

# JM&B Monthly Gold & Silver Report

## December 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)

### Contents

- 1. Commentary
- 2. Gold
  - 2.1 News and Fundamental Considerations
  - 2.2 Technical Comments
- 3. Silver
  - 3.1 News and Fundamental Considerations
  - 3.2 Technical Comments
- Appendix More about this report

## 1. Commentary

Gold and silver moved essentially sideways in price in December.

## 2. Gold

### 2.1 News and Fundamental Considerations

#### Selected News Items from the Month

**Singapore, 7th December 2015, (Reuters)** – China likely added nearly 21 tonnes of gold to its reserves in November, according to Reuters calculations from central bank data on Monday.

The value of China's gold reserves stood at \$59.52 billion at the end of November, compared with \$63.26 billion at the end of October, the People's Bank of China (PBOC) said on its website.

That would amount to 56.05 million troy ounces or 1,743.364 tonnes, according to Reuters calculations based on the London Bullion Market Association afternoon price on the last trading session of November.

Compared with October numbers, that would be an addition of 20.9 tonnes - the biggest monthly purchase by the PBOC since it revealed gold holdings in June this year for the first time since April 2009.

The Chinese central bank reveals volumes of its gold holdings only later in the month.

The acceleration in purchases was triggered by a slump in gold prices to near-six-year lows in November, which also explains the drop in the value of the reserves.

Gold slid nearly 7 percent last month, its biggest monthly dip since June 2013, hurt by a looming U.S. interest rate hike.

China is the world's sixth largest official sector gold holder after the United States, Germany, the International Monetary Fund, Italy and France.

Gold reserves still make up less than 2 percent of China's total reserves, a factor the market believes will drive the PBOC to continue buying.

China previously considered its gold holdings a state secret and did not report its holdings on a monthly basis to the International Monetary Fund like most other countries.

It started disclosing gold reserves in June in a bid to increase transparency as Beijing campaigned to include the yuan in the IMF's special drawing rights basket. The yuan was admitted to the IMF's benchmark currency basket on Nov. 30.

**Mumbai, 14th December 2015, (Reuters)** – Gold prices in India swung to a discount for the first time in a month on Monday as jewellers and dealers in the world's second biggest consumer postponed purchases ahead of an expected hike in U.S. interest rates later this week.

Jewellers and dealers are expecting a correction in prices and will start restocking after the Federal Reserve policy meeting on Dec. 15-16, industry officials said. The U.S. central bank is widely expected to raise interest rates for the first time in nearly a decade.

Higher rates could dent demand for non-interest-paying bullion, while boosting the dollar.

Gold has already slid nearly 10 percent for the year, its third straight annual decline, in anticipation of a rate hike.

Dealers were offering a discount of up to \$1 an ounce to the global spot benchmark for the first time since Nov. 9. Last week, traders were quoting a premium of up to \$1.

"People have funds in banks. They need gold, but they want to see how market reacts to the Fed's meeting," said Harshad Ajmera, proprietor of JJ Gold House, a wholesaler in the eastern Indian city of Kolkata.

"Right now even if I offer discount, buyers are not ready to make purchases," Ajmera said.

Indian prices moved to a premium in the early part of November, after trading at a discount for over two months on weak demand and oversupply.

India's gold demand in the key December quarter is likely to fall to the lowest level in eight years, industry officials have said.

"In Chennai, business was affected because of flood last week. Now jewellers, dealers are trying to bring down inventory by offering discounts," said Daman Prakash Rathod, a director at Chennai-based wholesaler MNC Bullion.

Incessant rainfall in India's fourth most-populous city had cut off more than three million people from basic services and disrupted power supplies earlier this month.

Jewellers usually start restocking after Diwali, the Hindu festival of lights, but this year many have delayed expecting a drop in prices, dealers said.

BofA Merrill Lynch said on Friday it expected gold prices to slide to \$950 an ounce early in 2016 due to a possible U.S. rate hike, joining a chorus of other brokerages including Goldman Sachs that have predicted a drop to or below \$1,000.

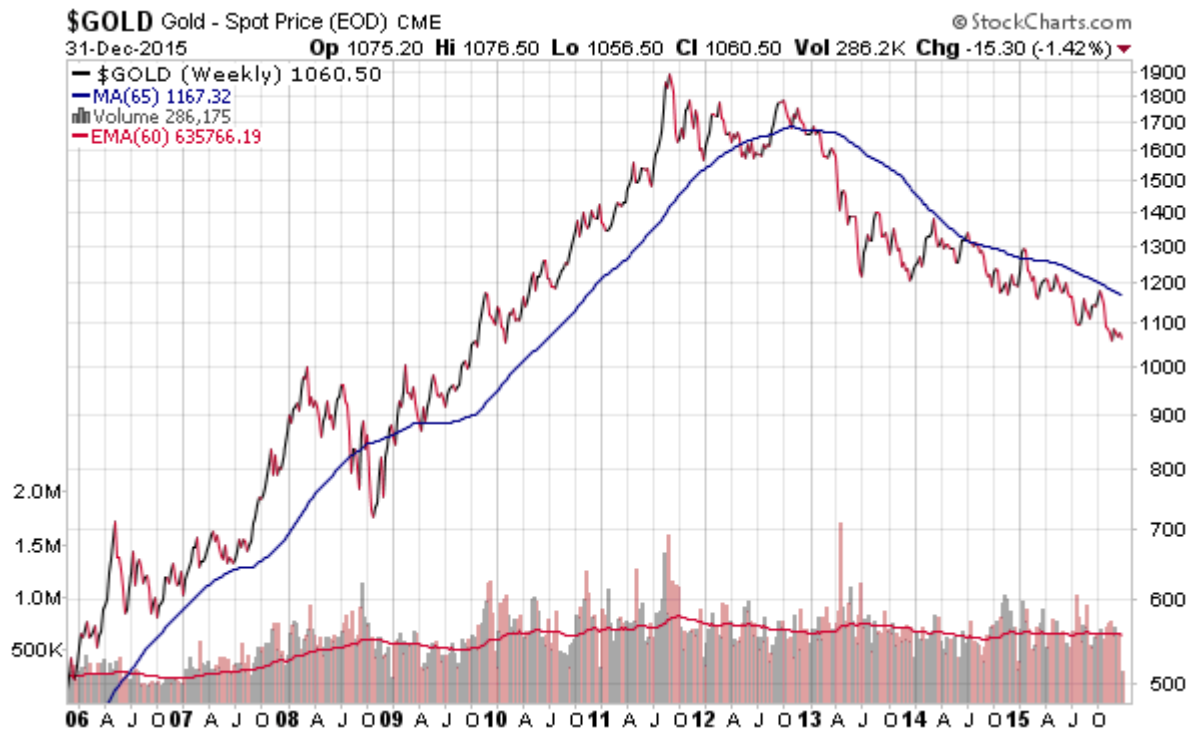
Gold futures in India were trading down 0.9 percent at 25,450 rupees (\$379.51) per 10 grams, after hitting a four-year low of 24,451 rupees in late July.

"Even if prices rise after the Fed meeting, jewellers will start purchases. They have to run business," said a Mumbai-based bullion dealer with a private bank who declined to be named.

## 2.2 Technical Comments

### Long Term Technical Comments

Gold struggled to find support at around 1050 USD/oz in December:



### Daily/Weekly Technical Comments

London afternoon fix in USD/toz:

Open	High	Low	Close
01.12	07.12	18.12	31.12
1065	1085	1055	1062

London afternoon fix in €/toz:

Open	High	Low	Close
01.12	01.12	17.12	31.12
1002	1002	967	974



Gold moved sideways in December.

## 3. Silver

### 3.1 News and Fundamental Considerations

**New York, 31st December 2015, (Reuters)** – The U.S. Mint sold a record amount of American Eagle silver bullion coins and saw sales of its gold coins rise by a whopping 53 percent this year, it said on Thursday, as weak metal prices unleashed a fresh wave of buying by investors and collectors.

Sales of American Eagle gold coins hit 801,500 ounces, while 47 million ounces of their silver counterparts were bought.

### 3.2 Technical Comments

#### Long Term Technical Comments

Silver moved sideways with gold in December:



#### Daily/Weekly Technical Comments

London fix in USD/toz:

Open	High	Low	Close
01.12	07.12	14.12	31.12
14.21	14.49	13.71	13.82

London fix in €/toz:

Open	High	Low	Close
01.12	01.12	15.12	31.12
13.41	13.41	12.48	12.69



Silver churned sideways in December.

John Fineron, 4<sup>th</sup> January 2016.



## 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)

This document is supplied in PDF format. To view, you may need to download the free Adobe Acrobat Reader:

<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.

### **Special Legal Notice/Disclaimer concerning this report**

This report represents the views of Johnson Matthey & Brandenberger AG, which may be materially different from those of Johnson Matthey plc and other group companies.

### **General Legal Notice/Disclaimer**

Information and images contained within the web pages published by Johnson Matthey & Brandenberger AG ("JM&B") are copyright and the property of JM&B.

JM&B authorises you to copy documents or pages published by JM&B on this Web site for your non-commercial use only. Copies may be made for others for their personal information only. Any such copy shall retain all copyrights and other proprietary notices, and any disclaimer contained thereon.

None of the content of these pages may be incorporated into, reproduced on, or stored in any other Web site, electronic retrieval system, or in any other publication, whether in hard copy or electronic form. You may not, without our permission, 'mirror' this information on your own server, or modify or re-use text or graphics on this system or another system.

Certain links on this Web site lead to resources located on servers maintained by third parties over whom JM&B has no control. JM&B accepts no responsibility for the information contained on such servers.

The information, text, graphics and links contained in these pages are provided for information purposes only. JM&B does not warrant the accuracy, or completeness of the information, text, links, and other items contained on this server or any other server.

JM&B accepts no responsibility for loss, which may arise from reliance on information contained in this site.

No warranty of any kind, either expressed or implied, is made as to the information contained in these pages, including, but not limited to any implied warranty of merchantability, fitness for a particular purpose or non-infringement of third party intellectual property of or by JM&B products. Some jurisdictions do not allow the exclusion of implied warranties, so the above exclusion may not apply to you.

JM&B may make changes to the information contained in these pages, or to the products described in them, at any time without notice, however JM&B makes no commitment to update the information given in these pages.