



# ABC BULLION HEAD OFFICE

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A PALLION COMPANY



**Nicholas Frappell**  
 General Manager

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 18 April 2017



Gold rallies on a variety of factors, aided by bond market perceptions that the Fed will not raise rates as aggressively in 2017 as expected – causing a decent inflow of speculative money into gold in the period since the March FOMC meeting, as detailed below.

Weaker growth in the States was hinted at by a drop in core CPI, at a rate last seen in 1982. Retail sales also softened, by 0.20 pct. in March.

Subsequently, a sudden re-set in US policy overseas has given gold a geopolitical lift as well, with some Russian media outlets yesterday describing the President as ‘more unpredictable than Kim Jong Un’. The mere presence of a US carrier fleet near the Korean peninsula might not be enough to deter KJU from launching more missiles, but it ought to give him pause while the VP is in town looking across from the border.

CME positioning showed another inflow of speculative money into the Managed money sector, with gross longs increasing by 1.641 million Tozs. Shorts reduced by 0.747 million Tozs, with trading taking place at a VWAP of US\$1260.13 in the week ending the 11th of April. The period since the March FOMC meeting has seen an inflow of 5.86 million Tozs of fresh longs, and a reduction in shorts of 1.301 million Tozs, taking net positioning to 13.301 million Tozs long, back to levels seen since mid-November. This increase in length may act as a significant drag if gold is unable to break higher.

The most important technical element is the collision with the spot price and the down trend line from the 2011 high. The market high touched that line last week, and now straddles it. The price is above the 61.80 pct. Fibonacci retracement. A distinct close above the US\$1292 level this week is likely to prompt additional buying. Upside price targets are (initially) US\$1306, then US\$1338 and US\$1375. Supports lie at US\$1272 and US\$1245. US 10 year bonds are powering ahead on safe haven and weak data demand, with yields likely to dip to 2.12 pct.

GOLD	Bid	Offer
Gold Spot AUD	<b>\$1,702.17</b>	<b>\$1,702.66</b>
Gold Spot USD	<b>\$1,284.89</b>	<b>\$1,285.10</b>

	mid
Spot Silver	<b>\$18.42</b>
Spot Platinum	<b>\$983.80</b>
Spot Palladium	<b>\$790.63</b>

Week ending	CME VWAP
11 Apr 17	\$1,260.13
4 Apr 17	\$1,252.59

CME Change	Au		
Net Managed	14,040,700	Tozs	<b>AUD</b> 0.7548
Δ % Wkly	17.66%	Wk	<b>CNY</b> 6.4684
Δ Toz Wkly	2,480,200	Wk	<b>EUR</b> 1.0618
Δ Toz YTD	-12,688,200	YTD	<b>JPY</b> 109.09

	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>	-6.57%	<b>1,122.89</b>	14.44%
<b>Ag</b>	<b>21.14</b>	-12.86%	<b>15.63</b>	17.82%
<b>Pt</b>	<b>1,194.64</b>	-17.65%	<b>889.73</b>	10.57%
<b>Pd</b>	<b>816.76</b>	-3.20%	<b>523.57</b>	51.01%

	%
US 10 Year YTM	<b>2.2356</b>
US 30 Year YTM	<b>2.8938</b>
10 Year Bund YTM	<b>0.178</b>
LME 3 month CA	<b>\$5,692.00</b>
LME 3 month AH	<b>\$1,909.00</b>
LME 3 month NI	<b>\$9,750.00</b>
LME 3 month ZN	<b>\$2,625.00</b>

	Benchmarks
<b>Au</b> AM	\$1,286.10
<b>Au</b> PM	\$1,284.15
<b>Ag</b>	\$18.56
<b>Pt</b> AM	\$973.00
<b>Pt</b> PM	\$975.00
<b>Pd</b> AM	\$806.00
<b>Pd</b> PM	\$807.00

CME Change			
TOCOM Net	-1,074,354	Tozs	
EFT position worldwide	59,642,952	Tozs	<b>WTI</b> \$52.69
Δ %	0.06%	Dly	
Δ Toz	37,580	Dly	
Δ Toz YTD	946,832	YTD	

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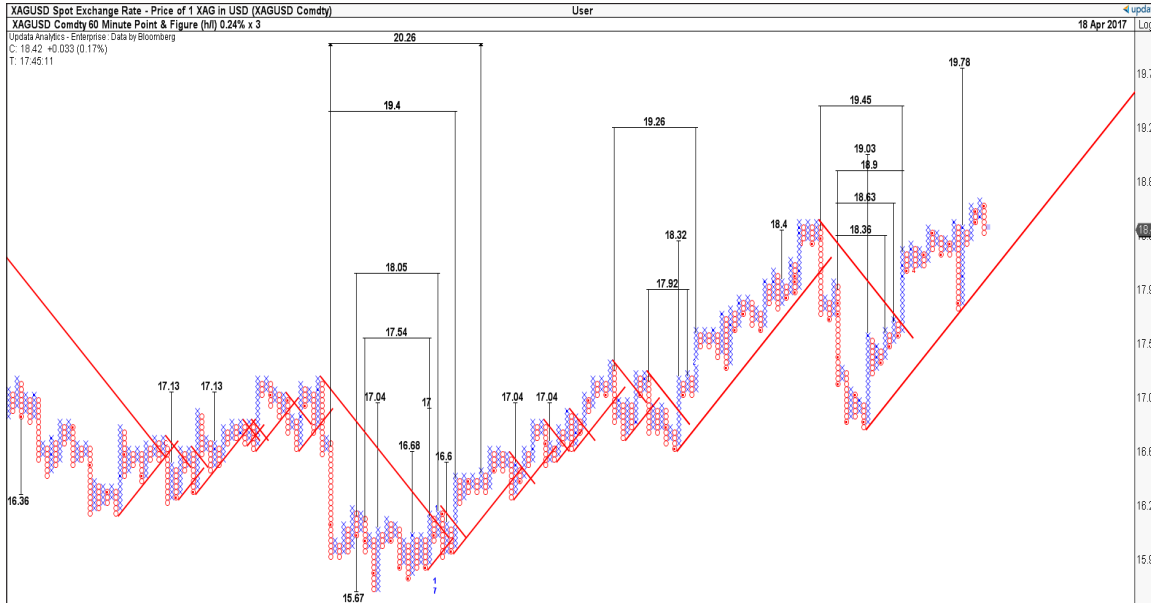
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Silver broke up through the 50 pct. Fibonacci retracement and tries to clear the top of the Weekly cloud at US\$18.55.

The next clear resistance level is US\$19.03, the 61.80 pct. Fibonacci level and close to the mid-November high. Silver needs to demonstrate that it can get past some significant resistance around here before moving on.

Support comes in at US\$18.20 from the Daily Turning Line, US\$17.74 from the Weekly Ichimoku cloud, and US\$17.40 from the Weekly cloud base. In the very short term, expect slightly lower, with medium term targets extending to US\$19.26 and US\$19.45. Longer term targets appear relatively remote, around US\$24.

CME Managed money positioning has grown impressively since the 21st of March. Longs have added 176,675 million Tozs to take gross length to 571.245 million Tozs, at an estimated VWAP of US\$18.05. The most recent element of that data shows a 32.12 million Toz increase at a VWAP of US\$18.19. At current prices, longs are looking happy. Shorts added almost 8 million Tozs since the 21st of March. Short positioning is very close to the January 2016-April 2017 average of 82.944 million Tozs, so overall its unremarkable.

Global Silver ETFs stand at 642.60 million Tozs, more or less unchanged.

Brent – look for move to US\$59-61, with support at US\$53.50. Long positioning is still almost 54 million bbl below peak length seen in late February.

## SILVER

	Bid	Offer
Silver Spot AUD	<b>\$24.39</b>	<b>\$24.41</b>
Silver Spot USD	<b>\$18.42</b>	<b>\$18.42</b>

	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>	-6.57%	<b>1,122.89</b>	-98.36%
<b>Ag</b>	<b>21.14</b>		<b>15.63</b>	
<b>Pt</b>	<b>1,194.64</b>		<b>889.73</b>	
<b>Pd</b>	<b>816.76</b>		<b>523.57</b>	

	mid
Spot Gold	<b>\$1,285.00</b>
Spot Platinum	<b>\$983.80</b>
Spot Palladium	<b>\$790.63</b>

	%
US 10 Year YTM	<b>2.236</b>
US 30 Year YTM	<b>2.894</b>
10 Year Bund YTM	<b>0.178</b>

Week ending	CME VWAP
11 Apr 17	\$18.19
4 Apr 17	\$18.21

	Benchmarks
<b>Ag</b>	\$18.56
<b>Au</b> AM	\$1,286.10
<b>Au</b> PM	\$1,284.15
<b>Pt</b> AM	\$973.00
<b>Pt</b> PM	\$975.00
<b>Pd</b> AM	\$806.00
<b>Pd</b> PM	\$807.00

CME Change	Ag	Tozs	
Net Managed	494,225,000	Tozs	<b>AUD</b> 0.7548
Δ % Wkly	5.51%	Wk	<b>CNY</b> 6.4684
Δ Toz Wkly	25,810,000	Wk	<b>EUR</b> 1.0618
Δ Toz YTD	31,520,000	YTD	<b>JPY</b> 109.09

EFT position worldwide	642,599,261	Tozs	<b>WTI</b> \$52.69
	0.00%	Wk	
Δ Toz change	0	Wk	



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Platinum hits Weekly Turning Line resistance at US\$988. Further resistance lies at US\$1003. The price is staging a wan recovery to retrace half the drop from the February highs, however there are reasons to be optimistic about the price.

CME positioning shows another increase in the Managed money speculative short position,, taking total managed money shorts to 772,050 Tozs. Short positioning has grown by 642,150 Tozs since the 28th of February, at a VWAP of US\$959.50, placing short speculators at a disadvantage at current price levels. A continuation of the rally could enforce a powerful wave of buying.

Managed money length has declined by almost 640,000 Tozs over the same period, leaving length about two thirds of the average of the last half-decade, and barely 150,000 Tozs above the minimum in the period since March 2012...it could be argued that basis past form, the scope for further selling from the longs has dwindled, with little appetite to offset possible short-covering.

Global ETFs stand at 2,417,880 Tozs.

The AUD continues to ride along the Weekly cloud top, and the rally today has been capped (so far) at the Weekly Turning line at A\$0.76. Non-commercial longs have reduced positions in the week ending the 11th of April, by 1.347 billion.

PLATINUM	Bid	Offer
Platinum Spot AUD	<b>\$1,301.89</b>	<b>\$1,304.72</b>
Platinum Spot USD	<b>\$982.80</b>	<b>\$984.80</b>

	mid
Spot Gold	<b>\$1,285.00</b>
Spot Silver	<b>18.42</b>

Week ending	CME VWAP
11 Apr 17	\$958.65
4 Apr 17	\$957.62

CME Change	Pt		
Net Managed	236,950	Tozs	<b>AUD</b> 0.7548
Δ % Wkly	-0.26%	Wk	<b>CNY</b> 6.4684
Δ Toz Wkly	-85,300	Wk	<b>EUR</b> 1.0618
Δ Toz YTD	-3,520,100	YTD	<b>JPY</b> 109.09

	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>	-28.47%	<b>1,122.89</b>	-12.39%
<b>Ag</b>	<b>21.14</b>		<b>15.63</b>	
<b>Pt</b>	<b>1,194.64</b>		<b>889.73</b>	
<b>Pd</b>	<b>816.76</b>		<b>523.57</b>	

Eurozone new car	<b>870,437</b>	Mo
Share of Diesel	<b>49.5</b>	An
Chinese total pt imports	<b>5.447</b>	Mo

	Benchmarks
<b>Pt</b> AM	\$973.00
<b>Pt</b> PM	\$975.00
<b>Pd</b> AM	\$806.00
<b>Pd</b> PM	\$807.00
<b>Au</b> AM	\$1,286.10
<b>Au</b> PM	\$1,284.15
<b>Ag</b>	\$18.56

TOCOM Net	818,601	Tozs
EFT position worldwide	2,417,880	Tozs
Δ Toz change	73	Wk
<b>WTI</b>	\$52.69	

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Palladium hugged the upper bound of the trend channel before being deflected off those levels and weakening slightly, helped down by the intersection of the price with a junior Fibonacci retracement at 78.60 pct. of the move from the 2016 high to the January low.

Car registrations in the EU grew only modestly in the early part of the year, up 6.20 pct in the first two months, and up only 2.20 pct in February.

Support lies at US\$779 from the Weekly Turning Line. Price action is still constructive looking however beware a move to US\$743, to re-test the March lows, within the substantial uptrend.

CME positioning shows that Managed Money gross longs as of the 11th of April have grown to 2.53 million Tozs, the highest since September 2014. Shorts have declined to 0.141 million, not quite the smallest the gross short position has been but pretty much the low of the year. Certainly in a reverse of the platinum situation, there is scope for shorts to add significantly.

The XPTXPD ratio targets 1.33-1.39, after hitting resistance at the 1.17-18 level again.

Global Pd ETF holdings stand at 1,537,226 Tozs.

PALLADIUM	Bid	Offer	mid
Palladium Spot AUD	<b>\$1,046.17</b>	<b>\$1,048.62</b>	Spot Gold <b>\$1,285.00</b>
Palladium Spot USD	<b>\$789.75</b>	<b>\$791.50</b>	Spot Silver <b>\$18.42</b>

Week ending	CME VWAP
11 Apr 17	\$802.26
4 Apr 17	\$797.36

CME Change	Pd		
Net Managed	2,340,600	Tozs	<b>AUD</b> 0.7548
Δ % Wkly	1.95%	Wk	<b>CNY</b> 6.4684
Δ Toz Wkly	44,800	Wk	<b>EUR</b> 1.0618
Δ Toz YTD	546,700	YTD	<b>JPY</b> 109.09

	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>	-42.51%	<b>1,122.89</b>	-29.59%
<b>Ag</b>	<b>21.14</b>		<b>15.63</b>	
<b>Pt</b>	<b>1,194.64</b>		<b>889.73</b>	
<b>Pd</b>	<b>816.76</b>		<b>523.57</b>	

	Benchmarks
<b>Pd</b> AM	\$806.00
<b>Pd</b> PM	\$807.00
<b>Pt</b> AM	\$973.00
<b>Pt</b> PM	\$975.00
<b>Au</b> AM	\$1,286.10
<b>Au</b> PM	\$1,284.15
<b>Ag</b>	\$18.56

EFT position worldwide			
	1,537,226	Tozs	<b>WTI</b> \$52.69
	0.00%	Wk	
Δ Toz change	-1,192	Wk	

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