

## Further upside to gold prices

A weaker dollar and global tensions are all supporting precious metals

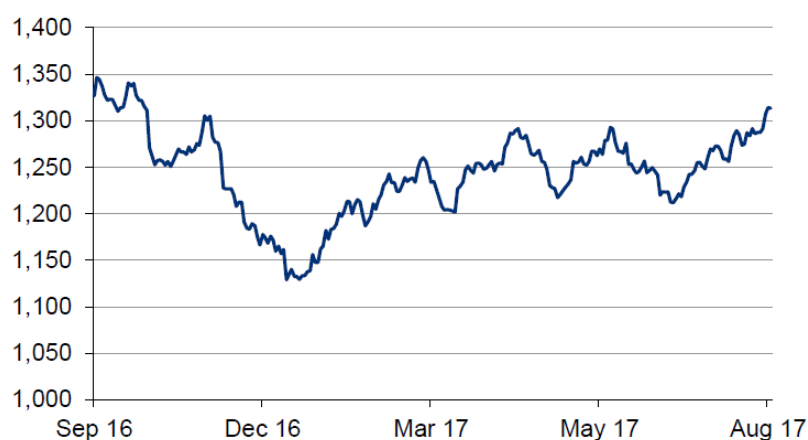


### Investors flock back to gold

A weaker US dollar, tensions between America and North Korea and increasingly its neighbours, and the threat of a US government shutdown at the end of September are all contributing to investors starting to shift back towards safe haven assets. Since early August, ETF holdings in gold have increased from 66.21moz to 67.47moz currently. In 2Q17 a lack of ETF buying is what predominantly drove the surplus in the gold market, so now a recovery in this buying could see the gold market more balanced over 3Q17. Speculative buying in gold has also picked up in recent weeks. The managed money net position in COMEX gold has increased from 27,100 lots in mid-July to 196,331 lots as of 22 August, the largest net long seen in gold since October 2016. However, there is still some distance to go to reach the record level of 286,921 lots hit in July 2016.

## Gold (USD/oz)

Gold has traded above \$1,300/oz for the first time since November 2016



Gold price (USD/oz)

## Palladium continues to outperform

Palladium traded to a 16-year high of US\$947.5/oz on 29 August, up more than 38% YTD, and outperforming the broader precious metals complex, which has risen around 12% over the same period. However, a rising market does increase the risk of demand destruction for the precious metal moving forward. Trade data from China shows that palladium imports fell 11% YoY to 1.3t in July 2017, while YTD imports are down 21% YoY to total 10.6t. Without adequate support on the demand side, it might be difficult for speculators to justify holding a significant net long in the metal.

## Palladium (USD/oz)

Palladium continues to outperform



Source: Bloomberg  
Palladium (USD/oz)

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