



Gold

	Bid	Offer
Gold AUD	\$1,678.58	\$1,679.01
Gold USD	\$1,318.05	\$1,318.30
CME Au	\$1,343.51	Ag 18.01
VWAP Au	\$1,326.34	Ag \$17.66
	52 week high (US\$)	52 week low (US\$)
Au	1,357.61	1,177.28
Ag	18.65	15.19
Pt	1,044.75	873.21
Pd	1,107.90	712.36

Benchmarks

AM	\$1,318.80	Au
PM	\$1,319.95	
	\$17.17	Ag
AM	\$967.00	Pt
PM	\$971.00	
AM	\$1,096.00	Pd
PM	\$1,090.00	
	2.482%	YTM
	2.810%	YTM
	0.429%	YTM

CME Change

Net	15,265,000	AUD	0.7852	
Δ %	27.99%	CNY	6.4684	
Δ Toz	4,273,100	EUR	1.2029	
Δ Toz YTD	-1,097,918	JPY	112.75	
	ETF			
	Global	71,633,352	LME	
Δ %	0.06%	CA	7,125.00	
Δ Toz	40,000	AH	2,175.00	
Δ Toz YTD	238,824	NI	12,535.00	
	WTI	\$62.21	ZN	3,386.00
	BRENT	\$67.78		3 Month

Good morning and happy New Year. A lot has happened price-wise since I was last in the office in mid-December, with gold enjoying a US\$90 rally, as the Dollar Index weakened down to 91.751, and as yields on US Treasury-Linked bonds declined slightly, ending the year at 0.49 pct., along with a weaker than expected Non-Farms number for December, at 148,000 jobs.

Gold is trading constructively with upside targets in place for US\$1344 and US\$1360, and a downside target to US\$1300, which would allow for a reasonable consolidation after the rapid rise in price.

CME positioning in the period 12 December to 02 January shows that Managed Money gross longs increased by 37 pct., to 16.843 million FTozs. Gross shorts went from 4.691 million to 2.025 million FTozs, signalling a positive shift in sentiment. (Gross long positioning in mid-December was a low as it has been since July.)

4.071 million FTozs was purchased at an estimated VWAP of US\$1299, for the period 26th December-2nd January, and 1.107 million FTozs of fresh longs arrived at a VWAP of US\$1271 for the period 12th-19th December. Since the 2nd and up to the 5th, total open interest has grown by another 5.10 million FTozs, and given price action over that period, this can be seen as an inflow of fresh longs, which have been acquired at a VWAP of US\$1317, roughly. This last influx of speculative length may appear vulnerable to any consolidation.

Outlook: the President's current woes, including an embarrassing book and an imminent sit-down with Special Prosecutor Robert Mueller, are likely to weigh on the Dollar, helping gold, despite the successful passing of tax reform bill in late December – the weakness of the Dollar subsequently is possibly a 'sell the fact' reaction.

Atlanta Fed president Raphael Bostic, who will join the FOMC on the 30th of this month, has declared his comfort with "a slow removal of policy accommodation", which helps with the overall tone.

Support at US\$1303, then US\$1292, with resistance at US\$1346 and US\$1357.

Silver - support at US\$16.92 and US\$16.50, with resistance at US\$17.99 and US\$17.65. CME Managed Money long positioning recovered to 271.52 million Tozs by the 2nd of January, with Managed Money shorts buying back over 112 million Tozs between the 19th of December and the 2nd of Jan, meaning speculative short-covering outweighed new buying by a factor of almost 3 to 1. Expect silver's recent outperformance to struggle at 75-1, gold ratio-wise.