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27 September 2016



Gold held the support level at the base of the Daily cloud, rallying sharply to hit USD\$1340-42 resistance level at the top of the daily cloud, and the price is now lurking below that level now, with short term support coming in at US\$1326 and then US\$1318 from the Daily Standard and Turning lines respectively. Short term a test of the US\$1318 level looks likely, however the medium term outlook is turning more favourable with a resumption of targets back towards the US\$1400 level. Last week's target down to US\$1275 is still there, and active below US\$1351, but looks less likely.

Futures positioning on the CME declined by 2.983 million Ftozs on a net basis in the week between the 13th and 20th of September. Of that, 2.551 million was a reduction in gross shorts, with an increase in fresh shorts of 432,000 Ftozs. The VWAP for that period was US\$1321.00.

The jump in prices on Wednesday saw open interest increase by about 1,800,000 Ftozs, with another 1,100,000 Tozs added on Thursday, signalling a return of substantial fresh buying. The FOMC has indicated that labour market conditions have strengthened, but the dot-plot released after the statement revealed a substantial dip in the FOMC expectations for rates going forward, with end-2017 median expectations of 1.12 pct, against 1.62 pct in mid-June and with end-2018 median expectations lowered to about 1.90 pct as opposed to 2.36 at the mid-June meeting, a much more dovish outlook. It looks as if James Bullard's interpretation of the new equilibrium has gained the upper hand.

This week sees US Core Durable goods, Unemployment and Final GDP results announced. Both Wednesday and Thursday have important speeches by BOJ Governor Kuroda, the ECB's Draghi, and Fed Chair Janet Yellen at the House Committee on Financial Services.

Global ETF positioning rose by 200,000 Ftozs to 65,285,844 Ftozs by last Thursday the 22nd.

The recent highs remain key, then the US\$1420 level, as the 50 pct retracement of the move from the October 2012 high to the December 2015 lows. 10 year bonds strengthen post FOMC. Look for a move toward 1.53 pct and the Daily Cloud top.

GOLD	Bid	Offer
Gold Spot AUD	\$1,751.13	\$1,751.72
Gold Spot USD	\$1,334.99	\$1,335.26

	mid
Spot Silver	\$19.54
Spot Platinum	\$1,043.24
Spot Palladium	\$694.12

Week ending	CME VWAP
20 Sep 16	\$1,339.24
13 Sep 16	\$1,324.15

CME Change	Au	Tozs	
Net Managed	21,913,400		AUD 0.7623
Δ % Wkly	-13.56%		CNY 6.4684
Δ Toz Wkly	-2,972,400		EUR 1.1208
Δ Toz YTD	21,823,200		JPY 100.32

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-2.92%	1,046.44	27.59%
Ag	21.14	-7.54%	13.65	43.20%
Pt	1,194.64	-12.67%	810.75	28.68%
Pd	747.1	-7.09%	451.85	53.62%

	%
US 10 Year YTM	1.6115
US 30 Year YTM	2.3412
10 Year Bund YTM	-0.093
LME 3 month CA	\$4,855.00
LME 3 month AH	\$1,637.00
LME 3 month NI	\$10,660.00
LME 3 month ZN	\$2,276.00

	Benchmarks
Au AM	\$1,335.90
Au PM	\$1,338.65
Ag	\$19.82
Pt AM	\$1,055.00
Pt PM	\$1,055.00
Pd AM	\$690.00
Pd PM	\$697.00

CME Change	Au	Tozs	
TOCOM Net	-3,183		
EFT position worldwide	65,285,844		WTI \$44.84
Δ %	0.00%		Dly
Δ Toz	-1,032		Dly
Δ Toz YTD	158,148		YTD

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Silver followed gold higher, closing just above the weekly standard line at US\$19.59 and outperformed to the 67 level ratio-wise. Similarly to gold, the price held the daily cloud base support, or the vicinity thereof, and rallied to resistance at the top of the cloud. The last few days of declines have seen the price simply edge lower as the cloud itself descends. (see chart to the left)

Targets extend back to US\$20.62 and US\$21.03, with support at US\$19.37, US\$19.12 and US\$19.05.

CME Managed money futures declined marginally, with gross longs selling 1.21 million Tozs, and shorts buying back 3.045 million Tozs in the week of the 13th to the 20th of September. This was all conducted at a VWAP of US\$19.10. Basically, nothing to see, however, between last Wednesday and Thursday, Open interest increased by about 45.50 million Tozs as the price rose, suggesting a confident return of buying demand.

Global Silver ETFs now stand at 673,972,259 Tozs, the highest level recorded.

I was a bit more bearish last week ahead of the FOMC but it seems the moment has passed...

The price of crude continues to track the Weekly Cloud top, more or less, there is support around US\$43.45 from the Weekly Standard line. As far as the price remains above US\$42.00, look for a recovery to US\$48.00. WTI futures saw almost 30 million bbl of short selling and about 4.80 million bbl of long liquidation in the week of the 13th-20th September, at a VWAP of US\$44.15, as market participants grew increasingly bearish on the OPEC summit to deliver meaningful price support via production cuts.

Since the latest weekly CME figures based on Tuesday the 20th, near-month open interest has declined slightly, suggesting that short-covering took place and that speculators consider cuts a possibility

SILVER	Bid	Offer	mid
Silver Spot AUD	\$25.62	\$25.65	Spot Gold \$1,335.13
Silver Spot USD	\$19.53	\$19.55	Spot Platinum \$1,043.24
			Spot Palladium \$694.12
			%
			US 10 Year YTM 1.612
			US 30 Year YTM 2.341
			10 Year Bund YTM -0.093

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-2.92%	1,046.44	-98.13%
Ag	21.14		13.65	
Pt	1,194.64		810.75	
Pd	747.1		451.85	

Week ending	CME VWAP	CME Change	Ag
20 Sep 16	\$19.50	Net Managed	367,365,000 Tozs
13 Sep 16	\$19.19	Δ % Wkly	0.40% Wk
		Δ Toz Wkly	1,460,000 Wk
		Δ Toz YTD	328,005,000 YTD

Benchmarks	
Ag	\$19.82
Au AM	\$1,335.90
Au PM	\$1,338.65
Pt AM	\$1,055.00
Pt PM	\$1,055.00
Pd AM	\$690.00
Pd PM	\$697.00

EFT position worldwide	Tozs	WTI
673,972,259	Tozs	\$44.84
0.00%	Wk	
0	Wk	

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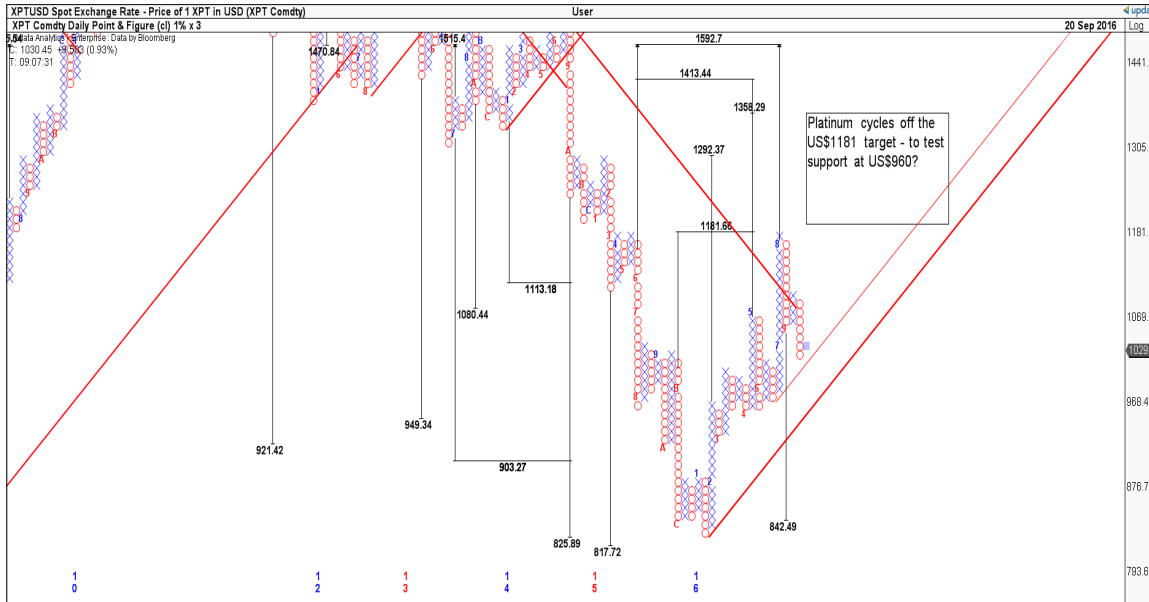
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Platinum rallied sharply last week to hit resistance at the Weekly Standard line, at US\$1065.62. The 'right' support levels were held, and the medium term outlook suggests a return to the US\$1106-1118 levels

During the middle of last week, the National Union of Mineworkers in SA described the 6.75 pct pay offer from Amplats as an 'insult'. The NUM seek 14.50 pct for its members, while rival union AMCU demand more for lower-paid workers and are themselves in a deadlock over negotiations with producers.

CME Futures saw gross length reduce again, by 133,000 Tozs, with a very minor increase in outright shorts. The period 13th-20th September traded at a VWAP of US\$1034. Since the 20th September, Open Interest reduced slightly, suggesting that the shorts who sold about 77,000 Tozs at a VWAP of US\$1073 in the prior week ending the 13th of September may have bought back at least some of that position.

Global platinum ETF positioning is 2,251,749 Tozs, pretty much unchanged.

The AUD experienced long liquidation and a roughly equal extension in the size of speculative shorts leading to combined futures selling of 2.961 billion in the week ending the 20th of September, at a VWAP of A\$0.75005.

Since last Tuesday, Open Interest on Aussie dollar futures has increased by about A\$716 million, coupled with the rise in price over Wednesday and Thursday, suggesting a return of speculative longs, as the price took support from the Weekly Cloud top and Weekly Standard Line at A\$0.75.

The current rally has hit trend-line resistance and the downside targets mentioned last week remain in play.

PLATINUM	Bid	Offer
Platinum Spot AUD	\$1,366.97	\$1,369.93
Platinum Spot USD	\$1,042.18	\$1,044.30

	mid
Spot Gold	\$1,335.13
Spot Silver	\$19.54

Week ending	CME VWAP
20 Sep 16	\$1,072.45
13 Sep 16	\$1,068.10

CME Change	Pt		
Net Managed	1,124,300	Tozs	AUD 0.7623
Δ % Wkly	-0.11%	Wk	CNY 6.4684
Δ Toz Wkly	-141,950	Wk	EUR 1.1208
Δ Toz YTD	1,326,300	YTD	JPY 100.32

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-24.15%	1,046.44	-0.31%
Ag	21.14		13.65	
Pt	1,194.64		810.75	
Pd	747.1		451.85	

Eurozone new car	619,268	Mo
Share of Diesel	51.6	An
Chinese total pt imports	5.447	Mo

	Benchmarks
Pt AM	\$1,055.00
Pt PM	\$1,055.00
Pd AM	\$690.00
Pd PM	\$697.00
Au AM	\$1,335.90
Au PM	\$1,338.65
Ag	\$19.82

TOCOM Net	746,428	Tozs
EFT position worldwide	2,251,746	Tozs
Δ Toz change	-2,802	Wk
		WTI \$44.84

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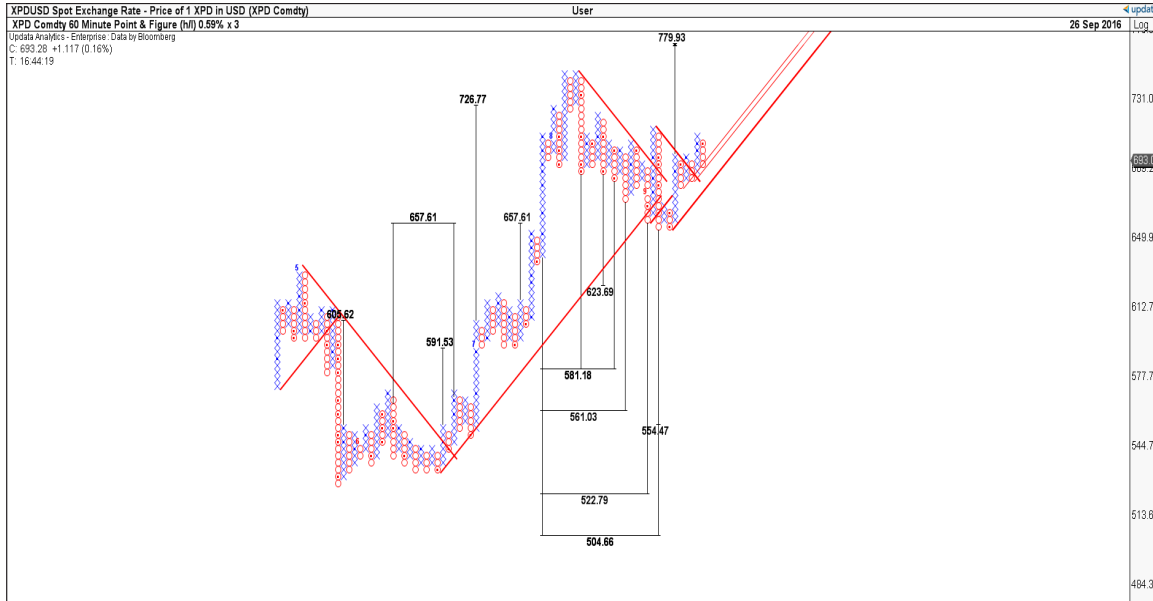
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Palladium wasn't immune to the all-around precious metals rally last week. The price closed just above the Weekly Turning line resistance level at US\$699, and now retreats slightly. Below US\$699, look for a move back to US\$654 initially. A break of US\$700 would tend to open the door to US\$771 in time.

The price has hit resistance at the top of the daily cloud, and has backed away slightly. Support lies at US\$678-680 from the intersection of the daily turning and standard lines.

CME futures experienced some light liquidation from the managed money longs, while the shorts sold almost 280,000 Tozs in the week to the 20th of September, at a VWAP of US\$668.00. Activity since then shows a modest increase in open interest last Wednesday and Thursday, implying that longs are returning, given the rise in prices.

The bearish targets mentioned last week are still in place, and will remain so as far as the price trades below US\$748.

Global ETFs stand at 2,035,085 Tozs, very slightly down on the week.

PALLADIUM	Bid	Offer
Palladium Spot AUD	\$909.14	\$911.85
Palladium Spot USD	\$693.13	\$695.10

	mid
Spot Gold	\$1,335.13
Spot Silver	\$19.54

Week ending	CME VWAP
20 Sep 16	\$678.26
13 Sep 16	\$679.75

CME Change	Pd		
Net Managed	1,243,200	Tozs	AUD 0.7623
Δ % Wkly	-1.33%	Wk	CNY 6.4684
Δ Toz Wkly	-16,700	Wk	EUR 1.1208
Δ Toz YTD	649,200	YTD	JPY 100.32

	52 week high (US\$)	Spot versus 52 week high	52 week low (US\$)	Spot versus 52 week low
Au	1,375.34	-49.53%	1,046.44	-33.67%
Ag	21.14		13.65	
Pt	1,194.64		810.75	
Pd	747.1		451.85	

	Benchmarks
Pd AM	\$690.00
Pd PM	\$697.00
Pt AM	\$1,055.00
Pt PM	\$1,055.00
Au AM	\$1,335.90
Au PM	\$1,338.65
Ag	\$19.82

EFT position worldwide			
	2,035,085	Tozs	WTI \$44.84
	-0.10%	Wk	
Δ Toz change	-18,834	Wk	

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