

Brought to you by Phillip Futures Pte Ltd (A member of PhillipCapital)

2 May 2017- 5 May 2017

Gold Technical Indicators

Support & Resistance	Price Action
Resistance 2: US\$ 1,298/Oz	Short-Term: Bearish
Resistance 1: US\$ 1,258/Oz	Mid-Term: Bearish
Current price: US\$ 1,257/Oz	Long-Term: Bullish
Support 1: US\$ 1,242/Oz	
Support 2: US\$ 1,218/Oz	

Indicative Price Table

Gold			
Spot Pairs	Active Month	Last Price (oz/g)	Weekly % Change
Gold/USD		1257.52	-0.53
Gold/SGD		1,754.06	0.46
Gold/MYR		5,447.17	1.44
Gold/IDR		16,754,858	0.19
Gold/THB		43,493.86	-0.02

Futures Contract			
Contract	Active Month	Last Price (oz/g)	Weekly % Change
CMX Gold (100 t.oz)(US\$)	JUN 17	1258.30	-0.70
ICE US Gold (100 t.oz)	JUN 17	1255.50	-1.72
ICE US Mini Gold (33.2 t.oz)(US\$)	JUN 17	1257.30	-0.78

Silver			
Spot Pairs	Active Month	Last Price (oz/g)	Weekly % Change
Silver/USD		16.94	-3.80
Silver/SGD		23.62	3.85
Silver/MYR		73.36	4.86
Silver/IDR		225,709	3.54
Silver/THB		585.38	3.47

Futures Contract			
Contract	Active Month	Last Price (oz/g)	Weekly % Change
CMX Silver (5,000 t.oz)(US\$)	JUL 17	16.95	-4.04
CMX Silver (1,000 t.oz)(US\$)	JUL 17	16.91	-4.24
ICE US Mini Silver (1,000 t.oz)(US\$)	JUL 17	16.95	-4.03

Palladium			
Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
NYM Palladium (100 t.oz)(US\$)	JUN 17	814.50	2.24

Platinum			
Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
NYM Platinum (50 t.oz)(US\$)	JUL 17	935.40	-2.32

Last Updated at (SG Time): 9:08:57 AM
Source: Bloomberg

Contact Details

Analyst:	Jonathan Chan
MAS Rep No:	CNK300392484
Phone:	(65)- 65315474
Individual Email :	JonathanChanNK@phillip.com.sg
Group Email:	pfpl_commentaries@phillip.com.sg

Gold price falls as risk events fail to materialise

Spot Gold (USD) Price Chart



Fundamental Driver(s)

Gold VS US Dollar Index



Previous Week's Summary of Fundamentals

French Presidential Elections going according to Plan

Financial markets woke up to positive news on last Monday that the 1st round of the French Presidential Elections has gone according to plan, it will be an Emmanuel Macron versus Marine Le Pen final round face-off in the 7th May. This caused gold prices to gap down by 1% on the open, touching the US\$1,270/Oz level.

North Korea celebrates the 85th Anniversary of its Military

Moving onto Tuesday, gold prices rose as the focus shifted from the Eurozone to the Korean Peninsula, where Financial Markets were keeping on a lookout on whether North Korea (DPRK) will conduct a nuclear or missile test to celebrate the 85th Anniversary of their Korean People's Army.

Anticipation of Trump's Tax Reform

Thankfully, the day passed without any major incident and investors' focus once again shifted back to the positive developments in the U.S. The U.S equity market rallied on positive corporate earnings announcement and market participants were eagerly awaiting U.S President Trump's highly anticipated tax reform package. These 3 developments caused investors to ditch safe haven assets in favour of more risky assets and this caused gold prices to fall further, touch a critical support level of US\$1,260.

On Wednesday, U.S President Trump delivered his tax reform plan.

Summary of Tax Reform Plan

1. Slash taxes for overseas profit repatriation;
2. Cut income tax on public corporations from 35% to 15%;
3. Reduce the top tax on pass-through businesses from 39.6% to 15%;
4. Reduce the current 7 to 3 individual tax rates (10%, 25%, 35%);
5. End deductions for state and local taxes (a revenue-raiser);
6. Repeal the estate tax and the alternative minimum tax.

Trump's Tax Reform Announcement: Lack of details and Feasibility Concerns

He however failed to give details or address how the proposed tax cuts would impact the federal deficit. The Committee for a Responsible Federal Budget predicted the plan could cost US\$3-7 trillion over the next decade and potentially "harming economic growth instead of boosting it". This lack of details and feasibility concerns caused a slight rebound on gold prices.

Central Banks: Dovish BOJ and ECB

Central bank decisions dominated Thursday, with the Bank of Japan (BOJ) and European Central Bank (ECB) releasing their monetary policy decisions and statements. The BOJ kept its stimulus policies unchanged while lowering its inflation forecast. BOJ Governor Haruhiko Kuroda has said previously said that the accommodative policy and asset purchases will continue for some time because inflation is "quite sluggish," underscoring how far the BOJ lags behind its counterparts in the U.S. and Europe despite 4 years of extraordinary monetary stimulus and improving global demand. Following suit, a few hours later, the ECB also left its loose monetary policy stance unchanged. ECB President Mario Draghi while explicitly recognizing the Eurozone bloc's economic recovery, also mentioned that removal of monetary easing has still not been discussed by policymakers. **Given these developments, the BOJ and ECB are likely to maintain their loose monetary policies, while the U.S Federal Reserve has been very hawkish about interest rate normalisation. This caused the US Dollar Index to strengthen, putting downward pressure on US dollar denominated gold prices.**

Rising North Korean Tensions Once Again

On Friday, **President Trump came out to warn that a major conflict with North Korea is "absolutely" a possibility amid rising tensions over the north's nuclear and missile programs**, but added that he is more inclined to "solve things diplomatically but it's very difficult". After these comments, **gold prices started to edge up slightly as investors brace for more geopolitical risk.**

North Korea test-fired a ballistic missile on Saturday, but the missile exploded soon after launch. This failed test involved a short-range, non-nuclear missile, which would have be able to hit Seoul, but not Japan. The South Korea military has announced that they "are closely monitoring North Korea's further military provocation and are totally ready to meet any and all kinds of provocations". U.S Pacific Command has come out to reassure their allies, saying that the U.S "stands behind our steadfast commitment to the security of our allies in the Republic of Korea and Japan."

U.S Government Shutdown Averted

U.S. Congressional negotiators have yesterday, 1st May 2017, managed to work out a bipartisan agreement on a spending package to **keep the U.S Federal Government funded until the end of the 3rd quarter 2017, averting a government shutdown.** This further dampen the demand for gold and gold prices reverse back downwards yesterday.

Overall for the week, gold prices fell by 1.42% to US\$1,257/Oz.

Speculative COMEX Gold Futures Open Interest Monitoring (25 April 2017)



Source: Reuters

Based on a snapshot of the breakdown of last Tuesday's (25 April 2017) COMEX gold futures open Interest positions, we see speculative short positions rising faster than speculative long positions, with the former rising by 7.73% to 44K contracts in a week versus the latter that only rose by 3.55% to 209K contracts in a week. Overall, net long contracts rose slight by 2.5% to 165K contracts. Bearish gold position rose at a faster rate due to financial market participants posturing for greater risk-on sentiment as the first round of the French Presidential Elections went according to plan, where the current consensus is that the market favourite candidate, Emmanuel Macron will defeat his rival, Marine Le Pen, in the run-off that is slated to happen this Sunday.

Important events for this week

SG Day	SG Time	Events/ Economic Data
Tuesday	5:00 PM	Eurozone March Unemployment Rate
Wednesday	5:00 PM	Eurozone Q1 GDP
	8:15 PM	U.S April ADP Employment Change
	10:00 PM	U.S April ISM Services/Non-Manufacturing
Thursday	2:00 AM	U.S FOMC (Rate Decision & Statements)
	9:45 AM	China April CaiXin PMI (Composite/ Services)
	4:30 PM	UK April Markit/CIPS (Composite/Services)
	5:00 PM	Eurozone March Retail Sales
	8:30 PM	U.S March Trade Balance
	10:00 PM	U.S March Durable Goods Order
Friday	8:30 PM	U.S April (Change in Non-Farm Payroll, Unemployment Rate, Average Earnings)
Sunday	Whole Day	French Presidential Election 2017 Round 2 Emmanuel Macron VS Marine Le Pen

Weekly Outlook

This week is expected to be another bearish week for gold prices in the absence of any unexpected geopolitical risk. This week being the first working week of May, brings about the usual market-moving data such as U.S ISM Services/ Non-Manufacturing and U.S Non-Farm Payroll. These data are anticipated to continue to be positive as with the recent trend. On Thursday morning, there will be a U.S Federal Open Market Committee (FOMC) announcement. Though no interest rate hike is expected at this meeting, anything may still happen given the recent hawkish rhetoric of the U.S Federal Reserve (Fed). Do also keep a lookout for their statement release for more clues on the developments in the U.S economy and the FOMC members' views on it. These developments are likely to put more downward pressure on gold prices for this week. This coming Sunday, 7th May 2017, is the final run-off round of the 2017 French Presidential Elections where the favourite candidate, Emmanuel Macron is expected to trounce his Eurosceptic rival, Marine Le Pen. Financial markets have already priced in a Mr Macron victory, so should Ms Le Pen be seen to be winning or is winning, gold prices will spike back up. My take on this event is not to be complacent and be ready to expect the unexpected, never forget the lessons of the BrExit Referendum and the U.S Presidential Elections.

GENERAL DISCLAIMER / DISCLOSURE

This publication is prepared by Phillip Futures Pte Ltd., 250 North Bridge Road, #07-01, Raffles City Tower, Singapore 179101 (Registration Number: 198305695G), which is regulated by the Monetary Authority of Singapore ("Phillip Futures"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication has been provided to you for personal use only and shall not be reproduced distributed or published by you in whole or in part, for any purpose. If you have received this document by mistake, please delete or destroy it, and notify the sender immediately. Phillip Futures shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources which Phillip Futures has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this publication are based on such information and are expressions of belief of the individual author or the indicated source (as applicable) only. Phillip Futures has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete, appropriate or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Futures shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Futures or persons associated with or connected to Phillip Futures, including but not limited its officers, directors, employees or persons involved in the preparation or issuance of this report, (i) be liable in any manner whatsoever for any consequences (including but not limited to any special, direct, indirect, incidental or consequential losses, loss of profits and damages) of any reliance or usage of this publication or (ii) accept any legal responsibility from any person who receives this publication, even if it has been advised of the possibility of such damages. You must make the final investment decision and accept all responsibility for your investment decision including but not limited to your reliance on the information, data and/or other materials presented in this publication.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

Past performance of any product referred to in this publication is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This publication should not be relied upon exclusively or as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this research should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have provided advice or investment services to such companies and investments or related investments as may be mentioned in this publication.

Phillip Futures or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold a interest, whether material or not, in respect of companies and investments or related investments which may be mentioned in this publication. Accordingly, information may be available to Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, which is not reflected in this material, and Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited its officers, directors, employees or persons involved in the preparation or issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Futures to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

Section 27 of the Financial Advisers Act (Cap. 110) of Singapore and the MAS Notice on Recommendations on Investment Products (FAA-N01) do not apply in respect of this publication.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

Please contact Phillip Futures at [65 65338017] in respect of any matters arising from, or in connection with, this document.

This report is only for the purpose of distribution in Singapore.