



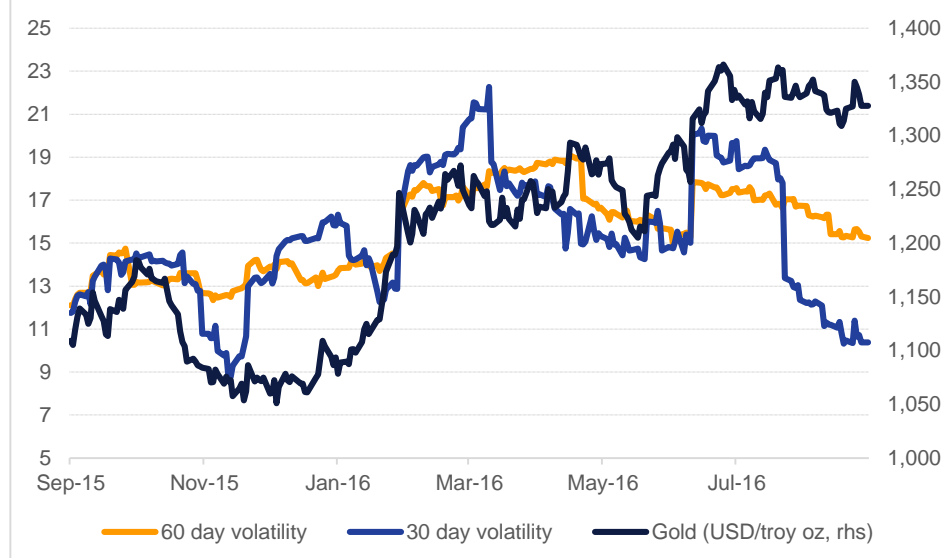
بنك الإمارات دبي الوطني
Emirates NBD

Commodities
15 September 2016

Precious positions

As we come into the end of the third quarter and gold markets digest the impact of one of the key binary risks this year—Brexit—we are a little surprised at how dull gold markets have performed. Historic volatility is sharply down on its pre- and post-Brexit levels and far off levels it hit earlier this year when it looked like the wheels were coming off global equity markets. Gold prices have averaged a little under USD 1,340/troy oz in Q3, converging nicely on our target of USD 1,320/troy oz. Gold's languid summer has also turned off investor interest somewhat as inflows into gold ETFs have barely moved in Q3.

Gold volatility loses lustre



Source: Bloomberg, Emirates NBD Research.

What would shake gold out of its torpor? There should be no surprises we're waiting to see some central bank action, particularly the Fed to provide a new direction for gold prices. We are still anticipating one rate hike by the end of the year, hence our view for gold to soften by the end of 2016 and into next year. Provided the US economy carries on its path of steady economic improvement and the Fed maintains a course of normalizing policy, we see US rates sapping strength from gold in 2017. Conditions also remain supportive for equity markets and we expect this trend to hold going into 2017, providing an alternative destination for investors.

But there are still some risks that could provide some upside for gold. The uncertain outcome of the US election and the implication of a hazy future for US monetary and fiscal policy could provide a boost to gold prices. The ECB and BoJ pushing rates further into negative territory could be another near-term catalyst for higher gold but ultimately they hold less water in terms of affecting precious prices than the Fed.

Precious metals markets performance

	Price	M o m	Ytd change	Year high	Year low
Gold	1,321.42	(1.34)	24.53	1,375.34	1,046.44
Silver	18.94	(4.45)	36.75	21.14	13.65
Platinum	1,034.29	(6.90)	16.01	1,194.64	810.75
Palladium	656.09	(5.37)	16.54	747.10	451.85

Source: Bloomberg, Emirates NBD Research. Note: Prices as of September 15 2016 spot USD/troy oz unless otherwise indicated. M o m: % change. Ytd: % change. Year high/low is rolling 52 week high/low.

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Gold prices



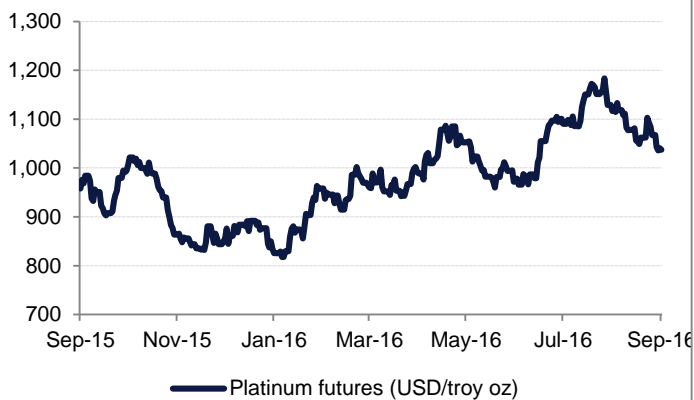
Source: Bloomberg, Emirates NBD Research

Silver prices



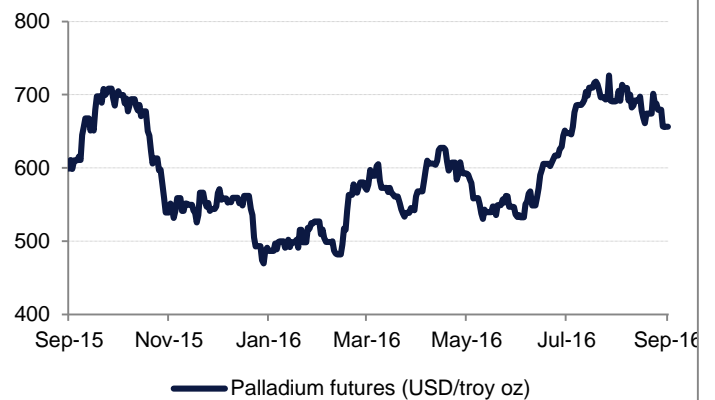
Source: Bloomberg, Emirates NBD Research

Platinum prices



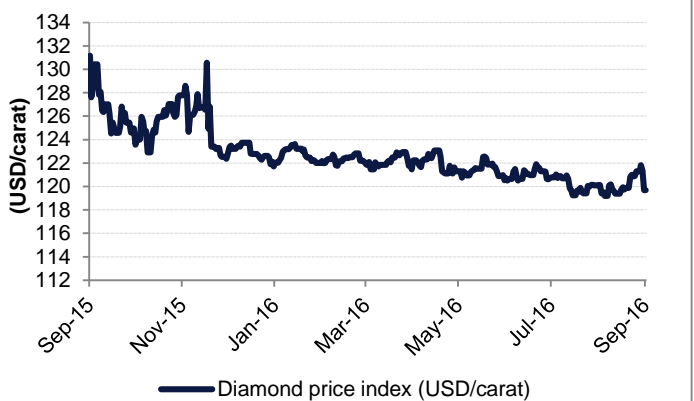
Source: Bloomberg, Emirates NBD Research

Palladium prices



Source: Bloomberg, Emirates NBD Research

Diamond prices



Source: PolishedPrices.com, Bloomberg, Emirates NBD Research.
Note: Overall diamond index

Gold and silver miners' index



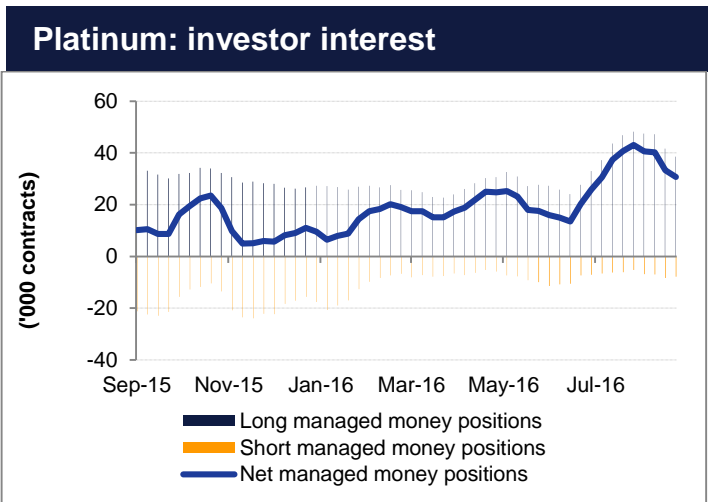
Source: Bloomberg, Emirates NBD Research. Note: Jan 79 = 100



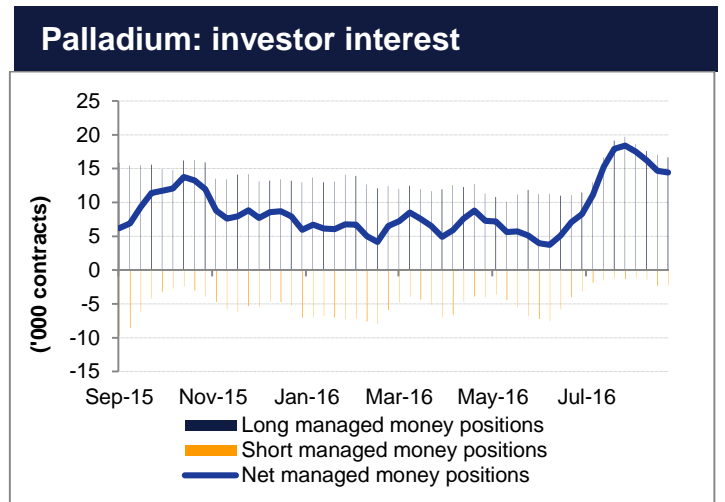
Source: Bloomberg, Emirates NBD Research. Note: futures and options



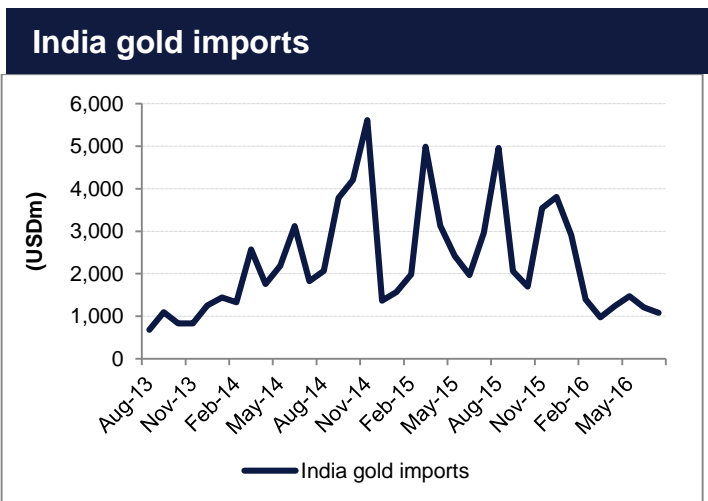
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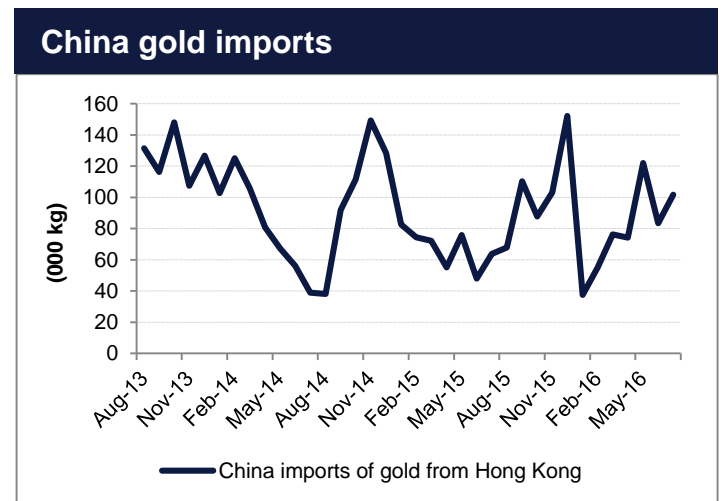
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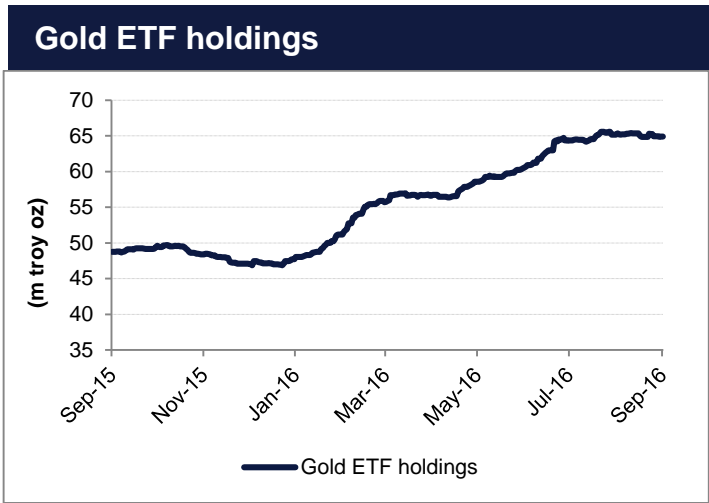
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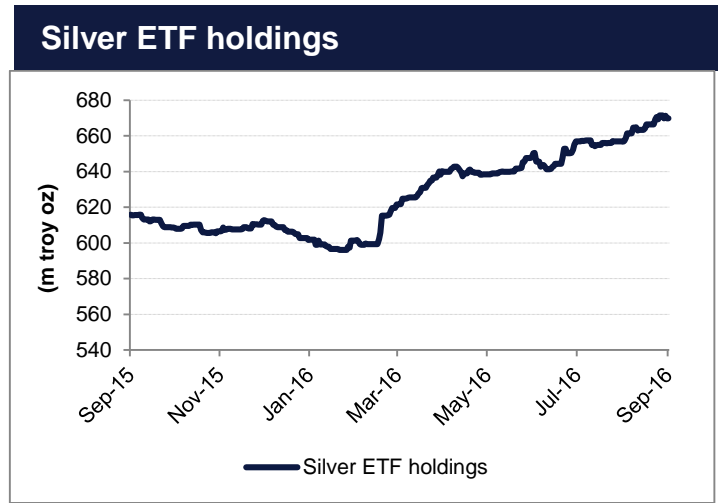
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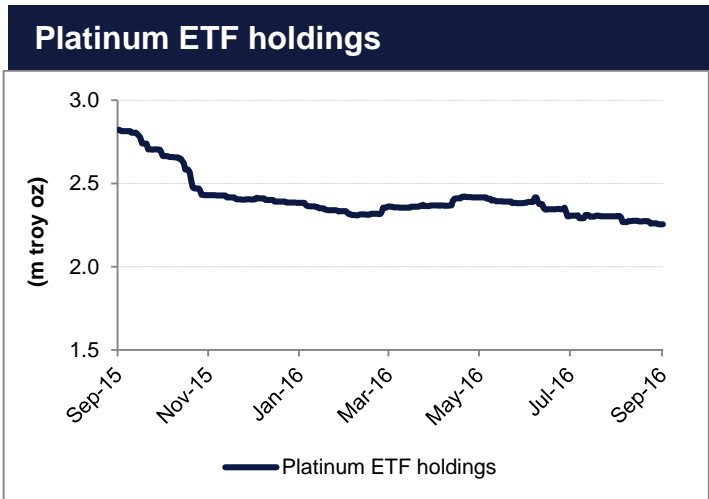
Source: Bloomberg, Emirates NBD Research



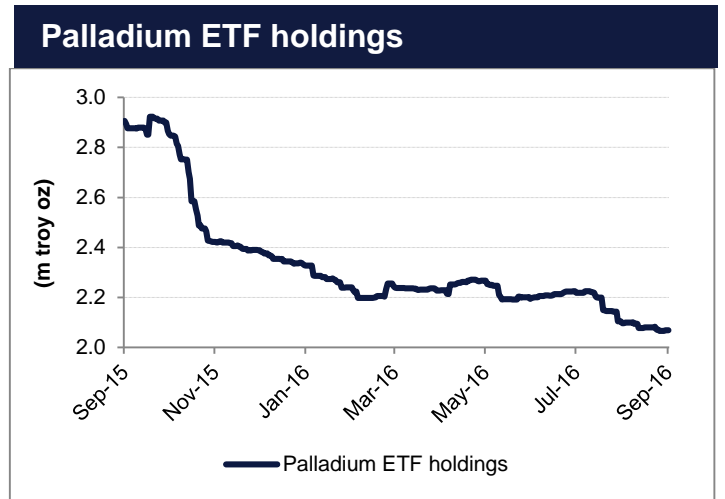
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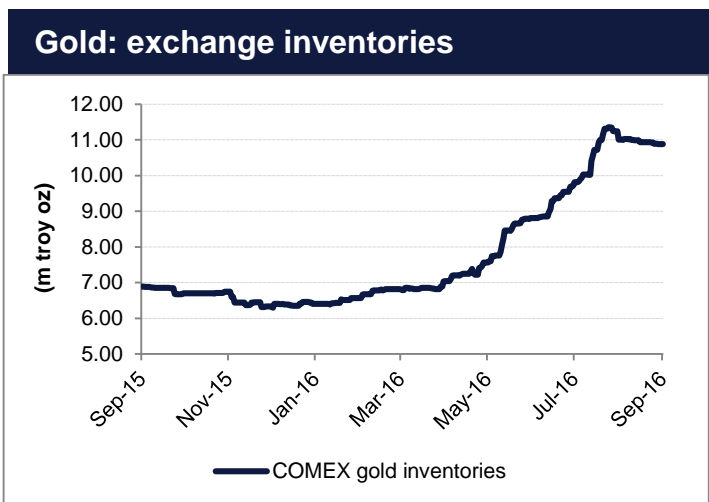
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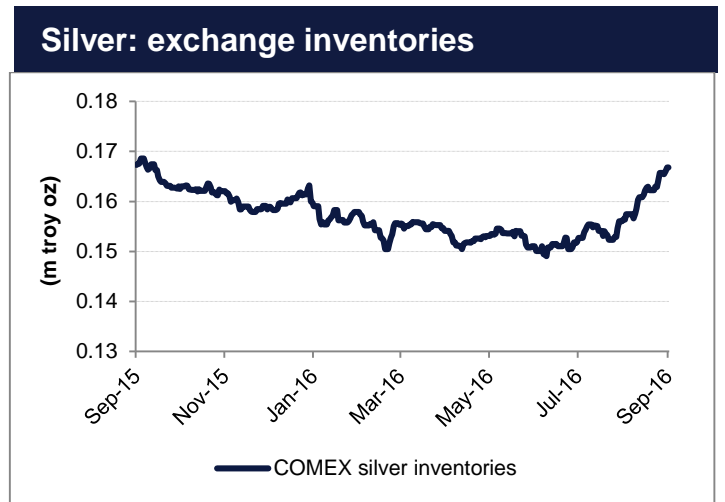
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