday, suggesting a significant increase in longs committed to the market, with an estimated VWAP of US\$1242. So far, so good.

Gold ETF holdings worldwide are up slightly, by 159,668 Ftozs to 58,841,636 Ftozs.

US Ten Year bonds power ahead, with targets clustering around the 2.21-2.26 level in yield terms. Market expectations for the Fed to hike on the 15th have risen from 36 pct a week ago to 48 pct today.

GOLD		Bid		Offer		mid		
Gold Spot AUD		\$1,625.08		\$1,626.07		Spot Silver		2.4149
Gold Spot USD		\$1,244.79		\$1,245.05		Spot Platinum		3.0071
						Spot Palladium		0.206
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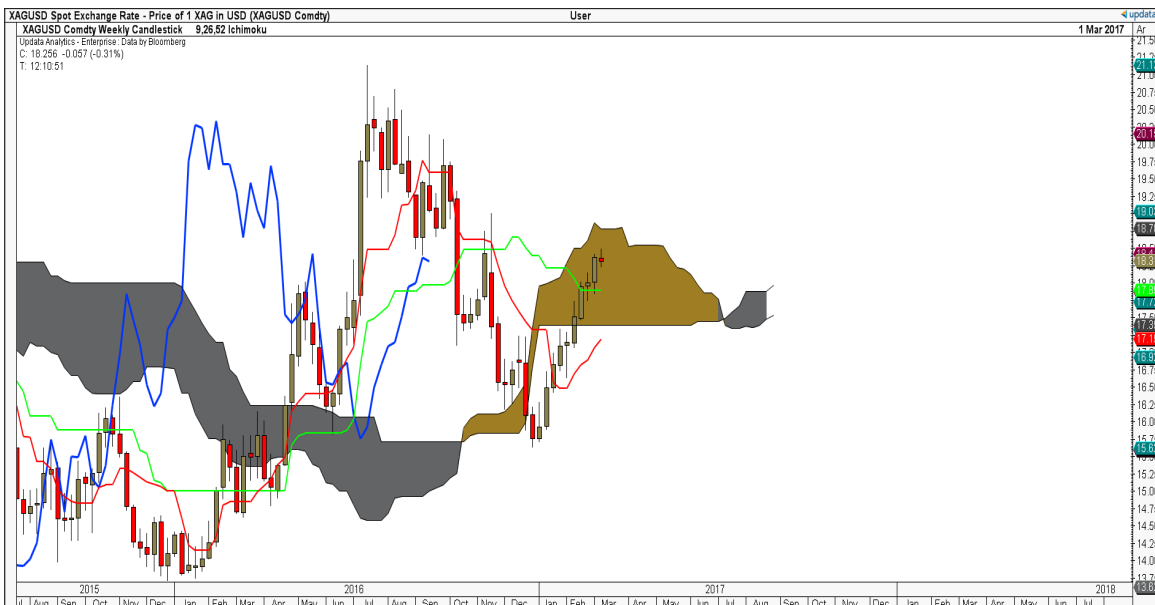
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Silver pushes tentatively towards the US\$18.78 Weekly Cloud top resistance level. Look for US\$18.56 and US\$18.85. There is significant resistance around US\$19.00-19.15.

Support comes in at US\$18.17 from the Daily Standard Line, US\$17.89 from the Weekly Standard Line and US\$17.40 from the Weekly Cloud base

CME Managed Money longs added 28.35 million, and shorts added 2.02 million at a VWAP of US\$17.97 in the week ending the 21st February. Since the 21st, open interest has declined by around 7 million Tozs as the price has risen, suggesting that short-covering has resumed, or taken the lead relative to active fresh longs.

Longs are well positioned in terms of entry points, having added almost 158 million Tozs to their positioning since the beginning of the year at an estimated VWAP of US\$17.72, the average being skewed slightly higher as recent arrivals have purchased more as their confidence in the Q1 rally has increased.

Global Silver ETFs up about 1.88 million, to 647,724,516 Tozs.

Brent Managed money longs hit a new high of 553,253,000 bbl on the 21st. Speculative length has increased by over 10 pct, or almost 60 million bbl over the 50 days since the 10th of January, but punters have precious little to show, for it, with prices actually moving sideways in that time. The last round of buying took place at a VWAP of US\$56. The price is riding trend line support in the short term. Any moves lower point to US\$53.36 and US\$51, where weekly Standard Line support comes in. Breaking higher would look to US\$58 and US\$59. Caution?

### SILVER

	Bid	Offer
Silver Spot AUD	<b>\$23.88</b>	<b>\$23.90</b>
Silver Spot USD	<b>\$18.29</b>	<b>\$18.30</b>

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	<b>1,375.34</b>	-9.48%	<b>1,122.89</b>	-98.37%
Ag	<b>21.14</b>		<b>14.66</b>	
Pt	<b>1,194.64</b>		<b>889.73</b>	
Pd	<b>797</b>		<b>509.29</b>	

	mid
Spot Gold	<b>\$1,244.92</b>
Spot Platinum	<b>\$1,020.80</b>
Spot Palladium	<b>\$771.72</b>
	%
US 10 Year YTM	<b>\$1,237.95</b>
US 30 Year YTM	<b>\$1,012.70</b>
10 Year Bund YTM	<b>\$789.80</b>

Week ending	CME VWAP
21 Feb 17	\$17.97
14 Feb 17	\$17.80

	Benchmarks
Ag	\$18.28
Au	AM \$1,251.90
	PM \$1,255.60
Pt	AM \$1,026.00
	PM \$1,029.00
Pd	AM \$783.00
	PM \$781.00

CME Change	Ag	Tozs		
Net Managed	377,375,000		AUD	0.7658
Δ % Wkly	6.68%	Wk	CNY	6.4684
Δ Toz Wkly	23,645,000	Wk	EUR	1.0587
Δ Toz YTD	72,700,000	YTD	JPY	112.12

EFT position worldwide	647,703,762	Tozs	WTI	\$53.93
	0.00%	Wk		
Δ Toz change	0	Wk		

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Platinum rallied well although so far the weekly candle is forming a 'gravestone doji' with the price now at the bottom of the weekly range – too early to call it out with three days to go to the weekend of course!

Support lies at US\$1003 and US\$998 – the latter from the Weekly Standard Line. Above US\$990, expect higher.

Targets cluster around the US\$1064-1070 level. Weakness in the short term targets the US\$1003-1008 band, which would keep the price trading within the Weekly Cloud and would be a reasonable move lower within a longer term up move.

CME Managed Money long positioning saw outflows of 19,350 Tozs in the week to the 21st of February. Managed money shorts sold a little more, very slightly increasing their much-reduced positioning. Futures in the week ending the 21st traded at a VWAP of US\$1006.

Notably, open interest increased by about 172,000 Tozs in the period between the 21st and the 28th of February, implying that longs piled in as the price rose. These fresh longs appeared at a VWAP of almost US\$1021 – keep an eye on CME open interest over the next few days to see whether more joined or whether recent arrivals have turned and exited.

Global ETFs stand at 2,387,778 Tozs. The slow rise in commitment continues.

The AUD appears to be hitting trend line resistance (again) on the weekly chart. The RBA has been talking down the likelihood of further rate cuts, helping the AUD remain firm, however short term look for moves back to 0.759.

### PLATINUM

	Bid	Offer
Platinum Spot AUD	<b>\$1,330.20</b>	<b>\$1,335.60</b>
Platinum Spot USD	<b>\$1,018.80</b>	<b>\$1,022.80</b>

	mid
Spot Gold	<b>\$1,244.92</b>
Spot Silver	<b>18.3</b>

Week ending	CME VWAP
21 Feb 17	\$1,006.00
14 Feb 17	\$1,010.80

CME Change	Pt		
Net Managed	1,286,300	Tozs	<b>AUD</b> 0.7658
Δ % Wkly	-0.02%	Wk	<b>CNY</b> 6.4684
Δ Toz Wkly	-25,000	Wk	<b>EUR</b> 1.0587
Δ Toz YTD	968,000	YTD	<b>JPY</b> 112.12

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
<b>Au</b>	<b>1,375.34</b>	-25.78%	<b>1,122.89</b>	-9.09%
<b>Ag</b>	<b>21.14</b>		<b>14.66</b>	
<b>Pt</b>	<b>1,194.64</b>		<b>889.73</b>	
<b>Pd</b>	<b>797</b>		<b>509.29</b>	

Eurozone new car	<b>869,317</b>	Mo
Share of Diesel	<b>51.6</b>	An
Chinese total pt imports	<b>5.447</b>	Mo

	Benchmarks
<b>Pt</b> AM	\$1,026.00
<b>Pt</b> PM	\$1,029.00
<b>Pd</b> AM	\$783.00
<b>Pd</b> PM	\$781.00
<b>Au</b> AM	\$1,251.90
<b>Au</b> PM	\$1,255.60
<b>Ag</b>	\$18.28

TOCOM Net	641,803	Tozs	
EFT position worldwide	2,392,041	Tozs	<b>WTI</b> \$53.93
Δ Toz change	0.18%	Wk	
	7,303	Wk	

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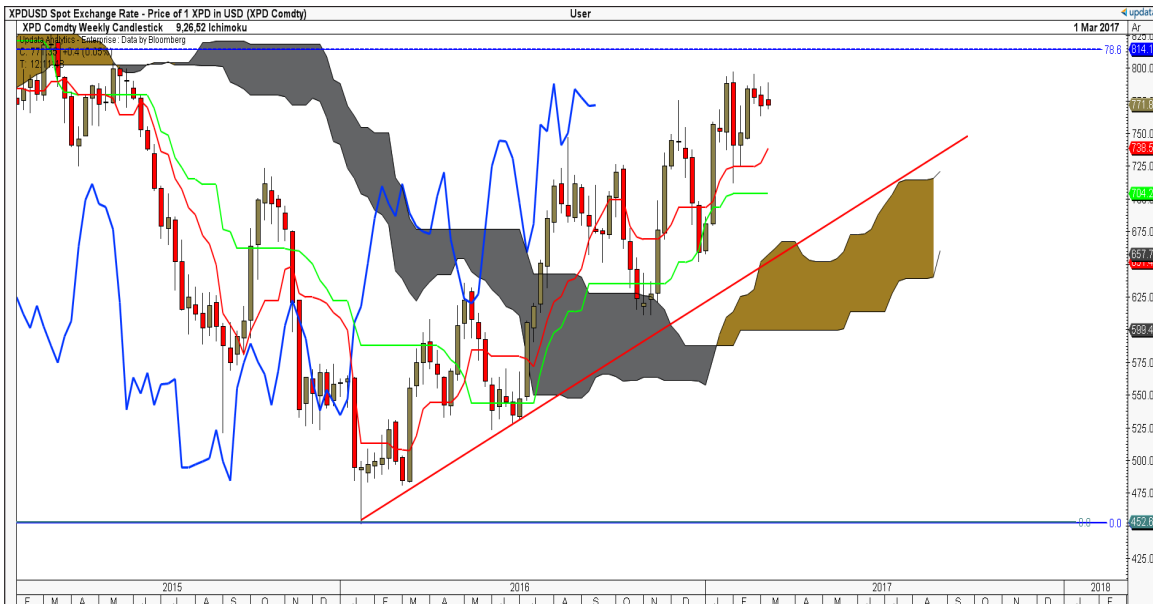
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Palladium appears to be taking a slight rest after the volatility of last month. The three weeks of relatively minor falls after the strong up-move in mid Feb are consistent with a continuation of the trend, and it is notable that palladium found support around the mid-level of the bullish week of the 5th to the 10th February. Saying that, the market needs to confirm this with another rising week.

Again, targets extend to US\$823 and US\$842 and this latter target might see palladium intersect with the upper part of the price channel that palladium has been trading within since September of 2016.

Support lies at US\$754 from the Daily Standard Line, and US\$739 from the Weekly Turning Line. If the price really weakens off, look for support at US\$705 from the Weekly Standard Line.

CME positioning shows that managed money longs added only 9,000 Tozs in the week ending the 21st. Shorts bought back 5400 Tozs, all at a VWAP of US\$781. Managed Money longs have added 95,400 Tozs since the beginning of February, at an estimated VWAP of US\$776.00. Since the 21st, open interest has declined markedly, by 276,200 Tozs, implying significant long liquidation.

Global palladium ETFs are 1,529,783 Tozs on the 27th of February, unchanged really.

### PALLADIUM

	Bid	Offer	mid
Palladium Spot AUD	<b>\$1,006.29</b>	<b>\$1,009.04</b>	Spot Gold <b>\$1,244.92</b>
Palladium Spot USD	<b>\$770.72</b>	<b>\$772.72</b>	Spot Silver <b>\$18.30</b>

### Week ending CME VWAP

21 Feb 17	\$781.25
14 Feb 17	\$774.24

### CME Change

Net Managed
Δ % Wkly
Δ Toz Wkly
Δ Toz YTD

### Pd

1,693,700	Tozs	AUD	0.7658
0.79%	Wk	CNY	6.4684
13,200	Wk	EUR	1.0587
1,295,100	YTD	JPY	112.12

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	<b>1,375.34</b>	-43.89%	<b>1,122.89</b>	-31.27%
Ag	<b>21.14</b>		<b>14.66</b>	
Pt	<b>1,194.64</b>		<b>889.73</b>	
Pd	<b>797</b>		<b>509.29</b>	

### Benchmarks

Pd	AM	\$783.00
	PM	\$781.00
Pt	AM	\$1,026.00
	PM	\$1,029.00
Au	AM	\$1,251.90
	PM	\$1,255.60
Ag		\$18.28

### EFT position worldwide

1,530,456	Tozs	WTI	\$53.93
0.04%	Wk		
Δ Toz change	1,400	Wk	

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