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15 May 2017- 19 May 2017

Gold Technical Indicators	
Support & Resistance	Price Action
Resistance 2: US\$ 1,260/Oz	Short-Term: Sideways
Resistance 1: US\$ 1,235/Oz	Mid-Term: Bearish
Current price: US\$ 1,230/Oz	Long-Term: Bullish
Support 1: US\$ 1,214/Oz	
Support 2: US\$ 1,209/Oz	

Gold Finds Temporary Support on "TrumpGate" and Weak U.S Economic Data Releases

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			
Spot Pairs	Active Month	Last Price (oz/g)	Weekly % Change
Gold/USD		1,229.97	0.30
Gold/SGD		1,726.17	-0.13
Gold/MYR		5,332.47	-0.25
Gold/IDR		16,389,420	-0.38
Gold/THB		42,565.61	-0.16
Futures Contract			
CMX Gold (100 t.oz)(US\$)	JUN 17	1,229.80	0.22
ICE US Gold (100 t.oz)	JUN 17	1,227.70	0.07
ICE US Mini Gold (33.2 t.oz)(US\$)	JUN 17	1,228.60	0.12
TOCOM Gold (1Kg)(¥)	APR 18	4,470.00	0.52

Silver			
Spot Pairs	Active Month	Last Price (oz/g)	Weekly % Change
Silver/USD		16.51	1.75
Silver/SGD		23.18	-1.48
Silver/MYR		71.60	-1.61
Silver/IDR		220,059	-1.75
Silver/THB		571.39	-1.57
Futures Contract			
CMX Silver (5,000 t.oz)(US\$)	JUL 17	16.50	1.46
CMX Silver (1,000 t.oz)(US\$)	JUL 17	16.48	1.37
ICE US Mini Silver (1,000 t.oz)(US\$)	JUL 17	16.50	1.50
TOCOM Silver (10 Kg)(¥)	APR 18	60.50	1.34

Palladium			
Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
NYM Palladium (100 t.oz)(US\$)	JUN 17	808.20	0.33
TOCOM Palladium (500 g)(¥)	APR 18	2,897	-0.07
Platinum			
Futures Contract	Active Month	Last Price (oz/g)	Weekly % Change
NYM Platinum (50 t.oz)(US\$)	JUL 17	926.60	0.76
TOCOM Platinum (500 g)(¥)	APR 18	3,381	1.23

Last Updated at (SG Time): 11:03:43 AM
Source: Bloomberg

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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

Monday's Macron Victory Short-Covering

Gold prices gapped up on last Monday's open after Emmanuel Macron is declared the winner of the previous Sunday's French Presidential Elections run-off round. Gold prices rose temporarily for the day as speculators were short-covering to profit-take from their previous week's profitable short-positioning.

Rising anticipations of a June Rate Hike

The previous week's stellar Non-Farm Payroll and unemployment number have already set the expectations for a June rate hike. Any hawkish Fed rhetoric can only edge this market anticipation higher. Loretta Mester and James Bullard came out to share their views. Mester, non-FOMC voter, cautioned that the Fed must be "very vigilant against falling behind" on needed interest-rate hikes and "If (the Fed) delay too long in taking the next normalization step...(they) could risk a recession" and that a gradual upward path of rate hikes "will help prolong the expansion, not curtail it".

Please read carefully the important disclosures at the end of this publication.

Bullard, non-FOMC voter, on the other hand, was more dovish. He has said that the economy's weak performance at the start of the year should slow Federal Reserve plans for further rate increases. Continued strong global demand for safe assets along with sluggish growth in the U.S. workforce, he said, will hold down U.S. interest rates for the foreseeable future. In particular, he said that has lowered the "natural" rate of interest that serves as a rough estimate of where the federal funds target rate would come to rest over the long term. The market seemed more inclined towards Mester's hawkish stance and gold prices fell significantly through Tuesday.

“TrumpGate”-Trump Fires Comey

U.S President Donald Trump then unexpectedly fired his FBI director James Comey on Tuesday night, with some critics commenting that this draws parallel to the Watergate Scandal. This surprise dismissal of Director Comey, who played a controversial role in last year's U.S Presidential Election, came as he was leading a probe into whether President Trump's aides have colluded with Moscow to sway last November's votes. This unexpected geopolitical uncertainty in Washington caused gold prices to spike upwards.

More Hawkish Fed Rhetoric

On Wednesday, **more hawkish Fed rhetoric fuelled the gold bears.** Robert Kaplan, an FOMC voter, joined many of his colleagues in saying that the U.S. central bank could start shrinking its \$4.5 trillion balance sheet later this year, even as it raises rates "gradually and patiently." He continued to reaffirm 3 rate hikes this year as his "baseline" case, and that plans to shed the Fed's assets do not change that view. Eric Rosengren, a FOMC non-voter, was even more hawkish than most of his peers. He urged his voting colleagues to raise interest rates 3 more times this year, bringing up his total number of anticipated rate hikes for this year to 5. In addition to this, he also advocated the shrinking of the Fed's balance sheet after their next hike to avoid creating an "over-hot economy". Gold prices fell back down on these hawkish rhetoric, with financial markets pricing in a 95% probability for a 25bps rate hike and a 5% probability for a 50bps rate hike during the June FOMC meeting at its peak.

Macy's Underperformance

Moving onto Thursday, **U.S. equities closed lower as retail stocks fell sharply on the back of Macy's weaker than expected quarterly results. This has sparked off concerns about the strength of U.S retail and consumer spending, which directly affects the state of the U.S economy, given that the U.S economy is largely driven by consumer spending.** This sentiment spread across all the U.S equity indices, which all ended in the red yesterday. Gold prices benefited positively from this development.

Cautious Dudley

Also on Thursday, William Dudley, a FOMC voter, came out sounding more dovish and cautious. He said that the Fed will normalize its balance sheet in a "very careful way", while leaving "sufficient" excess reserves in the financial system. This statement slightly affected the market's anticipation of a June FOMC rate hike, with the implied probability of an interest rate hike falling from 100% to 95.4%. Gold prices further rose on this statement.

Weaker than Expected U.S Data

U.S Economic Data	Actual	Forecast	Previous
Consumer Price Index (MoM) (APR)	0.20%	0.20%	-0.30%
Consumer Price Index Ex Food & Energy (MoM) (APR)	0.10%	0.20%	-0.10%
Consumer Price Index (YoY) (APR)	2.20%	2.30%	2.40%
Consumer Price Index Ex Food & Energy (YoY) (APR)	1.90%	2.00%	2.00%
Real Avg Weekly Earnings (YoY) (APR)	0.30%		-0.10%
Real Avg Hourly Earning (YoY) (APR)	0.40%		0.30%
Advance Retail Sales (APR)	0.40%	0.60%	0.10%
Retail Sales Less Autos (APR)	0.30%	0.50%	0.30%
Retail Sales Control Group (APR)	0.20%	0.40%	0.70%
University of Michigan Consumer Confidence (MAY P)	97.7	97	97

The U.S economic data released last Friday was generally quite mixed, with **April CPI and Retail Sales coming out below expectations**, while the April Real Average Earnings and the May Preliminary Consumer Confidence came out better than expected. **Financial Markets took the negative data more seriously and gold prices continue to rise slightly for the day.**

Gold prices remained largely flat for the week, just rising slightly by 0.16%.

Speculative COMEX Gold Futures Open Interest Monitoring (9 May 2017)



Source: Reuters

Based on a snapshot of the breakdown of last Tuesday’s (9 May 2017) COMEX gold futures open interest positions, we see a reduction in net gold speculative positions, falling by 32.68% to slightly under 100K. More speculators were reversing out of their long positions into short positions, bringing down the speculative long positions by 24.51% to 149K contracts and bringing up speculative short positions slightly by 0.05% to slightly under 50K contracts. This speculative positioning is probably due to the stellar April Non-Farm Payroll and Unemployment Rate numbers, and the generally hawkish Fed rhetoric that followed after it. This position snapshot was taken before “TrumpGate”, hence these positions have not take into account that unexpected event.

Important events for this week

SG Day	SG Time	Events/ Economic Data
Monday	10:00 AM	China April [Retail Sales & Industrial Production]
	2:00 PM	Japan April Preliminary Machine Tool Orders
	Whole Day	China “1 Belt 1 Road” Summit
Tuesday	4:00 AM	U.S March Net Long-Term TIC Flows
	4:30 PM	U.K April CPI
	5:00 PM	Eurozone [May ZEW Economic Sentiment Survey & Q1 GDP]
	8:30 PM	U.S April [Housing Starts & Building Permits]
	9:15 PM	U.S April [Industrial & Manufacturing Production]
Wednesday	7:50 AM	Japan March Machine Orders
	12:30 PM	Japan March Forecast Industrial Production
	4:30 PM	U.K [April Claim Count & March ILO Unemployment Rate]
	5:00 PM	Eurozone CPI
Thursday	7:50 AM	Japan Q1 GDP
	4:30 PM	U.K April Retail Sales
Friday	1:00 AM	Eurozone ECB’s Draghi speaks in Tel Aviv
	9:15 PM	U.S Fed’s Bullard speaks about U.S Economy and Monetary Policy
	10:00 PM	Eurozone May Consumer Confidence

Weekly Outlook

I am expecting gold prices to be range-bound for this week in light of 2 opposing drivers. On the bullish side, there is a possibility of the “TrumpGate” issue escalating, should the U.S Congress want to further investigate President Trump’s sacking of ex- FBI Director, James Comey. Furthermore, should U.S economic data releases for this week (April Housing Starts, Building Permits, Industrial and Manufacturing Production) continue to be below expectations, this might serve as a booster for gold prices. On the other hand, a highly anticipated June FOMC rate hike is expected to keep gold prices subdued until the June FOMC meeting.

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