



Precious Metals Weekly Outlook

Monday June 19 2017

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Gold

"Ô, Sunlight! The most precious gold to be found on Earth."

— Roman Payne

Overall Sentiment

- Despite recent terror attacks in London and political uncertainty in the US, safe-haven assets are sold

Speculative funds positioning

- There were fresh selling in the complex and the overstretched net long position is likely to attract stale-long liquidation
- With the price weakness, net shorts may get bolder and continue to rebuild their bearish bets

Bullish perspective

- The Fed has completed 2 out of the three proposed rate hike. This should have been priced in
- Fed policymakers may tone down on their hawkish remarks if US economic data continue to show lacklustre growth

Bearish perspective

- Stronger dollar will be a headwind and without the support of speculative funds, gold is likely to remain under pressure
- With the bullish catalyst running dry, there is little risk events to support higher gold prices for now

Conclusion – Follow up selling has emerged but price action suggest that sellers are cautious here – key support lies at \$1233



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Silver

"Every crowd has a silver lining." - P. T. Barnum

Overall Sentiment

- Silver slipped lower for the third consecutive weeks which sums up that sentiment towards the white metal is very poor
- Rebound is another selling opportunity for now as the metal remain under selling pressure

Speculative funds positioning

- It is unsurprising to see reduction in bullish bets among speculative funds
- Instead, there were fresh selling and likely to get momentum-based funds to join in

Bullish perspective

- We wonder if the pullback in silver price offer late buyers another chance to buy in or is it too early to consider adding.

Bearish perspective

- Sellers have flexed their muscle after a surprising hawkish June FOMC meeting
- Dollar index has formed a weekly double bottom formation – a higher dollar index will put silver under a great deal of selling pressure

Conclusion – The post FOMC hike rally did not transpire in the precious metals complex.



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Market moving events this week

- Recent risk events in the UK – Mosque and terror attack, Greenfell tower has left the incumbent Conservative leader Theresa May under pressure to quit
- Conservative and DUP has yet to agree on terms
- UK set to leave the EU by the end of March 2019 as Brexit talk commenced
- Fed officials are tuning down their hawkish remarks, with Kaplan indicating that Fed should be cautious and patience in raising rates further
- Trump admit that he is now under investigation – further fallout will be ugly



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