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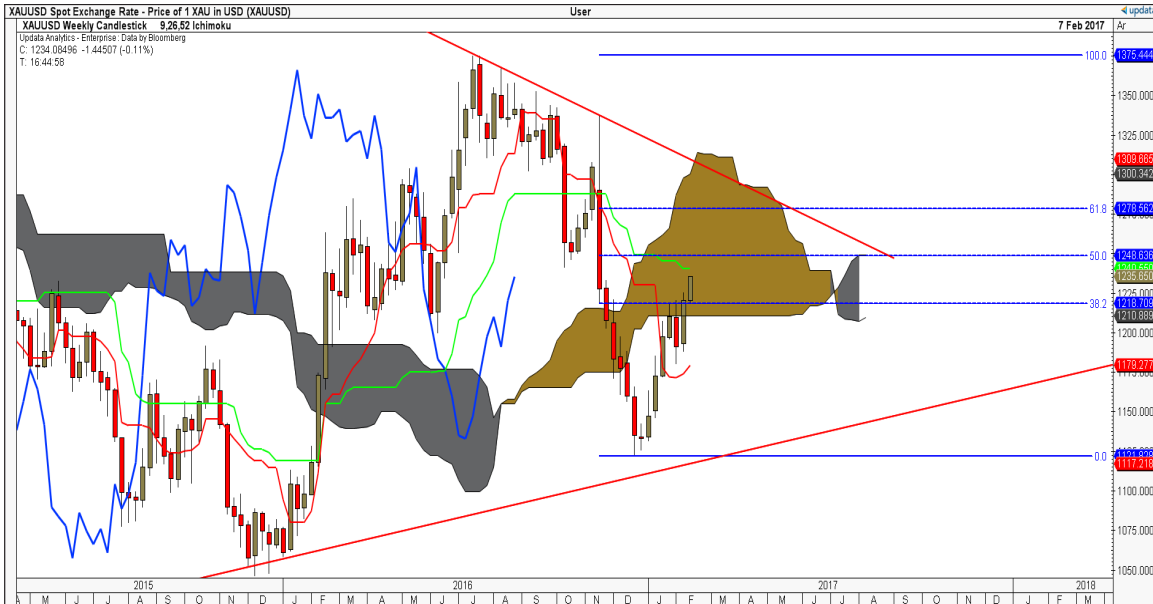
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Nicholas Frappell
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ABC Bullion

7 February 2017



Gold pushes higher, closing above the Weekly Cloud base and (just) over the 38.20 pct. Fibonacci retracement last week before breaking through the Daily cloud top (US\$1230) and rallying towards the Weekly Standard Line at US\$1240. Resistance lies at US\$1240 from the Weekly Standard Line, and US\$1248 from the 50 % Fib retracement (all basis spot). Support comes in at US\$1183 from the Daily Standard line, US\$1181 from the Daily Turning Line and US\$1174 from the Weekly Standard Line.

Gold price targets suggest US\$1240 nearby, with US\$1270-80 opening up in the medium term; however the balance is between political uncertainties helping gold versus the pace of Fed tightening hurting gold.

Dollar weakness, where the DXY almost clipped the mid-November low last week before recovering on reasonable data, is helping gold. However bearing in mind the persistence of rate differentials that favour a higher dollar, protectionist instincts in the US and likely good data from America all tend to suggest that the DXY will hold above the Weekly Standard Line support at 98.95, and resume its run towards the 105.29 target. Long liquidation of DXY futures was sharply lower in the week ending the 31st January. As pointed out elsewhere, Chinese FX data is released today, with the consensus being 3 trillion. Lower than that might spur further CNY weakness.

CME positioning in the week to January 31st (last Tuesday) experienced a 550,400 increase in Managed Money long positioning, and a reduction of 457,900 Ftozs in Managed Money gross shorts. Positioning changed at a VWAP of US\$1199.48. MM shorts have declined by just over 2 million Ftozs since the 3rd of January, whereas longs have risen by 1.286 million Ftozs. In futures terms, the rally has been more about short-covering, with global ETF holdings only growing by 260,000 Ftozs over the same period. Between Wednesday and Friday, open interest suggests 332,000 Ftozs of net buying since the last CFTC numbers were released. Global ETF holdings are 57,389,340 Ftozs as of the 3rd of February, very slightly higher.

10 year US Treasuries are finding support around the 2.40 pct. level in yield terms with deeper support at 2.38 pct. Target suggest that prices will weaken off toward 2.60 pct. and beyond in the medium-term.

GOLD	Bid	Offer
Gold Spot AUD	\$1,607.32	\$1,607.89
Gold Spot USD	\$1,232.86	\$1,233.14

	mid
Spot Silver	2.3911
Spot Platinum	3.0391
Spot Palladium	0.368

Week ending	CME VWAP
31 Jan 17	\$1,199.48
24 Jan 17	\$1,209.75

CME Change	Au		
Net Managed	7,206,700	Tozs	AUD 0.767
Δ % Wkly	17.19%	Wk	CNY 6.4684
Δ Toz Wkly	1,238,800	Wk	EUR 1.0783
Δ Toz YTD	-9,742,400	YTD	JPY 112.8

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-10.35%	1,122.89	9.81%
Ag	21.14	-16.28%	14.62	21.04%
Pt	1,194.64	-15.37%	889.73	13.63%
Pd	797	-3.15%	480.88	60.51%

	%
US 10 Year YTM	\$17.70
US 30 Year YTM	\$1,011.00
10 Year Bund YTM	\$771.87
LME 3 month CA	\$5,846.00
LME 3 month AH	\$1,834.50
LME 3 month NI	\$10,450.00
LME 3 month ZN	\$2,793.00

	Benchmarks
Au	AM \$1,221.85
	PM \$1,226.75
Ag	\$17.60
Pt	AM \$1,008.00
	PM \$1,012.00
Pd	AM \$764.00
	PM \$768.00

CME Change	Au		
TOCOM Net	-992,087	Tozs	
EFT position worldwide	57,389,340	Tozs	WTI \$53.11
Δ %	0.25%	Dly	
Δ Toz	143,304	Dly	
Δ Toz YTD	-1,501,572	YTD	

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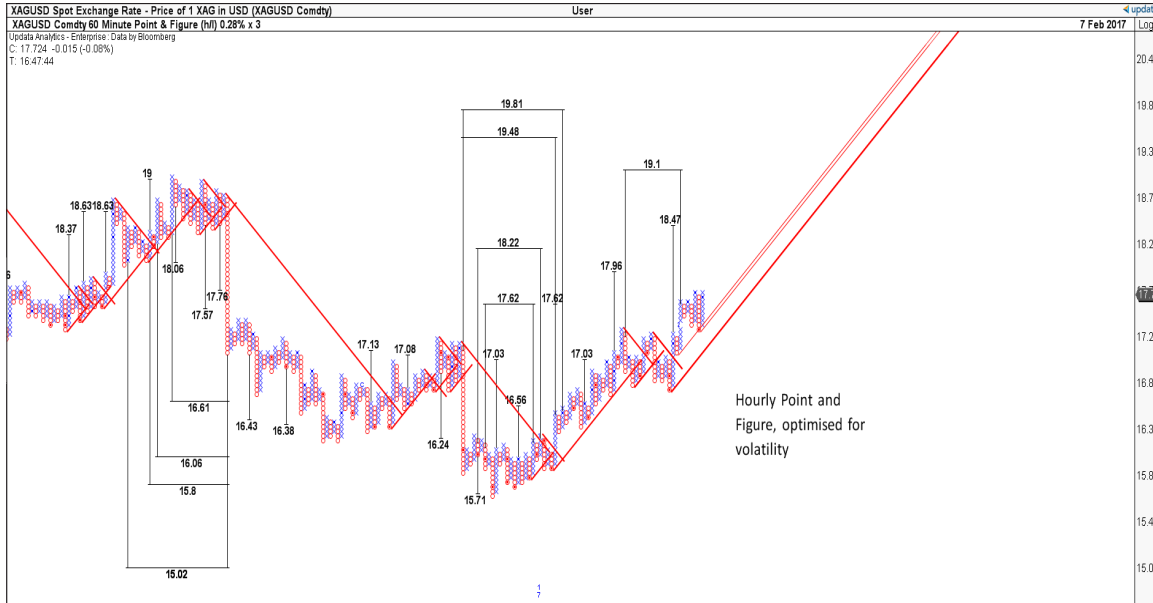
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Silver rallies up to the 61.80 pct. Fibonacci retracement – again – in decent price action. Resistance at US\$17.74 and US\$17.89, the latter from the Weekly Standard Line, with support coming in at US\$17.40 and a distant US\$16.70 from the Weekly Turning Line.

Targets to US\$17.96, US\$18.22 and above are plentiful.

CME positioning in the week of 24th-31st of January had the following changes: managed money longs grew by 25,405 million Tozs, the largest increase since the first week of November last year. Speculative shorts in the managed money category reduced by 13,905 million, the largest reduction seen since the first week of November 2016. All this took place at a VWAP of US\$ 17.09.

Since last Tuesday, the total change in open interest implies about 18 million Tozs of net buying between Wednesday and Friday.

Global ETFs stand at 645,789,193 Tozs, representing a slight decline over the last couple of weeks of around 1 pct.

Brent saw a substantial flow of speculative buying in the week ending January the 31st, with 37,932 million barrels added. Shorts added to, but only 7,692 million barrels. The VWAP was US\$55.78. Targets extend to US\$61 and US\$65 on the upside in the medium-term, which implies strength into Q2 of this year. Support comes in at US\$54 and US\$51, the latter from the Weekly Standard Line.

SILVER	Bid	Offer
Silver Spot AUD	\$23.05	\$23.09
Silver Spot USD	\$17.68	\$17.71

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-10.35%	1,122.89	-98.42%
Ag	21.14		14.62	
Pt	1,194.64		889.73	
Pd	797		480.88	

	mid
Spot Gold	2.391
Spot Platinum	3.039
Spot Palladium	0.368

	%
US 10 Year YTM	\$1,233.00
US 30 Year YTM	\$1,011.00
10 Year Bund YTM	\$771.87

Week ending	CME VWAP
31 Jan 17	\$17.09
24 Jan 17	\$17.09

Benchmarks	
Ag	\$17.60
Au AM	\$1,221.85
Au PM	\$1,226.75
Pt AM	\$1,008.00
Pt PM	\$1,012.00
Pd AM	\$764.00
Pd PM	\$768.00

CME Change	Ag	Tozs	
Net Managed	314,820,000	Tozs	AUD 0.767
Δ % Wkly	14.25%	Wk	CNY 6.4684
Δ Toz Wkly	39,275,000	Wk	EUR 1.0783
Δ Toz YTD	20,450,000	YTD	JPY 112.8

EFT position worldwide	645,789,193	Tozs	WTI \$53.11
	0.00%	Wk	
Δ Toz change	0	Wk	

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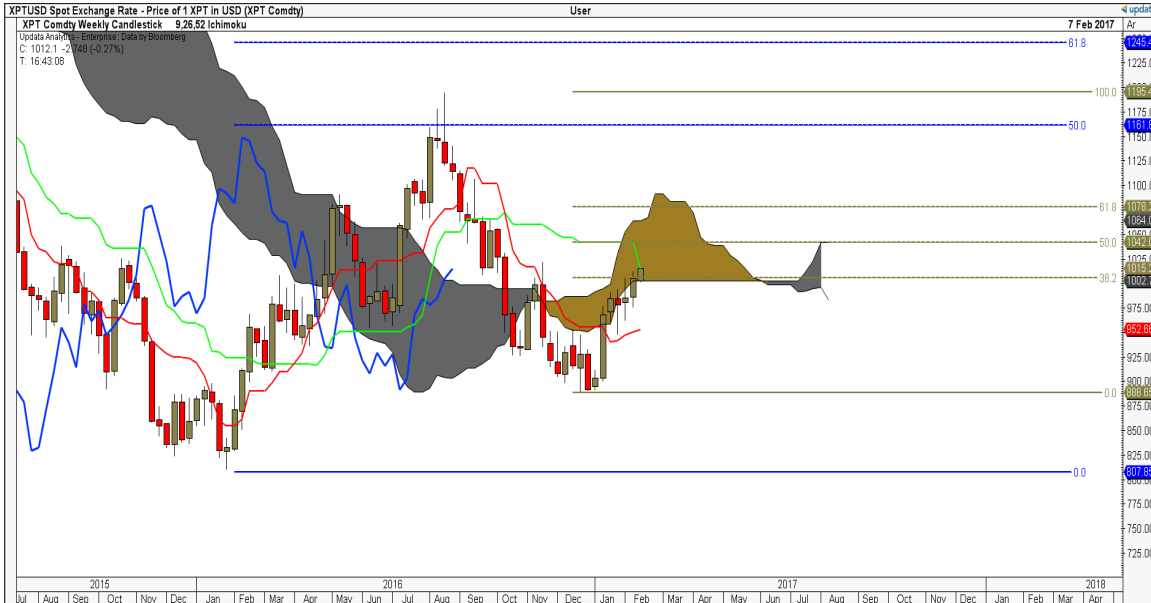
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Platinum pushes into resistance at the Weekly Cloud, stopping at the Weekly Standard Line for now (the Standard line was at US\$1042, but has dipped to US\$1015.) The price has further resistance at US\$1065, however price action has been good and the Hourly point and Figure is throwing out multiple upside targets that lead to US\$1035, US\$1042, US\$1058 and US\$1088.

The Lagging Span breaking out above the cloud is a strong confirmation of the bullish price trend.

CME positioning shows that Managed Money longs added 81,850 Tozs in the week of 24-31 January, while Managed Money shorts bought back 48,000 Tozs, at a VWAP of US\$988.43.

Since the end of December, this category of speculative long interest has added 362,400 Tozs of buying. Managed Money gross longs have increased by 28 pct. since the end of December. Shorts have bought back 442,450 Tozs, involving a 64 pct. decline, meaning buying on CME futures alone has driven demand by 805,000 Tozs in the last four weeks. (During January, net positioning on TOCOM has swung the other way as longs have liquidated there in the face of higher XPTJPY).

Gross managed money short positioning is now as small as it has been since the end of 2014. Longs on the other hand are barely 10 pct. over the long-run average, or back to December 2009.

Global platinum ETFs are 2,349,268 Tozs, again a touch lower.

Commercial vehicle demand in the EU grew by 10.40 pct. in December, 211, meaning 211,941 units, and 11.60 pct. in 2016 overall and most registrations were in Light commercial vehicles, which are more likely to use platinum.

PLATINUM	Bid	Offer
Platinum Spot AUD	\$1,315.51	\$1,320.90
Platinum Spot USD	\$1,009.00	\$1,013.00

	mid
Spot Gold	\$1,233.00
Spot Silver	17.7

Week ending	CME VWAP
31 Jan 17	\$988.43
24 Jan 17	\$979.47

CME Change	Pt			
Net Managed	1,264,250	Tozs	AUD	0.767
Δ % Wkly	0.11%	Wk	CNY	6.4684
Δ Toz Wkly	129,850	Wk	EUR	1.0783
Δ Toz YTD	219,900	YTD	JPY	112.8

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-26.49%	1,122.89	-9.96%
Ag	21.14		14.62	
Pt	1,194.64		889.73	
Pd	797		480.88	

Eurozone new car	812,619	Mo
Share of Diesel	51.6	An
Chinese total pt imports	5.447	Mo

	Benchmarks
Pt AM	\$1,008.00
Pt PM	\$1,012.00
Pd AM	\$764.00
Pd PM	\$768.00
Au AM	\$1,221.85
Au PM	\$1,226.75
Ag	\$17.60

TOCOM Net	653,054	Tozs
EFT position worldwide	2,349,268	Tozs
Δ Toz change	-25,845	Wk
	0.04%	Wk
WTI	\$53.11	

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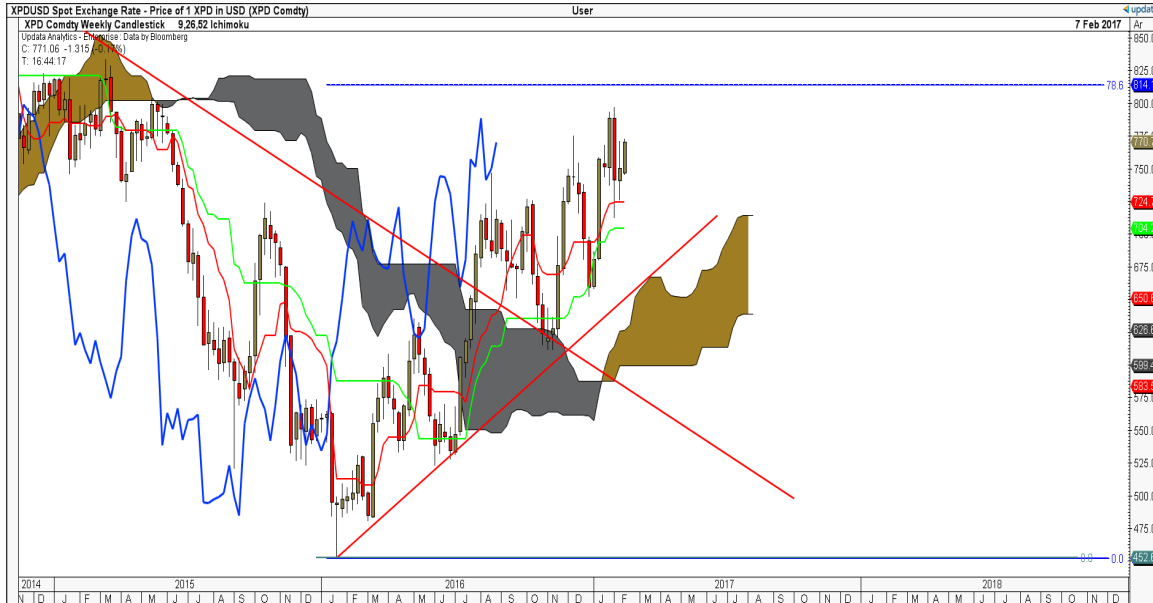
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Palladium held support at the Weekly Turning Line before rallying higher again. Targets lie at US\$786, US\$797 and US\$823. Support lies at US\$766 and US\$761 nearby, and US\$738 from the Daily Standard Line. The channel that extends back to this time last year remains intact, with the price tending towards the upper extent of the channel. Moves to US\$800 would probably encourage profit-taking.

CME positioning showed a decline of 225,300 Tozs in gross Managed Money length, which implies that fresh buying appeared after the dip to the daily cloud top on the 27th. Shorts reduced their positions as well, possibly some of the chunk who sold in the middle of January at a VWAP of US\$755. In any case, length in the market is slightly less extended than it was, and shorts remain rather less than half of the 2016 average. The VWAP for palladium in the week ending the 31st was US\$746.75.

Global palladium ETFs are 1,513,925 Tozs on the 06th of February, stabilising after a period of decline.

The XPTXPD ratio looks critical at around 1.29-1.30. A move above 1.30 might indicate further relative weakness for palladium.

US Auto sales dipped in January basis the seasonally-adjusted annualised figure, to 1748 million units, after a decent year where the December figure finished off at 18.29 million units, back to levels last seen in 2005.

The AUD strengthens further still, helped along by a record trade surplus of A\$2.60 billion, reaching 0.768. Targets extend to 0.7725 and 0.7890. Non-commercial longs bought another 0.464 billion AUD. Shorts sold 0.287 billion AUD. The VWAP of the week between the 24th and the 31st of January was 0.7551.

PALLADIUM	Bid	Offer	mid
Palladium Spot AUD	\$1,004.43	\$1,008.38	Spot Gold \$1,233.00
Palladium Spot USD	\$770.40	\$773.33	Spot Silver \$17.70

Week ending	CME VWAP
31 Jan 17	\$746.75
24 Jan 17	\$770.63

CME Change	Pd	Tozs	AUD
Net Managed	1,563,200	Tozs	0.767
Δ % Wkly	-10.74%	Wk	CNY 6.4684
Δ Toz Wkly	-188,000	Wk	EUR 1.0783
Δ Toz YTD	1,003,400	YTD	JPY 112.8

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-43.88%	1,122.89	-31.26%
Ag	21.14		14.62	
Pt	1,194.64		889.73	
Pd	797		480.88	

	Benchmarks
Pd AM	\$764.00
Pd PM	\$768.00
Pt AM	\$1,008.00
Pt PM	\$1,012.00
Au AM	\$1,221.85
Au PM	\$1,226.75
Ag	\$17.60

EFT position worldwide	Tozs	WTI
1,513,925	Tozs	\$53.11
-0.02%	Wk	
Δ Toz change	-8,548	Wk

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