

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

8 May 2017- 12 May 2017

**Gold Technical Indicators**

Support & Resistance	Price Action
<b>Resistance 2: US\$ 1,261/Oz</b>	<b>Short-Term: Bullish</b>
<b>Resistance 1: US\$ 1,243/Oz</b>	<b>Mid-Term: Bearish</b>
<b>Current price: US\$ 1,230/Oz</b>	<b>Long-Term: Bullish</b>
<b>Support 1: US\$ 1,218/Oz</b>	
<b>Support 2: US\$ 1,195/Oz</b>	

**Gold Price Collapses under Increasing Anticipation of June FOMC Rate Hike and a Macron Victory**

**Spot Gold (USD) Price Chart**



Period: 4 Hour Candle Stick Source: Bloomberg  
MACD (Period 1:12, Period 2: 26, Signal: 9)

**Indicative Price Table**

Gold	Active Month	Last Price (oz/g)	Weekly % Change
<b>Spot Pairs</b>			
Gold/USD		1230.83	<b>-2.05</b>
Gold/SGD		1726.89	<b>1.64</b>
Gold/MYR		5,332.78	<b>2.33</b>
Gold/IDR		16,393,127	<b>2.29</b>
Gold/THB		42,628.90	<b>2.00</b>

Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
CMX Gold (100 t.oz)(US\$)	JUN 17	1230.90	<b>-1.96</b>
ICE US Gold (100 t.oz)	JUN 17	1231.00	<b>-1.95</b>
ICE US Mini Gold (33.2 t.oz)(US\$)	JUN 17	1230.10	<b>-2.02</b>
TOCOM Gold (1Kg)(¥)	APR 18	4,451.00	<b>-1.33</b>

Silver	Active Month	Last Price (oz/g)	Weekly % Change
<b>Spot Pairs</b>			
Silver/USD		16.42	<b>-2.56</b>
Silver/SGD		23.05	<b>2.09</b>
Silver/MYR		71.15	<b>2.84</b>
Silver/IDR		218,847	<b>2.74</b>
Silver/THB		569.09	<b>2.43</b>

Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
CMX Silver (5,000 t.oz)(US\$)	JUL 17	16.42	<b>-2.51</b>
CMX Silver (1,000 t.oz)(US\$)	JUL 17	16.43	<b>-2.45</b>
ICE US Mini Silver (1,000 t.oz)(US\$)	JUL 17	16.44	<b>-2.37</b>
TOCOM Silver (10 Kg)(¥)	APR 18	59.30	<b>-5.72</b>

Palladium	Active Month	Last Price (oz/g)	Weekly % Change
<b>Futures Contract</b>			
NYM Palladium (100 t.oz)(US\$)	JUN 17	811.95	<b>-0.31</b>
TOCOM Palladium (500 g)(¥)	APR 18	2,894	<b>2.12</b>

Platinum	Active Month	Last Price (oz/g)	Weekly % Change
<b>Futures Contract</b>			
NYM Platinum (50 t.oz)(US\$)	JUL 17	919.80	<b>-1.33</b>
TOCOM Platinum (500 g)(¥)	APR 18	3,343	<b>-2.19</b>

Last Updated at (SG Time): 11:22:17 AM  
Source: Bloomberg

**Contact Details**

<b>Analyst:</b>	Jonathan Chan
<b>MAS Rep No:</b>	CNK300392484
<b>Phone:</b>	(65)- 65315474
<b>Individual Email :</b>	<a href="mailto:JonathanChanNK@phillip.com.sg">JonathanChanNK@phillip.com.sg</a>
<b>Group Email:</b>	<a href="mailto:pfpl_commentaries@phillip.com.sg">pfpl_commentaries@phillip.com.sg</a>

**Fundamental Driver(s)  
Gold VS US Dollar Index**



Period: 3 Min Source: Bloomberg Orange Line: Gold Green Line: US Dollar

**Previous Week's Summary of Fundamentals**

**Generally Positive U.S Economic Data**

U.S Economic Data	Actual	Forecast	Previous
April ISM Manufacturing	54.8	56.5	57.2
April ADP Employment Change	177k	175k	255k
April ISM Non-Manufacturing	57.5	55.8	55.2
3 <sup>rd</sup> May FOMC Rate Decision (Upper Bound)	1.00%	1.00%	1.00%
3 <sup>rd</sup> May FOMC Rate Decision (Lower Bound)	0.75%	0.75%	0.75%
March Trade Balance	-\$43.7b	-\$44.5b	-\$43.8b
March Factory Orders	0.20%	0.40%	1.20%
March Prelim Durable Goods Orders	0.90%	0.70%	0.70%
<b>April Non-Farm Payrolls Change</b>	<b>211K</b>	190k	98k
<b>April Unemployment Rate</b>	<b>4.40%</b>	4.60%	4.50%
April Average Hourly Earnings (YoY)	2.50%	2.70%	2.70%

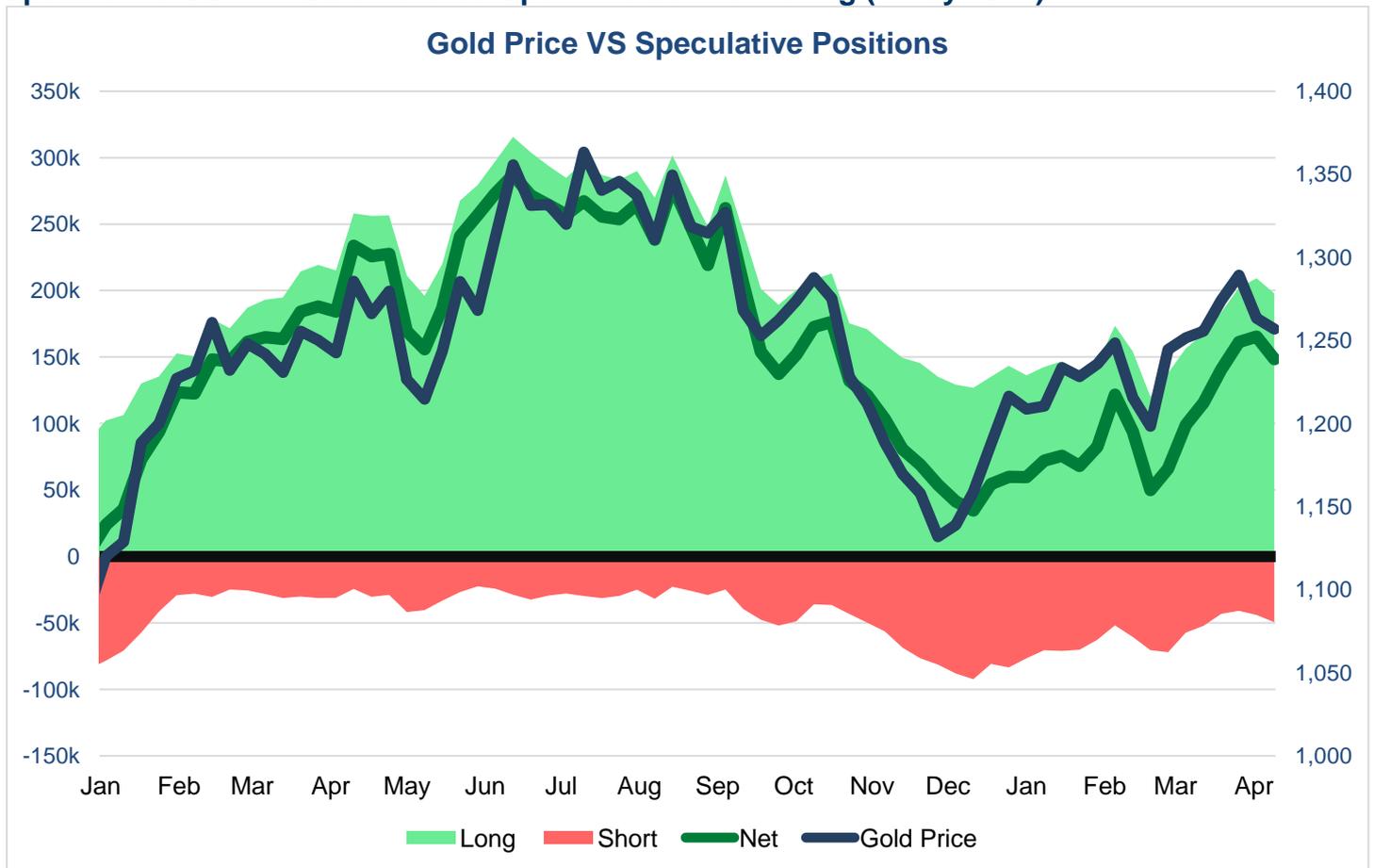
U.S economic data released this week were generally better than expected, leading financial markets to anticipate a higher possibility that the U.S Federal Reserve (Fed) will hike rates at the next FOMC meeting on June 13-14. Though ISM Manufacturing came in below expectation at 54.8 versus consensus of 56.5, the data signalled that the manufacturing industry was still expansionary. ISM Non-Manufacturing, on the other hand, came out better than expected at 57.5 versus consensus of 55.8. **The most significant data that traders were anticipating and watching out for were the April Non-Farm Payroll (NFP) Change and Unemployment Rate.** These 2 numbers came out beyond expectations with NFP coming out at 211K versus consensus of 190K and the U.S unemployment rate dipping to 4.4%. These positive developments put downward pressure on gold prices.

**Geopolitical Risk and Uncertainty Rescinded**

Gold prices were also held up previously by several geopolitical risks and uncertainties globally. **As many of these geopolitical risks and uncertainties failed to materialize, investors started their asset rotation out of safe haven assets such gold, yen and treasuries.** There was no escalation of conflict in the Korean Peninsula, despite all the tough talk and military positioning. During the previous week, in the French Presidential Election space, Emmanuel Macron, the candidate who is more highly favoured by investors, was gaining ground in opinion polls and bookmaker odds to win the run-off round. **In the U.S political scene, President Trump averted a government shutdown and has even managed to pass his Obamacare Replacement Act through the House of Representatives.** Upon Macron's expected victory announcement this morning, there was a slight rebound in gold prices.

Overall for the week, gold prices fell by about 3% to around US\$1,230/Oz.

**Speculative COMEX Gold Futures Open Interest Monitoring (2 May 2017)**



Source: Reuters

Based on a snapshot of the breakdown of last Tuesday's (2 May 2017) COMEX gold futures open Interest positions, we see a reduction in net gold speculative positions, falling by 10.2% to 148.5K. More speculators were reversing out of their long positions into short positions, bringing down the speculative long positions by 5.46% to 198K contracts and bringing up speculative short positions by 12.3% to 49.4K contracts. This speculative positioning is probably due to the bearish fundamentals as listed above, with investors rotating out of safe havens, such as gold, and into riskier assets such as European-related equities and currencies (EUR, CHF, GBP).

**Important events for this week**

SG Day	SG Time	Events/ Economic Data
Monday	Unspecified	China April [FDI & Trade Balance]
	8:35 PM	U.S Fed's Bullard Speaks on Panel on Interest Rate Policy
	8:45 PM	U.S Fed's Mester Speaks at Chicago Council on Global Affairs
Wednesday	1:00 AM	U.S Fed's Rosengren Speaks at NYU Conference on Risk Management
	4:15 AM	U.S Fed's Kaplan Speaks to Dallas Regional Chamber
	7:50 AM	Japan BOJ 26-27 April Meeting Minutes
	9:30 AM	China April CPI, PPI
	7:00 PM	Eurozone ECB President Draghi Speaks in Dutch Parliament
Thursday	7:50 AM	Japan March Trade Balance
	4:00 PM	Eurozone ECB publishes Economic Bulletin
	4:30 PM	UK March Industrial & Manufacturing Production
	6:25 pm	U.S Fed's Dudley Speaks on Globalization in Mumbai
	7:00 PM	U.K BOE Monetary Policy Decision & Inflation Report
Friday	12:15 PM	Japan BOJ Harada speaks as panellist in Tokyo
	1:00 PM	Singapore March Retail Sales
	8:30 PM	U.S April [CPI & Advance Retail Sales]
	9:00 PM	U.S Fed's Evans Speaks in Dublin
	10:00 PM	U.S May Prelim University of Michigan Consumer Confidence

**Weekly Outlook**

I am mildly bearish-biased on gold prices for this week, mainly on the back of geopolitical risk dissipation and rising anticipation of June FOMC rate hike. This week, several FOMC members have scheduled public speeches as per the calendar above. The expectations are that they are going to chime even more hawkish rhetoric, in the face of such a strong April Non-Farm Payroll number. This development is expected to put more downward pressure on gold prices as we head towards the June 14 FOMC meeting. In the shorter term, should the Bank of England continue to maintain a loose monetary policy and maintain their current interest rate target this Thursday evening, this might cause the US Dollar to strengthen against the GBP and indirectly cause a downward adjustment in gold prices. **This bearish view will be void should there be any unexpected geopolitical risk development this week.**

**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 to 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 an 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 to 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.