

# JM&B Monthly Gold & Silver Report

## August 2016

<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

Silver and gold slipped slightly in price in August.

## 2. Gold

### 2.1 News and Fundamental Considerations

#### Selected News Items from the Month

**London, 8th August 2016, (WGC)** – Just when demand for gold should be heating up, the year's rally looks to be slowing.

The second half of the year is normally better for gold as demand from brides in India lifts prices. This time, a rally of 25 percent in the first six months has hit the buffers, with higher costs deterring buyers in the biggest jewellery markets.

After the best first half in four decades, gold is just up 1.2 percent this quarter. It fell 0.6 percent to \$1,338.64 an ounce at 3:22 p.m. in New York, according to Bloomberg generic pricing. Buyers in India and China are just window shopping, according to the World Gold Council, an

industry lobby group. They often pay more attention to the local-currency cost of metals. Measured in rupee terms, gold is near the highest level in three years.

“The higher rupee price and various taxes on gold jewelry are factors that will put pressure on demand,” said Robin Bhar, an analyst at Societe Generale SA in London. “Buying is so weak that metal is trading at a discount to London prices.”

For more on the challenges to the Indian gold market, [click here](#).

The gold council cut the annual forecast for Indian buying by 100 tons compared with an estimate in May of 850 to 950 tons, and for Chinese demand by 50 tons from 850 to 950 tons.

“Steep prices have done little to attract demand in the more price-sensitive markets,” it said in a report on Thursday. “India consumers in particular are notoriously wary of price instability and this year has proven to be no exception.”

Even technical indicators signal the rally could be losing steam. The moving average convergence-divergence indicator, a gauge of price momentum, has been below the signal line since Aug. 8. That’s a warning sign to some analysts who study charts that the rally could be faltering. On the Comex in New York, the aggregated volume in futures trading was 28 percent below the 100-day average, according to data compiled by Bloomberg.

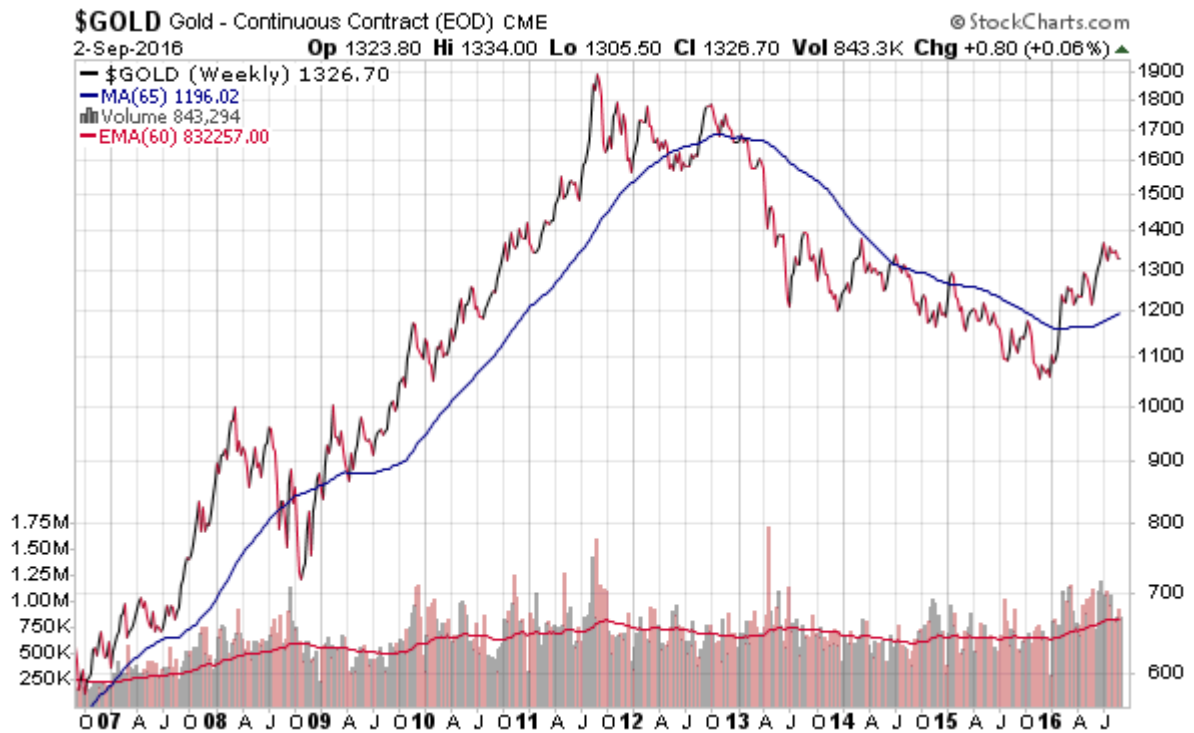
There’s still hope for a recovery. August is traditionally gold’s strongest month, climbing in each of the past six years with an average gain of 5.3 percent. The reduction of duties on jewellery in India will also help.

“We do expect a pickup, but overall demand for this year will be lower than last year,” said Simona Gambarini, a commodities economist at Capital Economics Ltd. in London.

## 2.2 Technical Comments

### Long Term Technical Comments

Gold moved down somewhat in August:



### Daily/Weekly Technical Comments

London afternoon fix in USD/toz:

Open	High	Low	Close
01.08	02.08	31.08	31.08
1349	1354	1309	1309

London afternoon fix in €/toz:

Open	High	Low	Close
01.08	04.08	24.08	31.08
1208	1223	1170	1175



Gold slipped in August.

### 3. Silver

#### 3.1 News and Fundamental Considerations

Nothing to report in August.

#### 3.2 Technical Comments

##### Long Term Technical Comments

Silver moved down in August:



##### Daily/Weekly Technical Comments

London fix in USD/toz:

Open	High	Low	Close
01.08	02.08	25.08	31.08
20.51	20.71	18.50	18.74

London fix in €/toz:

Open	High	Low	Close
01.08	02.08	25.08	31.08
18.37	18.51	16.39	16.82



Silver slipped in price in August.

John Fineron, 5<sup>th</sup> September 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)

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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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