

# JM&B Monthly Gold & Silver Report

## April 2015

<http://www.johnson-matthey.ch/>

### Introduction

The purpose of this report is to comment on developments in the gold and silver markets on a monthly basis. For more information about this report, please consult the Appendix. Johnson Matthey plc issues reports on platinum group metals:

[http://www.platinum.matthey.com/publications/price\\_reports.html](http://www.platinum.matthey.com/publications/price_reports.html)

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## 1. Commentary

Gold and silver both moved sideways in April and ended the month with a downward bias.

## 2. Gold

### 2.1 News and Fundamental Considerations

#### Selected News Items from the Month

**London, 31st March 2015, (Reuters)** – Gold prices are forecast to bottom out in 2015 after a two-year slide as the expected start of the Federal Reserve's rate-raising cycle removes a key event risk from the market, consultancy Metals Focus said in a report on Tuesday.

Better prospects for gold sales in Asia, lower selling from Western investors, and a retreat in mine supply from record highs are likely to play into a stable market this year, it said.

Expectations for higher interest rates, which would lift the opportunity cost of holding non-yielding bullion while supporting the dollar, have been the chief factor pushing spot gold lower so far this year.

"We remain cautious of gold in the near term," the company said in its Gold Focus 2015 report. "The end of the bear cycle however may well be in sight. Counter-intuitively, we see this as likely to come shortly after the Fed starts raising interest rates."

"This is premised on our expectation that these increases will be slow and modest, leaving real rates in negative territory for some time to come."

The company expects gold prices to bottom out this year at \$1,080 an ounce, their weakest since February 2010, and to average \$1,190 an ounce in the full year.

Once the uncertainty surrounding the timing of potential rate increases is resolved, gold is poised to rise, it said.

"From 2016 onwards, there are several plausible candidates waiting in the wings to provide the spark for a renewed gold bull market," the report said.

"They include potentially gold-friendly developments in debt, inflation, foreign exchange, commodity and equity markets and the scope for a far more malign environment for international relations to develop over the next few years."

Demand for gold jewellery, coins and bars fell last year as gold prices declined 2 percent, the report said, after a 28 percent slump in the previous year drove demand for physical gold sharply higher.

Jewellery consumption fell 9 percent in 2014, while physical investment - largely in gold coins and bars - slid 41 percent, with major consumers China and India responsible for more than half of the losses.

This year Metals Focus expects jewellery consumption to rise 3 percent, while it sees buying by central banks continuing, though at a marginally lower rate.

Gold mine production, which rose 2 percent last year to a record 3,133 tonnes, is expected to decline by a very marginal 14 tonnes. Recycled gold supply is seen steadying after a near 6 percent drop this year.

**Sydney, 21st April 2015, (Business Day)** – After a two-month hiatus, Russia's appetite for buying gold is back. The nation increased foreign reserves of bullion to 39.8 million ounces, or about 1,238 metric tons, as of April 1, compared with 38.8 million ounces a month earlier, the central bank said on its website Monday. The 30-ton purchase was the most since September.

Russia, the fifth-biggest holder of the metal, returned to buying gold after taking a break in January and February. The country, which bought gold through the last nine months of 2014, made the purchases to diversify foreign reserves and solve issues related to rouble liquidity, central bank Governor Elvira Nabiullina said in February.

"It's interesting that Russia is still buying because it's economy has taken a knock from Western sanctions and from lower oil prices," David Jollie, an analyst at Mitsui & Co. Precious Metals Inc., said by phone from London. "This sends a very bullish signal to the gold market."

Gold added about 1 percent to \$US1195.26 an ounce in London this year. The metal priced in roubles declined 8 percent last month and slipped 2.4 percent in dollar terms.

Russia more than tripled its gold hoard since 2005 and holds the most since at least 1993, International Monetary Fund data show. It increased bullion reserves even as international sanctions over the Ukrainian conflict and a plunge in oil prices led to a collapse in the ruble.

The nation's economy showed signs of recovery in the first and second quarters amid a declining dependence on oil, Russian Deputy Prime Minister Arkady Dvorkovich told Bloomberg TV Monday.

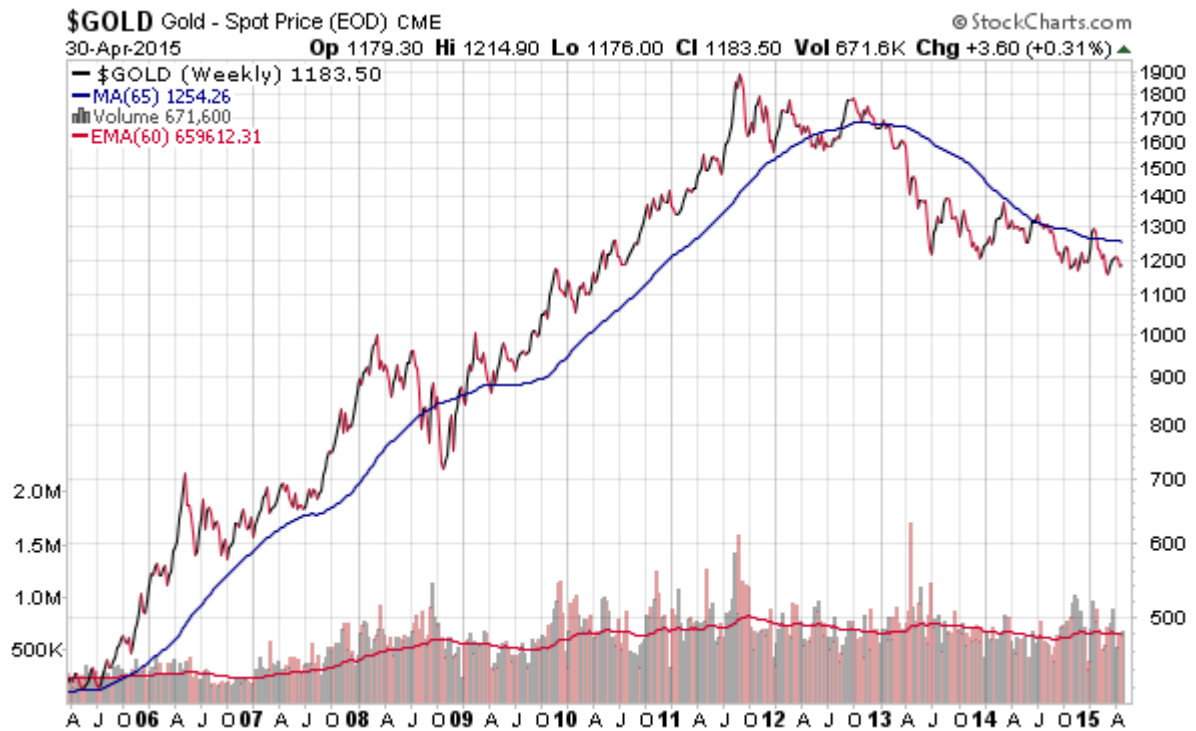
Gold accounts for about 13 percent of Russia's total foreign reserves, according to the London-based World Gold Council. That compares with about 70 percent for the US and Germany, the biggest holders, the data show. Central banks globally will buy at least 400 tons this year, the council estimated in February.

"That the Russians increased their holdings is a relief for gold bulls," Matthew Turner, an analyst at Macquarie Group Ltd., said by phone from London. "With the Russian economic problems, they could have decided to go either way."

## 2.2 Technical Comments

### Long Term Technical Comments

Gold looks to be basing around the 1200 USD/oz level:



### Daily/Weekly Technical Comments

London afternoon fix in USD/toz:

| Open  | High  | Low   | Close |
|-------|-------|-------|-------|
| 01.04 | 07.04 | 30.04 | 30.04 |
| 1197  | 1211  | 1180  | 1180  |

London afternoon fix in €/toz:

| Open  | High  | Low   | Close |
|-------|-------|-------|-------|
| 01.04 | 10.04 | 30.04 | 30.04 |
| 1113  | 1137  | 1060  | 1060  |



Gold essentially went nowhere again in April.

### 3. Silver

#### 3.1 News and Fundamental Considerations

#### 3.2 Technical Comments

##### Long Term Technical Comments

Silver essentially moved sideways in April:



##### Daily/Weekly Technical Comments

London fix in USD/toz:

| Open  | High  | Low   | Close |
|-------|-------|-------|-------|
| 01.04 | 07.04 | 24.04 | 30.04 |
| 16.56 | 16.86 | 15.83 | 16.52 |

London fix in €/toz:

| Open  | High  | Low   | Close |
|-------|-------|-------|-------|
| 01.04 | 02.04 | 27.04 | 30.04 |
| 15.40 | 15.56 | 14.61 | 14.76 |



Silver went nowhere again in April.

John Fineron, 4<sup>th</sup> May 2015.

## Appendix: More about this report

### Purpose of the Report

The purpose of this report is to comment on developments in the gold and silver markets on a monthly basis. Johnson Matthey plc issues reports on the platinum group metals:

[http://www.platinum.matthey.com/publications/price\\_reports.html](http://www.platinum.matthey.com/publications/price_reports.html)

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<http://www.adobe.com/products/acrobat/readstep.html>

This report is prepared in the English language, as are the vast majority of contributions on precious metal markets.

### Structure of Report

The report comprises two sections:

#### Fundamental Considerations

This section addresses aspects of supply and demand in gold and silver, which typically affect the market over periods of **several years**. Over the long term, the price of a commodity will rise or fall until natural supply and demand reach equilibrium. Completion of this process, can take many years and is significantly influenced by hoarding and dis-hoarding. For example, dis-hoarding of stockpiles to compensate for supply shortages can proceed over decades and thereby delay movement to a true equilibrium price.

#### Technical Comments

This section describes aspects of technical analysis in gold and silver, which can be used to assist in buy and sell decisions over periods of **weeks to months**. Traders often use technical analysis to trade or profit from price movements up or down. Because large traders, e.g. hedge funds, often use the same signals, price-movements are often amplified and technical signals become self-fulfilling prophecies due to the herd-mentality.

Learn more about technical analysis:

<http://stockcharts.com/education>

and the terms used:

<http://stockcharts.com/education/GlossaryA.html>

Learn more about candle charts:

<http://www.litwick.com/about.html>

All charts used are courtesy of Stockcharts.com unless otherwise stated.



Find out more about the Elliot wave principle:

<http://www.prognosis.nl/principle/index.html>

Please note that our technical comments will be purely technical in nature and will not attempt to rationalise or second-guess the reasons for price movements.

### **Advice on buying and selling precious metals**

It is not the policy of Johnson Matthey & Brandenberger AG, to advise customers on specific buy or sell points. We are however prepared to assist customers in formulating views on precious metal markets and preparing strategies suited to their individual buying and selling needs.

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