

JM&B Monthly Gold & Silver Report

August 2017

<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>

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1. Commentary

August saw solid gains for both gold and silver.

2. Gold

2.1 News and Fundamental Considerations

Selected News Items from the Month

New Delhi, 15th August 2017, (Live Mint) – India's gold imports more than doubled to \$13.35 billion during the April-July period of the current fiscal, according to the data of the commerce ministry.

Gold imports, which has bearing on the country's current account deficit (CAD), stood at \$4.97 billion in April-July 2016-17.

In July this year, imports of the precious metal rose to \$2.10 billion from \$1.07 billion in the same month of the previous year.

Surge in gold imports in July contributed to the widening of trade deficit to \$11.44 billion as against \$7.76 billion in July 2016.

The rise in imports assumes significance as India is recording surge in the inbound shipments of the precious metal from South Korea, with which India has implemented a free trade agreement since 2010.

Officials have stated that the government is contemplating steps to check the surge in imports from that country.

Gold imports from South Korea has jumped to \$338.6 million during 1 July – 3 August this year. The import in 2016-17 stood at \$470.46 million.

Under the free trade pact between India and South Korea, basic customs duty on gold was eliminated.

Further, the 12.5% countervailing duty on gold imports has been subsumed in the Goods and Services Tax (GST). Accordingly, imports now attract only 3% integrated GST.

Under the FTA with South Korea, the government has recently notified rules for investigation of safeguard duties.

Countries impose this duty to discourage imports of a product. India is the world's second biggest gold consumer after China.

The imports mainly take care of demand by the jewellery industry. At present, gold import attracts 10% duty.

The gems and jewellery industry along with the commerce ministry have time and again urged the finance ministry to consider a cut in the import duty.

2.2 Technical Comments

Long Term Technical Comments

Gold remained above its long-term trend:



Daily/Weekly Technical Comments

London afternoon fix in USD/toz:

Open	High	Low	Close
01.08	29.08	04.08	31.08
1271	1319	1258	1312

London afternoon fix in €/toz:

Open	High	Low	Close
01.08	31.08	07.08	31.08
1075	1106	1067	1106



Gold broke out of its sideways channel in August.

3. Silver

3.1 News and Fundamental Considerations

Nothing significant to report this month.

3.2 Technical Comments

Long Term Technical Comments

Silver rose up to touch its long-term trend in August:



Daily/Weekly Technical Comments

London fix in USD/toz:

Open	High	Low	Close
01.08	30.08	07.08	31.08
16.74	17.44	16.13	17.34

London fix in €/toz:

Open	High	Low	Close
01.08	31.08	07.08	31.08
14.17	14.62	13.65	14.62



A solid month for silver.

John Fineron, 1st September 2017.

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

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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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