



بنك الإمارات دبي الوطني
Emirates NBD

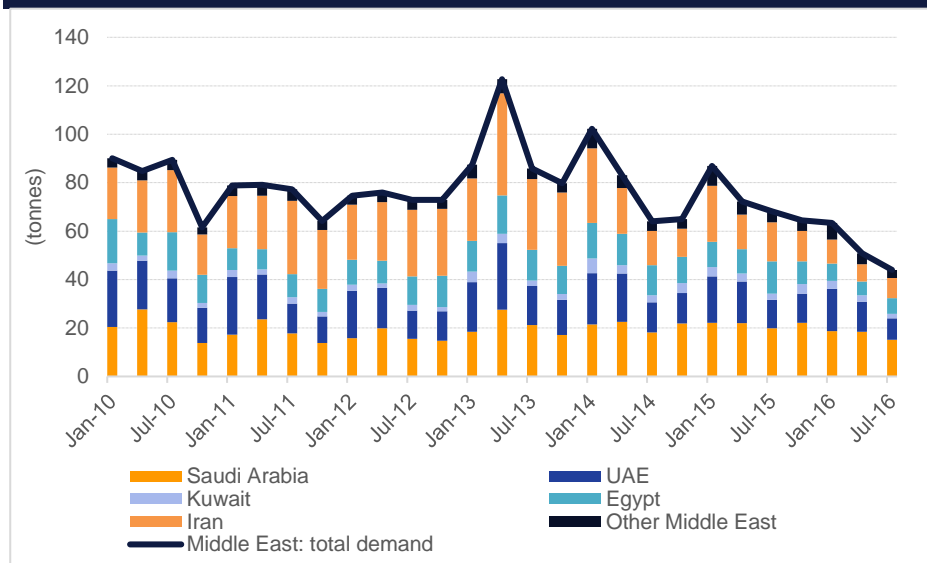
Commodities

15 November 2016

Precious positions

Not exactly the gilded touch then. The election of Donald Trump was meant to be gold's last hurrah in 2016 but markets have turned squarely off the yellow metal. A Trump administration, if the president-elect follows through on campaign pledges, should see expanding fiscal spending and most likely higher US rates, neither of which are particularly favourable for gold. We have outlined in the past that gold doesn't always fall on the back of rate hikes but the array of forces aligned against gold means that downward moves offer the path of least resistance. Inflation expectations have increased following Mr Trump's election but are not yet to levels where we would consider gold to be appealing as a hedge.

MENA gold demand hits new lows



Source: World Gold Council, Emirates NBD Research.

Indeed, a sustained risk-off move into gold would have helped to take the focus of poor physical market activity. Physical demand—jewellery, technology, retail investment and central bank buying—fell 28.7% in Q3 year/year as buying from central banks evaporated. A tick up in prices over the quarter likely also helped to discourage retail buying. ETF positions continued to expand in Q3 but at a slower pace than in the first half of the year but holdings have made a noticeable tick downward following the election.

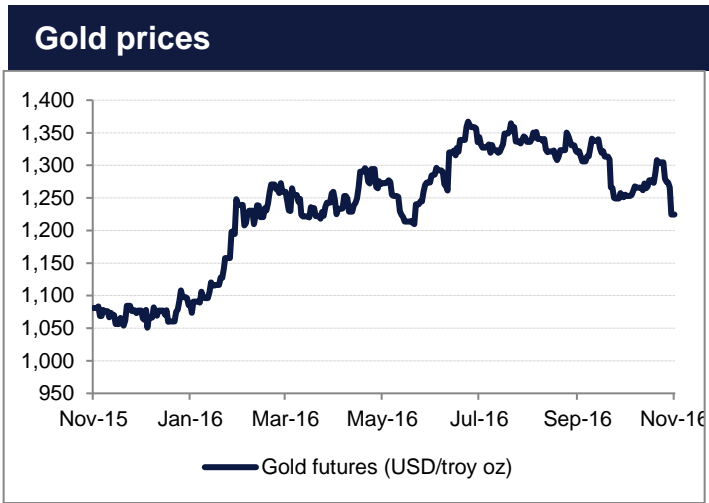
Regional demand was no exception. Physical buying in the broader MENA region fell to 44 tonnes in Q3, its lowest level in data we track going back to 2010. Declines were spread across the region: in Saudi Arabia total demand was down 24% y/y while in the UAE a normally seasonally weak Q3 (as tourist numbers ease during summer months) was compounded this year by higher prices. Total UAE physical demand of 8.8 tonnes was the lowest we have on record.

Precious metals markets performance

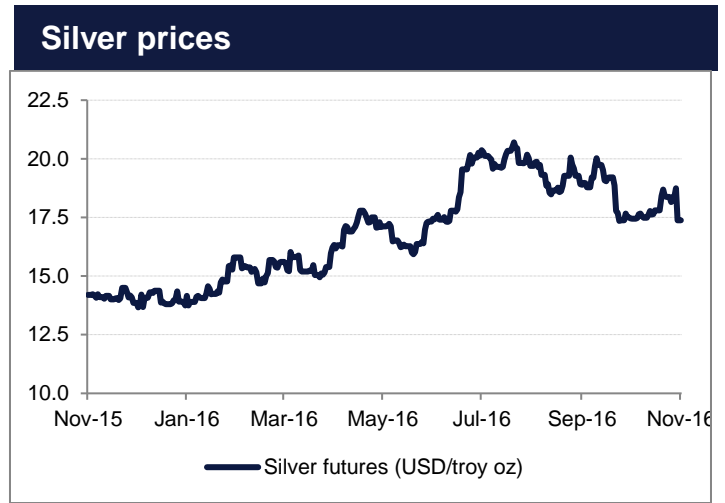
	Price	M/m	Ytd change	Year high	Year low
Gold	1,225.63	(2.41)	15.51	1,375.34	1,046.44
Silver	16.96	(2.92)	22.46	21.14	13.65
Platinum	944.80	0.76	5.97	1,194.64	810.75
Palladium	697.02	9.05	23.81	747.10	451.85

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

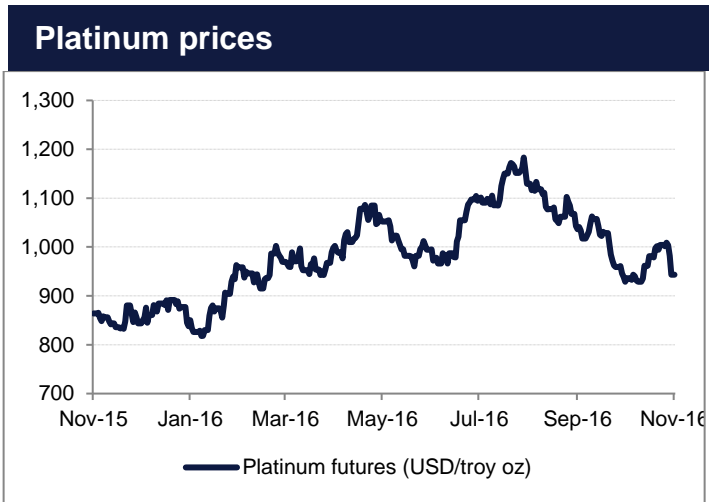
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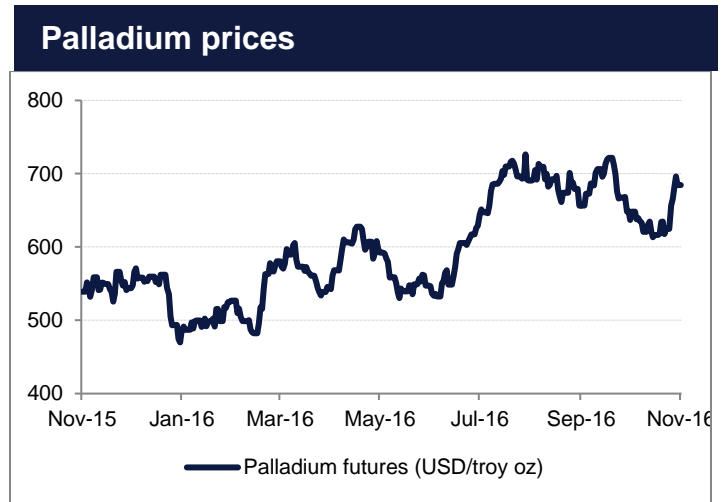
Source: Bloomberg, Emirates NBD Research



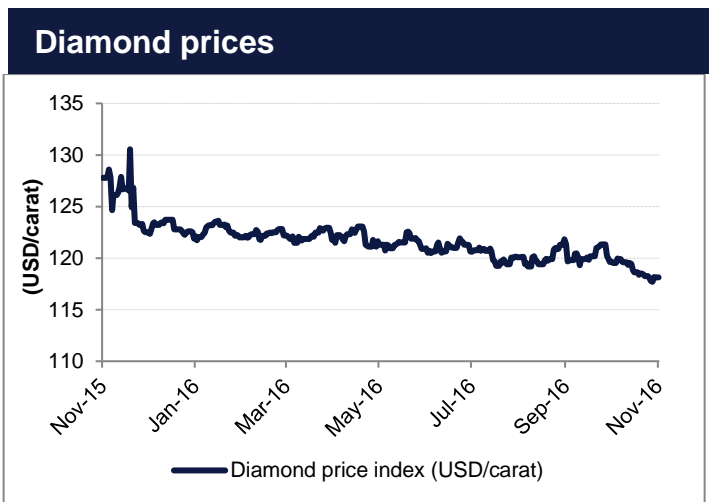
Source: Bloomberg, Emirates NBD Research



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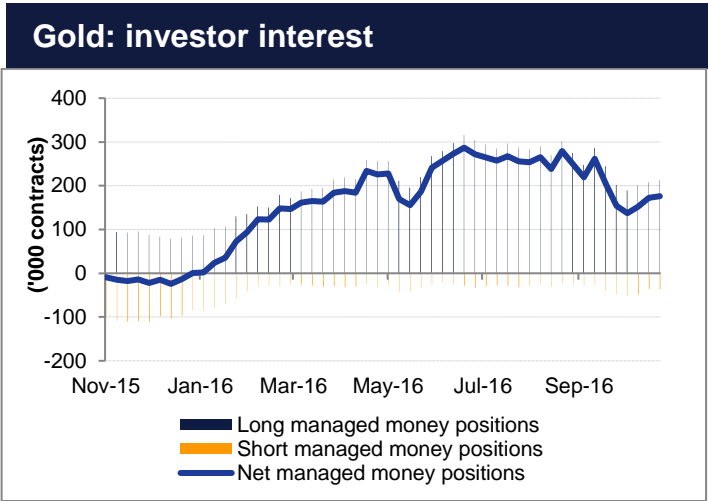
Source: Bloomberg, Emirates NBD Research



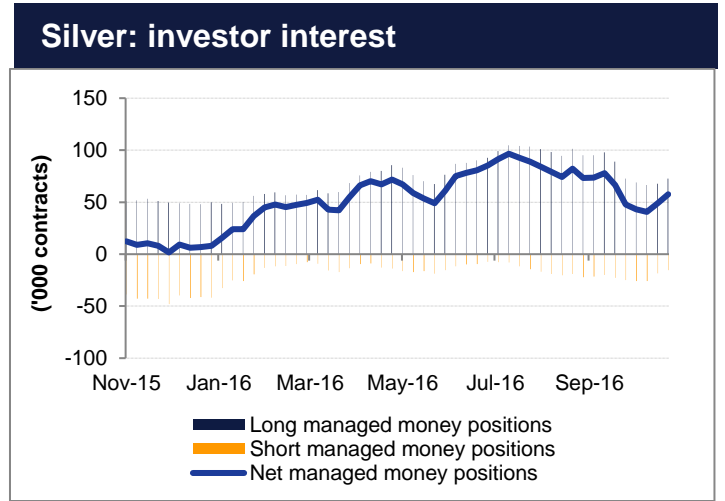
Source: PolishedPrices.com, Bloomberg, Emirates NBD Research.
Note: Overall diamond index



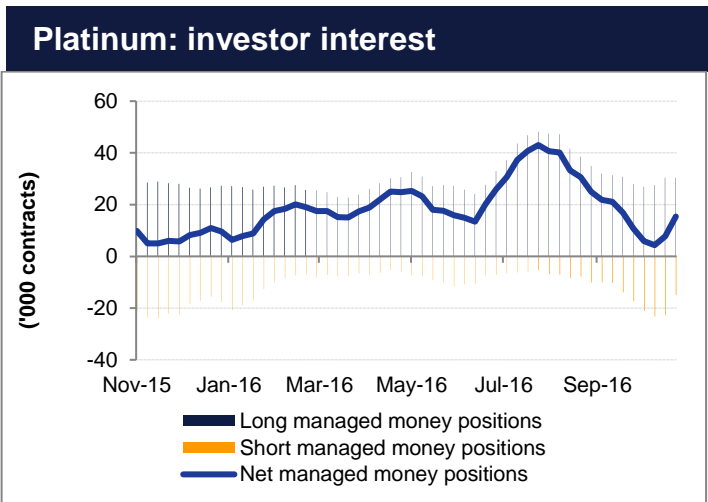
Source: Bloomberg, Emirates NBD Research. Note: Jan 79 = 100



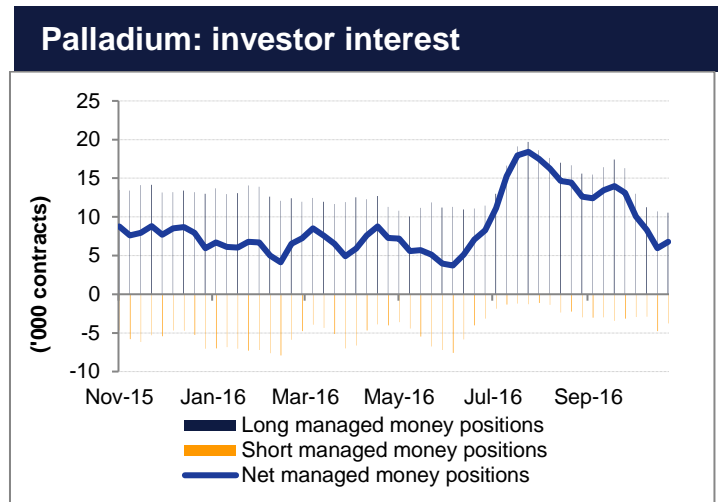
Source: Bloomberg, Emirates NBD Research. Note: futures and options



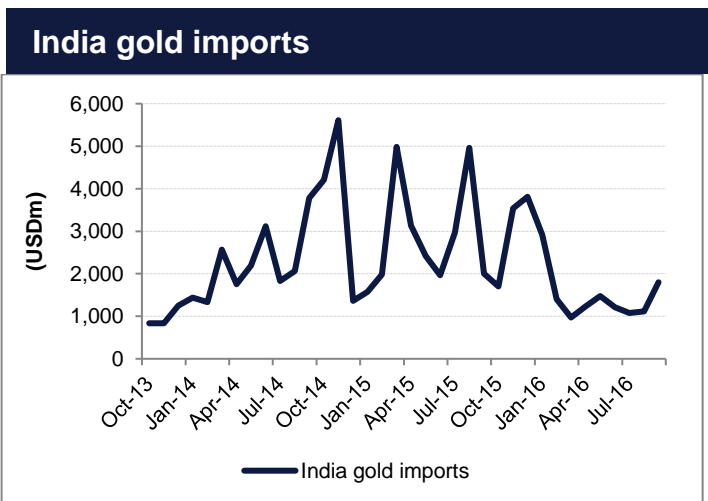
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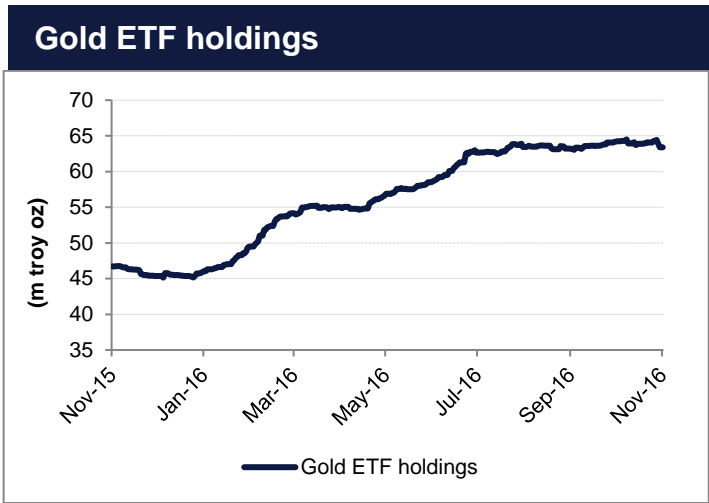
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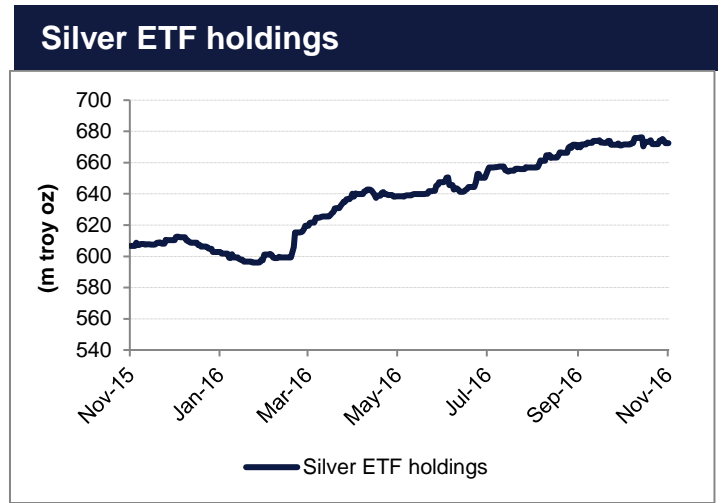
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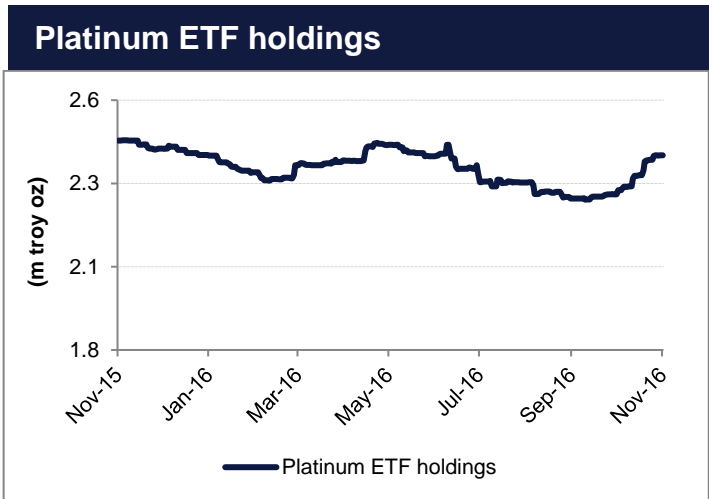
Source: Bloomberg, Emirates NBD Research



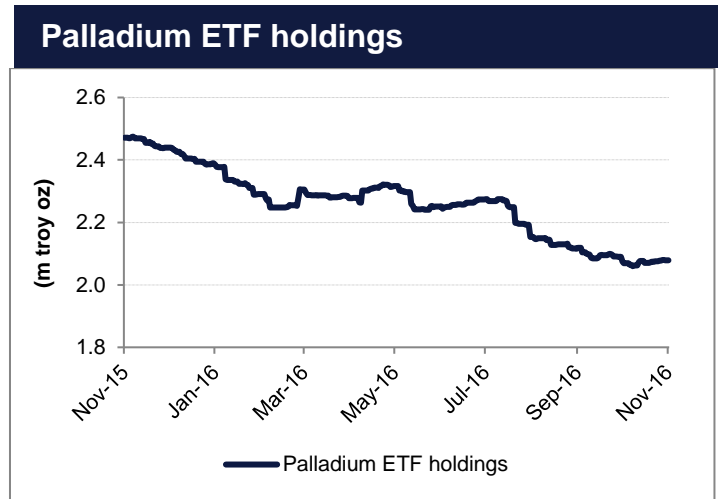
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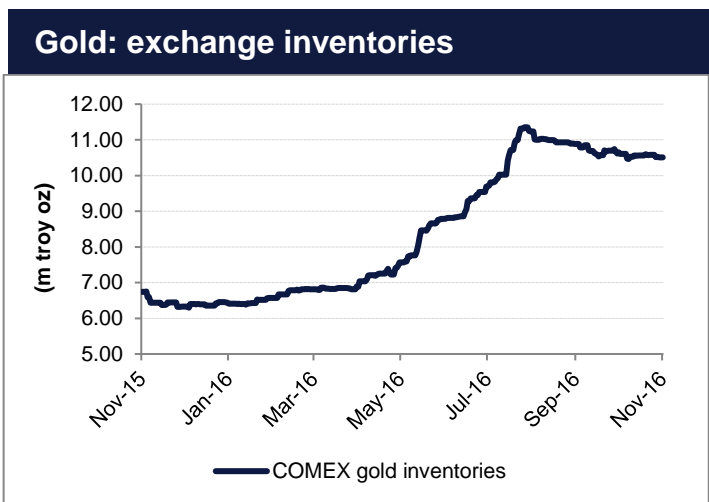
Source: Bloomberg, Emirates NBD Research



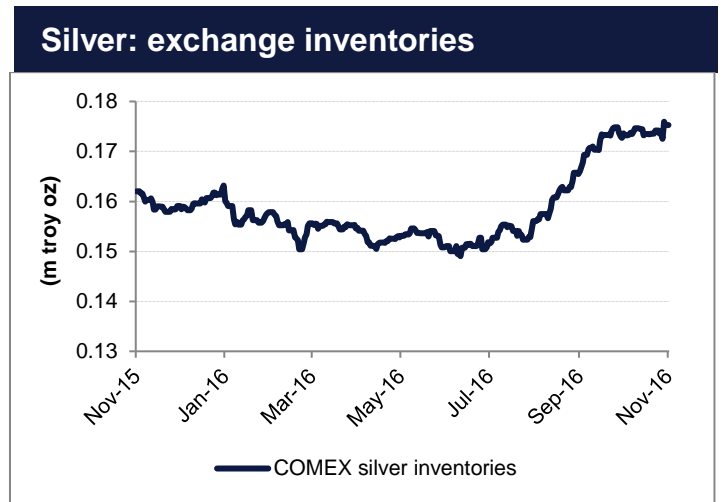
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