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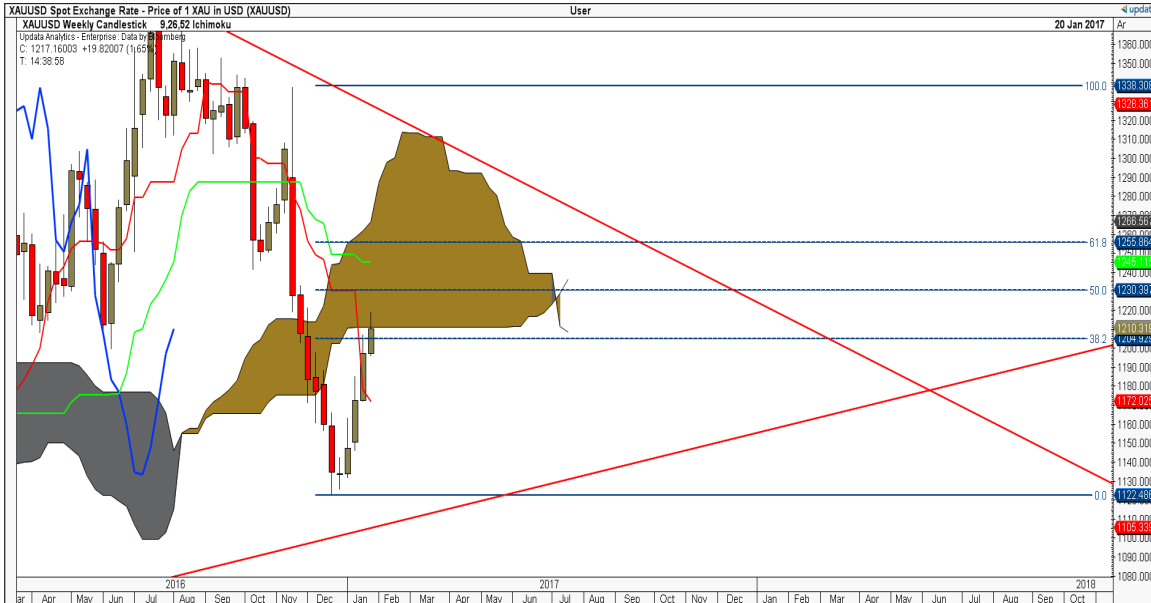
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Nicholas Frappell
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23 January 2017



Gold finds resistance at the Weekly Cloud base at US\$1210.30, having reached the US\$1216 target and made a high just shy of US\$1219 last week. Closing above the 38.20 pct. Fibonacci retracement is a positive development. The Dollar index (DXY) continues to decline, returning to test the 2015 highs, helping gold, although the index would be expected to turn higher if the 2015 highs (100.64) hold. The dollar index weakened despite the decent Philly Fed Manufacturing (23.60) and Unemployment Claims (234,000, less than anticipated), as speculators continued to shed longs for the fourth week in succession, and shorts increased slightly. Fed Chair Janet Yellen's talk at the Stanford Institute on Thursday sounded relatively less hawkish and may have contributed to a softer dollar.

Support comes in at US\$1201 and US\$1171. Resistance comes in at US\$1230 from the 50 pct. retracement of the down-move from the November 2016 high. Look for short term moves back to US\$1214 with a band of consolidation impeding progress above that level? The end of the week displayed weakening volume.

CME positioning in the week to the 17th of January showed another increase in Managed money longs of 660,300 Ftozs. Shorts responding to rising prices by selling another 304,700 Ftozs, contrary to the sharp round of short-covering in the week prior. The VWAP for gold futures in the period 10th-17th January was US\$1197.00. Between the 17th and the 19th, total CME Open interest has increased by 729,000 Ftozs, while prices over that short period dipped sharply, implying that gross short positioning grew suddenly.

Global gold ETFs are 57,092,228 Ftozs as of the 19th January, a 213,000 Ftoz gain since the 12th.

US 10 year Treasuries moved slightly beyond the 2.47 pct. target to yield 2.50 pct., helped by the Daily Cloud top. The general direction is towards 2.67-2.73 pct, technically, although observers are calling attention to the very high level of Managed money bets on weaker bond prices, suggesting that shorts may come unstuck if conditions do not support lower prices and higher yields.

GOLD	Bid	Offer
Gold Spot AUD	\$1,606.92	\$1,607.51
Gold Spot USD	\$1,217.10	\$1,217.33

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-11.50%	1,097.35	10.92%
Ag	21.14	-18.75%	14.02	22.46%
Pt	1,194.64	-17.88%	829.65	18.25%
Pd	793.99	-0.46%	480.88	64.35%

	mid
Spot Silver	\$17.17
Spot Platinum	\$981.06
Spot Palladium	\$790.33

	%
US 10 Year YTM	2.4282
US 30 Year YTM	3.0178
10 Year Bund YTM	0.42
LME 3 month CA	\$5,748.00
LME 3 month AH	\$1,845.00
LME 3 month NI	\$9,700.00
LME 3 month ZN	\$2,767.00

Week ending	CME VWAP
17 Jan 17	\$1,197.00
10 Jan 17	\$1,173.28

	Benchmarks
Au AM	\$1,199.10
Au PM	\$1,200.55
Ag	\$16.89
Pt AM	\$955.00
Pt PM	\$963.00
Pd AM	\$752.00
Pd PM	\$761.00

CME Change	Au	Tozs	AUD
Net Managed	5,993,600	Tozs	0.7574
Δ % Wkly	9.24%	Wk	CNY 6.4684
Δ Toz Wkly	553,700	Wk	EUR 1.0664
Δ Toz YTD	-16,594,800	YTD	JPY 114.65
TOCOM Net	-1,021,438	Tozs	
EFT position worldwide	57,121,868	Tozs	WTI \$53.30
Δ %	0.05%	Dly	
Δ Toz	29,640	Dly	
Δ Toz YTD	-3,547,836	YTD	

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Silver rallied to touch the 50 pct. retracement of the move down from the November high, before closing slightly lower. The high was very close to the Weekly Cloud base, which should act as a resistance level.

Price targets (based on an Hourly log point and figure chart with a 0.4222 pct box size.) suggest moves to US\$17.62/17.77 and onwards to US\$19.17 in the longer term, with support at US\$16.75. Support then comes in at US\$16.48. For the near term, expect considerable resistance at the recent high?

CME positioning shows that Managed Money longs and shorts both bought back almost equal amounts, or 12.72 million and 12.295 million respectively, at a VWAP of US\$16.85. Managed money longs are about 45 million Tozs longer than at the close of the year.

Global silver ETFs are 649,203,233 Tozs, more or less unchanged.

The gold silver ration remains range-bound - again.

Brent traded narrowly, and formed a 'doji' candle, with the weekly open and close only 15 cents apart, giving the impression of uncertainty, at least.

SILVER	Bid	Offer
Silver Spot AUD	\$22.66	\$22.69
Silver Spot USD	\$17.16	\$17.19

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-11.50%	1,097.35	-98.43%
Ag	21.14		14.02	
Pt	1,194.64		829.65	
Pd	793.99		480.88	

	mid
Spot Gold	\$1,217.22
Spot Platinum	\$981.06
Spot Palladium	\$790.33

	%
US 10 Year YTM	2.428
US 30 Year YTM	3.018
10 Year Bund YTM	0.42

Week ending	CME VWAP
17 Jan 17	\$16.85
10 Jan 17	\$16.53

CME Change	Ag		
Net Managed	253,760,000	Tozs	AUD 0.7574
Δ % Wkly	9.93%	Wk	CNY 6.4684
Δ Toz Wkly	22,915,000	Wk	EUR 1.0664
Δ Toz YTD	-104,520,000	YTD	JPY 114.65

	Benchmarks
Ag	\$16.89
Au AM	\$1,199.10
Au PM	\$1,200.55
Pt AM	\$955.00
Pt PM	\$963.00
Pd AM	\$752.00
Pd PM	\$761.00

EFT position worldwide			
649,203,233	Tozs	WTI	\$53.30
0.00%	Wk		
Δ Toz change	0	Wk	

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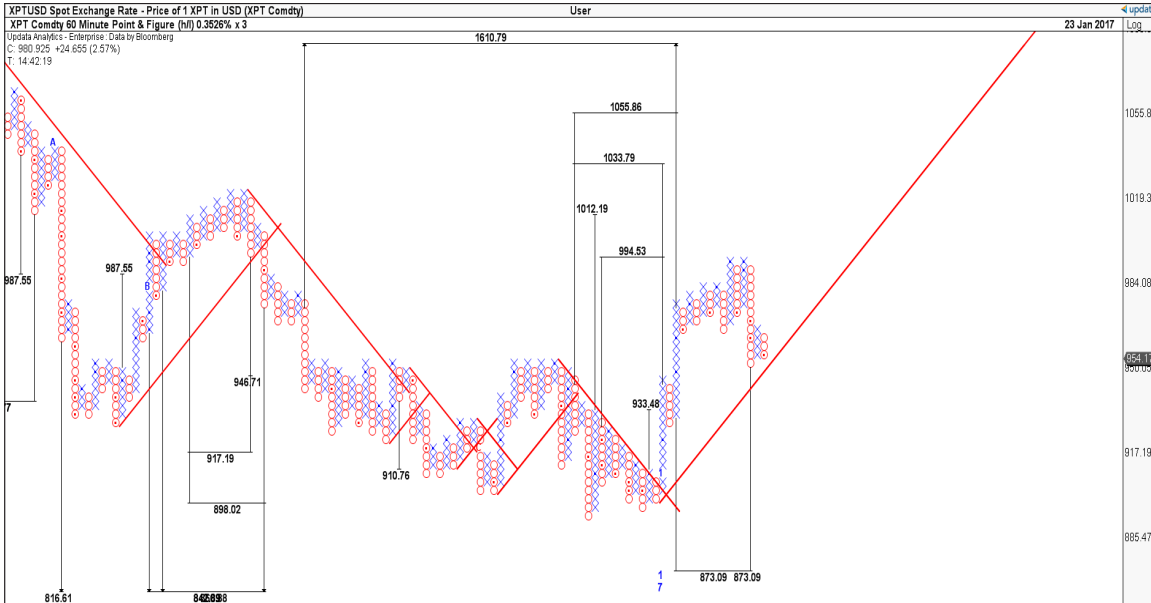
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Platinum formed what could be construed as a 'Hanging Man' candle on the weekly charts, after failing to move higher within the weekly cloud, a potentially bearish sign.

Support came in near the Weekly Turning Line at US\$941.84. Potentially bearish, but medium term, the daily chart held the right support levels and the cloud is on the cusp of turning bullish. Resistance comes in at US\$1006 and US\$1042.

Price targets extend to US\$1012, US\$1034 and US\$1056 on the upside, with downside targets pointing to US\$924 if the price breaks lower.

CME positioning in the week ending the 17th of January showed buying of 63,600 Tozs by Managed money longs, and an almost equal amount of buying from the Managed money shorts, of 61,150 Tozs, all at a VWAP of US\$982.50. Managed Money shorts are down to the lowest since late August.

Global platinum ETFs are 2,379,993 Tozs, almost unchanged.

The AUD continues to experience a sharp rebound after recovering from the May and December 2016 lows. The AUD made a high of 0.759, and the subsequent move lower on the short term charts creates a target back to 0.739. Medium term, the upside risk is to 0.772. Iron remains steady, (targeting long-term resistance at US\$93) Positioning-wise, the AUD sees some adding from longs in the week ending the 17th, of 162 million AUD, with shorts buying 707.40 million AUD. Since last Tuesday, open interest has declined further, suggesting more short covering.

PLATINUM	Bid	Offer
Platinum Spot AUD	\$1,293.89	\$1,296.88
Platinum Spot USD	\$979.99	\$982.13

	mid
Spot Gold	\$1,217.22
Spot Silver	17.17

Week ending	CME VWAP
17 Jan 17	\$982.50
10 Jan 17	\$959.59

CME Change	Pt		
Net Managed	876,600	Tozs	AUD 0.7574
Δ % Wkly	0.17%	Wk	CNY 6.4684
Δ Toz Wkly	124,750	Wk	EUR 1.0664
Δ Toz YTD	-650,300	YTD	JPY 114.65

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-28.67%	1,097.35	-10.60%
Ag	21.14		14.02	
Pt	1,194.64		829.65	
Pd	793.99		480.88	

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

	Benchmarks
Pt AM	\$955.00
Pt PM	\$963.00
Pd AM	\$752.00
Pd PM	\$761.00
Au AM	\$1,199.10
Au PM	\$1,200.55
Ag	\$16.89

TOCOM Net	814,052	Tozs	
EFT position worldwide	2,379,993	Tozs	WTI \$53.30
Δ % Wkly	-0.01%	Wk	
Δ Toz change	-2,420	Wk	

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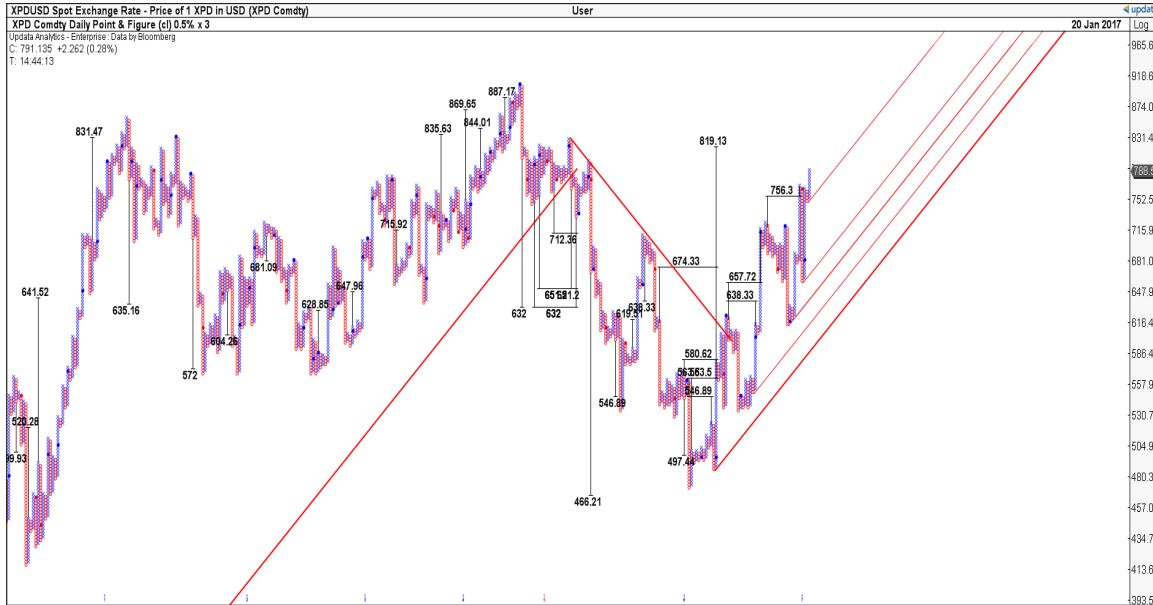
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Palladium shrugged off any indecisiveness last week to motor to fresh highs, the highest since the last week of May 2015 in fact. The next resistance looks like US\$814. A break below US\$744 would suggest US\$708.

CME positioning showed that Managed Money longs grew by 124,400 Tozs in the week ending the 17th of January. Shorts grew by 89,200 Tozs, so 216,600 Tozs, all at a VWAP of US\$756. Managed Money gross length now stands at 1.705 million, which is about 87 pct. of the 2016 high positioning on the 9th of August. (Palladium closed about US\$93 lower by September the 9th, highlighting the risks when positioning becomes so extended...)

Global palladium ETFs are 1,520,576 Tozs on the 20th of January, a decline of 164,000 Tozs, and an acceleration of the existing rate of decline. Global holdings are now back at levels seen in February 2010, almost exactly seven years ago, and less than half the peak of 3,084,198 Tozs in early August 2014.

The XPTXPD ratio shows outperformance to 1.265, close to the 1.22 level mentioned last week. Look for 1.24-1.22, or 1.29 if palladium weakens relatively...

PALLADIUM	Bid	Offer
Palladium Spot AUD	\$1,042.30	\$1,044.78
Palladium Spot USD	\$789.44	\$791.21

	mid
Spot Gold	\$1,217.22
Spot Silver	\$17.17

Week ending	CME VWAP
17 Jan 17	\$755.70
10 Jan 17	\$738.18

CME Change	Pd		
Net Managed	1,453,800	Tozs	AUD 0.7574
Δ % Wkly	2.42%	Wk	CNY 6.4684
Δ Toz Wkly	34,300	Wk	EUR 1.0664
Δ Toz YTD	726,500	YTD	JPY 114.65

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-42.54%	1,097.35	-27.98%
Ag	21.14		14.02	
Pt	1,194.64		829.65	
Pd	793.99		480.88	

	Benchmarks
Pd AM	\$752.00
Pd PM	\$761.00
Pt AM	\$955.00
Pt PM	\$963.00
Au AM	\$1,199.10
Au PM	\$1,200.55
Ag	\$16.89

EFT position worldwide			
	1,520,576	Tozs	WTI \$53.30
	-0.20%	Wk	
Δ Toz change	-84,267	Wk	

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