Commodity Spotlight Precious Metals

02 December 2016

Outlook for 2017: Better times ahead

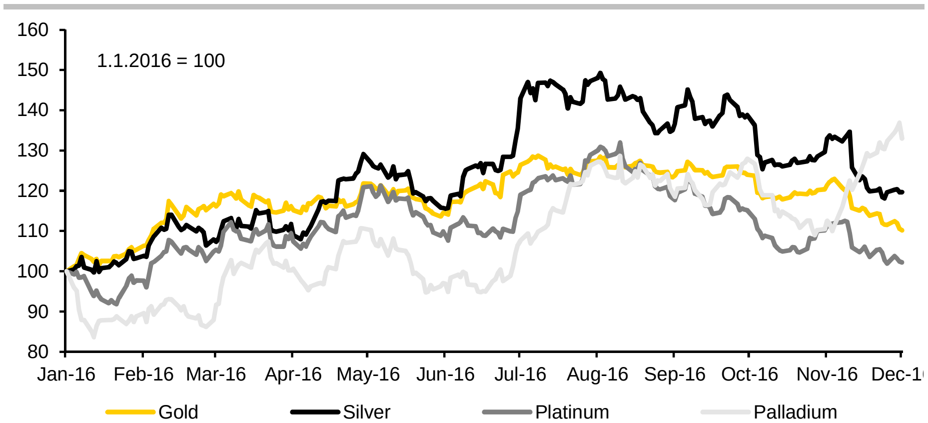
After strong gains in the first half of the year, the gold price has come under pressure in the fourth quarter. We expect the upward trend to resume in 2017. The headwind from US dollar appreciation and the rise of bond yields should abate and investment demand should pick up again also given the numerous risk factors. Furthermore, the only modest gold demand in Asia this year should revive noticeably. The price of silver should also profit despite a deterioration in the fundamental data. Platinum has recovery potential after a weak price performance this year, while we believe the price potential for palladium is exhausted after its recent sharp rise.

Gold

The year 2016 was divided into three parts where the gold price was concerned. In the first half it rose by 25%. The increase of nearly 20% in the first quarter was the best start to a year in 30 years. At the beginning of July, gold reached $1,375 per troy ounce – the 2016 peak and the highest level since March 2014. A three-month sideways movement over the summer was followed by a sharp decline in Q4, with gold falling as much as 12% by early December, taking it to a 10-month low of around $1,160 per troy ounce. This year's gold price movements are easily explained by investment demand. This was very robust in the first half of the year, and even exceeded jewellery demand, which is usually about half of total demand for gold. The key drivers of investment demand were gold ETFs, which recorded inflows of 580 tons in the first six months of the year according to the World Gold Council (WGC). This was the strongest net purchase figure in a half-year since gold ETFs were introduced more than 10 years ago. In February alone, nearly 200 tons of gold flowed into the gold ETFs tracked by Bloomberg, and over 100 tons in June. However, interest in gold ETFs came to an abrupt halt in mid-July. August, September and October combined saw less than half the average monthly inflow in the first seven months of the year. November even saw the largest monthly outflow since June 2013 at 108 tons.

Gold demand was held back throughout almost the entire year by subdued demand among private consumers for gold jewellery, coins and bars. According to WGC data, consumer demand in the first nine months of the year was 16% down on the same period the previous year. Private consumer demand was impacted by a significant dip in demand in India and China. The WGC expects that worldwide gold demand this year should be between 4,200 and 4,300 tons, meaning that the previous year's figure of a good 4,200 tons will at least be reached again.

CHART 1: **Heterogeneous performance of precious metal prices in 2016**



Source: Bloomberg, Commerzbank Research

Commerzbank Forecasts 2017

	Q1	Q2	Q3
Precious metals			
Gold	1150	1200	1250
Silver	16.0	18.0	19.0
Platinum	900	950	1000
Palladium	700	725	725

USD per troy ounce

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For important disclosure information please see page 10.

Gold demand in India falls to a 7-year low

In 2016, gold demand for China and India combined is expected to fall short of the previous year's figures of 982 and 858 tons respectively. In the first nine months of the year, Indian consumers bought 29% less gold in the form of jewellery, coins and bars than in the comparable prior-year period. Consequently, private consumer demand fell to a seven-year low (chart 2). Jewellery demand fell by 30%, demand for coins and bars by 25%. The most important driver, besides high local prices, was a combination of new government regulations to ensure greater transparency and combat corruption in gold purchasing, and persistently weak demand among the rural population, who account for the majority of gold demand in India. Demand from this important section of the population has suffered from inadequate monsoon rains in the last two years, reducing crop yields and hence incomes. A sales tax on gold jewellery introduced at the beginning of April, prompting strikes by Indian jewellers in the early part of the year, also had a negative impact. The recovery of Indian gold demand could be derailed by the Indian government's cash reform. At the beginning of November, prime minister Modi declared the old 500 and 1,000 rupee banknotes to be invalid. This affects 86% of the country's cash and has already led to cash shortages. Particularly the rural population, who account for the majority of gold demand, will have difficulty raising the funds to make planned gold purchases, as they often do not have a bank account and generally pay for purchases in cash. Large gold imports in October and November could therefore be followed by a steep decline in subsequent months (chart 2).

Cash crunch holding back demand recovery

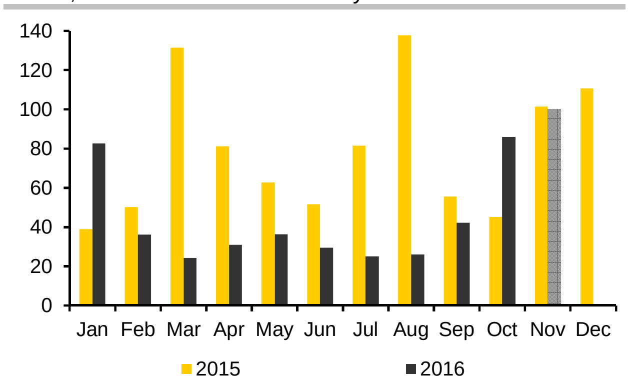
Weakness of Chinese jewellery demand mainly driven by structural factors

In the first three quarters of this year, Chinese households purchased 14% less gold than in the same period the previous year. Demand weakness in the current year has only affected the jewellery segment, which has fallen by 18%, while demand for coins and bars has remained stable over the same period (chart 3). According to a study by the WGC, an important driver of this trend is a change in Chinese consumer habits away from 24 karat gold with a gold purity of 99.9% towards 18 karat gold with a gold purity of 75%. 18 karat gold is increasingly in demand among younger people who use it mainly in the form of wedding rings. According to the WGC, this change is supported by corresponding incentives among jewellery sellers, who can achieve higher margins selling jewellery with a lower gold content. The lower gold content in gold jewellery means that less gold is sold. This could inhibit gold jewellery demand in China next year too. Gold imports via Hong Kong have lost momentum in recent months versus the prior year (chart 3). Nevertheless, in view of rising middle class incomes, fears of a further depreciation of local currency and the lack of investment alternatives, we think demand for bars and coins in China will continue to rise next year. For instance the Chinese authorities are now making it harder to buy property after real estate prices have risen too sharply in some urban areas.

China's demand for coins and bars on the other hand likely to rise

CHART 2: **Recovery of gold imports to India likely to end soon**

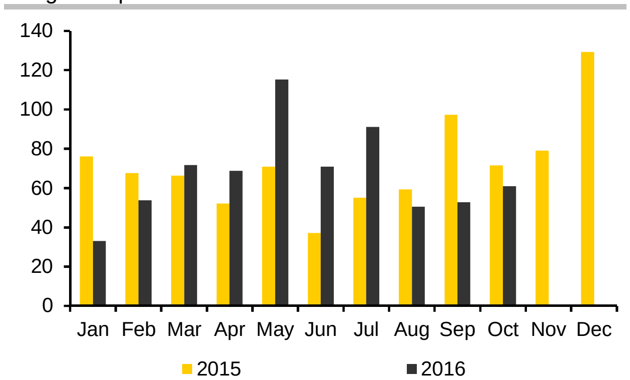
in tons, November 2016 estimate by Metals Focus



Source: Bloomberg, RBI, Commerzbank Research

CHART 3: **China recently imported less gold from Hong Kong than in the previous year**

Net gold imports in tons



Source: Hong Kong Statistics Department, Reuters, Commerzbank Research

Weakness of central bank purchases probably temporary

Demand from central banks has also been significantly weaker this year, having declined by 33% yoy to 271 tons in the first three quarters according to the WGC. This makes it almost inconceivable that this year's purchases will come anywhere near last year's figure of 567 tons (chart 4). The Chinese central bank in particular refrained from buying, in view of rising gold prices, falling currency reserves and downward pressures on the domestic currency. Russia's central bank also bought far less gold in the first nine months of the year. We regard this weakness as only temporary. Russia already purchased significantly more gold in October. Because gold still only forms a small part of emerging countries' foreign-exchange reserves, buying gold remains an obvious method of diversification. This is also the finding of a survey carried out by the WGC among 19 central banks. In 90% of cases they indicated that they would either expand their gold reserves or keep them stable over the next three years.

Asian gold demand recovering, but some question marks remain

This year's moderate demand for gold in Asia is likely to pick up thanks to low prices and an improved income situation among India's rural population following a better monsoon season. However, question marks remain in view of the above-mentioned cash shortage, which will not be resolved quickly and is likely to hold back gold demand in Q1 2017 as well. Moreover, physical gold demand in India and China is highly price-sensitive, as this year has shown. A survey conducted by the WGC among 1,000 Chinese and Indian consumers after the price fall in October showed that around one fifth of Chinese and one third of Indian consumers are waiting for gold prices to fall before buying. It therefore offers a hedge against falling prices.

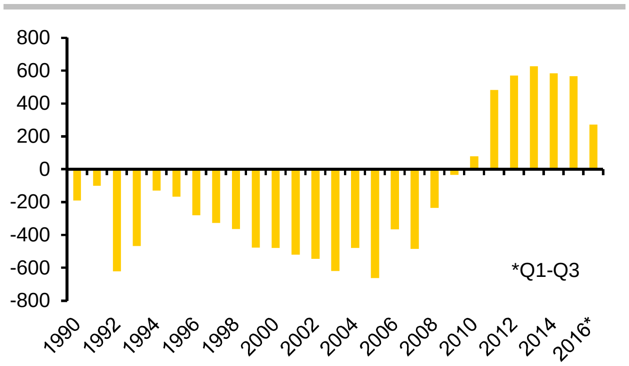
Investment demand heavily dependent on monetary policy, US dollar and interest rates

Stronger investment demand is therefore needed for gold prices to rise. This in turn is heavily dependent on monetary policy expectations, the US dollar's performance, bond yields, stock markets and the risk appetite of market participants. This was particularly evident in the weeks after the surprise election victory of Donald Trump. Due to a sharp rise in inflation expectations ("Trumpflation"), the market not only expects the Fed to increase interest rates in December, but also believes two further rate hikes are increasingly likely next year. The US dollar rose to a 13½-year high on a trade-weighted basis and US bond yields climbed to a 16-month high, causing massive ETF outflows and putting gold prices under pressure (chart 5). Our currency and fixed income strategists expect a further, albeit moderate, appreciation of the US dollar in 2017 and a likewise moderate increase in bond yields. The headwind for gold from this side should therefore ease gradually.

Headwind for investment demand should ease in 2017

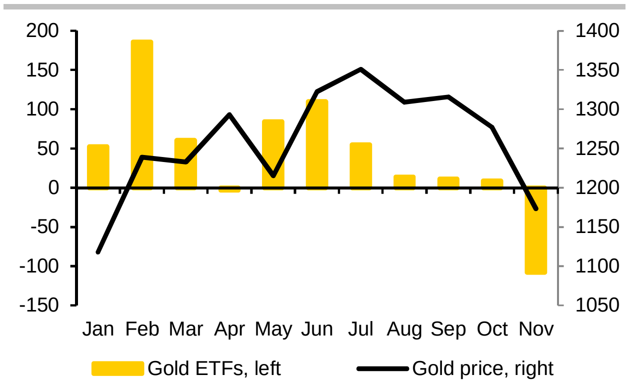
Furthermore, higher inflation should keep real interest rates – which are important for gold – low (chart 17, page 9). Still very low and partially negative real interest rates, ultra-loose monetary policy among most Western central banks and rising inflation suggest that investment demand will be more buoyant again, though unlikely to match the level seen in the first half of 2016. As foreign exchange markets stabilise over the course of the year, the gold price is likely to rise to $1,300 per troy ounce by the end of 2017.

CHART 4: **Central bank purchases likely to remain below last year's**
in Tonnen



Source: WGC, Commerzbank Research

CHART 5: **Gold ETFs influence gold price**
Monthly change in tons, gold price in USD per troy ounce



Source: Bloomberg, Commerzbank Research

Political uncertainty and protectionism could drive up gold price

Numerous uncertainty factors could lead to a new rise in risk aversion on the markets at any time. Triggers might include the upcoming presidential and parliamentary elections to be held in some major EU countries (France, Germany, the Netherlands, and possibly Italy) if anti-EU and anti-establishment parties gain ground there considerably. The process of Britain's exit from the EU, due to start in March, could also provoke new uncertainty. The Italian banking system and the Chinese property sector pose risks to financial market stability that cannot be ignored. A further risk lies in the unpredictable actions of the new US President Trump, who takes office in January. Growing protectionism and the possibility of a trade war with China could lead to renewed turbulence in the financial markets and the pricing out of rate hikes by the Fed. What will happen in this case was demonstrated earlier this year following market turbulence in China at the start of the year and after the Brexit referendum in the middle of the year. Gold appreciated dramatically in those periods. If any of these risk events materialises, the gold price will follow a similar pattern to this year, and reach – and possibly exceed – our year-end target sooner. In contrast to the Fed, the ECB will stick to its ultra-loose monetary policy, in the opinion of our economists. We therefore anticipate stronger upside potential for the gold price in euros.

Silver

An eventful year for silver with a significant downward movement in recent months

The silver price also had an eventful year in 2016. In the first six months the price rose by more than 50%, reaching a 2-year high of $21 per troy ounce in early July. Since then, silver has fallen by more than 20%. By end-November, at $16.2 per troy ounce, silver was as cheap as at the beginning of June (chart 6). As a result the gold/silver ratio reached 73 – the highest level in five months and well above the long-term average. Hence, silver is relatively cheap compared to gold.

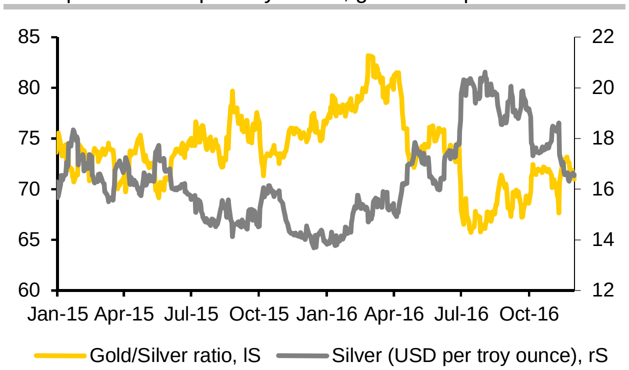
Silver demand at a 4-year low because of coins, bars and jewellery

According to a joint study by Thomson Reuters GFMS and the Silver Institute, the global silver market will record a supply deficit this year for the fifth year in succession. However, at 52.2 million ounces (1,623 tons), this is less than half what it was last year (chart 7). Silver demand should have fallen by 9% to a 4-year low of 1,064.6 million ounces (33,109 tons), while silver supply should fall by "only" 3% to 1,012.4 million ounces (31,486 tons). The biggest drag on the demand side is a 24% decline in demand for coins and bars. Jewellery demand is also expected to dip by nearly 8%. Industrial demand, which accounts for around half of total demand for silver, also declines, albeit only slightly. A steeper fall has been prevented by the rise in photovoltaics, which is projected to have risen by 11% to a record level.

First fall in mining production for 13 years

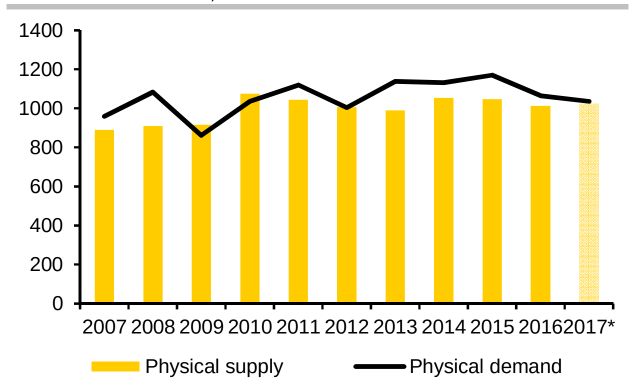
On the supply side, 2016 should see the first – albeit slight – fall in global mining production for 13 years (chart 8, page 5). This is because, following the closure of numerous zinc and lead mines, less silver is produced as a by-product. Due to liquidation of hedging positions (de-hedging) by mining producers, additional supply has been withdrawn from the market. The supply of scrap silver, however, remained virtually unchanged. Owing to a significant rise in demand for silver ETFs – GFMS assumes net inflows of 71.4 million ounces (2,220.5 tons) for 2016 – and almost as large an increase in exchange-registered stocks, the broader market deficit has increased to 185.5 million ounces (5,769 tons). This is the highest figure since 2008. The deficit should turn out somewhat lower due to recent large ETF outflows, though.

CHART 6: **Silver price under pressure of late**
Silver price in USD per troy ounce, gold/silver price ratio



Source: Bloomberg, Commerzbank Research

CHART 7: **Silver: Shrinking deficit due to falling demand**
in millions of ounces, 2017 forecast



Source: Thomson Reuters GFMS, Silver Institute, Commerzbank Research

A further fall in demand coinciding with rising supply in 2017

For 2017, Thomson Reuters GFMS and the Silver Institute except silver demand to decline by a further 3% to 1,035.0 million ounces. The supply of silver on the other hand should rise by around 1% to 1,024.8 million ounces. All demand components apart from jewellery are expected to decrease, with coins and bars once again falling the most, dipping by 9%. Industrial demand should fall by 2%, as demand from the photovoltaic sector – in contrast to the previous year – is also expected to decline, meaning that it can no longer compensate for persistent weakness in other sectors. Industrial demand would thus shrink for the seventh year in a row (chart 9). The increase in the supply of silver is almost entirely due to a larger supply of scrap silver, which should rise by 11% in response to higher prices. This will largely compensate for the accelerated decline in mining production by around 2% compared with the previous year. At the same time, de-hedging by silver producers will decline next year, meaning that less supply will be withdrawn from the market. Consequently, the deficit on the physical silver market is expected shrink to only 10.2 million ounces. This would be the smallest deficit since the last surplus year of 2012. ETFs are expected to record inflows of 40 million ounces. The broader market deficit would thus amount to 50.2 million ounces, a reduction of more than 70% compared with 2016.

The smallest supply deficit since 2012 is therefore expected

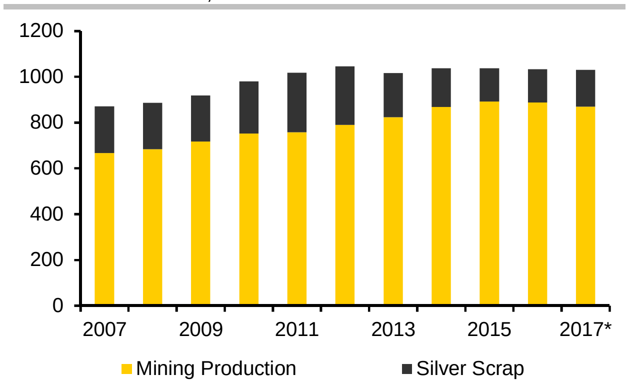
In light of this fundamental data, we see only limited upside potential for the silver price. Admittedly, silver is expected to perform a little better than gold in a bull-market, partially recovering from its undervaluation. However, we do not think silver will perform significantly better than gold. This is due above all to weak industrial demand, which is likely to fall to its lowest level since the global economic crisis of 2009. The reduction of silver content in electrical and electronic applications still appears to be ongoing, while at the same time the trend toward smaller, less material-intensive consumer devices (smartphones, tablets) suggests lower demand for silver over the long term. Only significantly stronger demand for coins and bars as well as ETFs would tighten the market sufficiently to allow a sustained price rise to above $20 per troy ounce. By the end of 2017 we forecast a silver price of $19 per troy ounce and a year's average price of $18 per troy ounce.

Platinum

Falling mining production, offset by a rising supply of recycled platinum

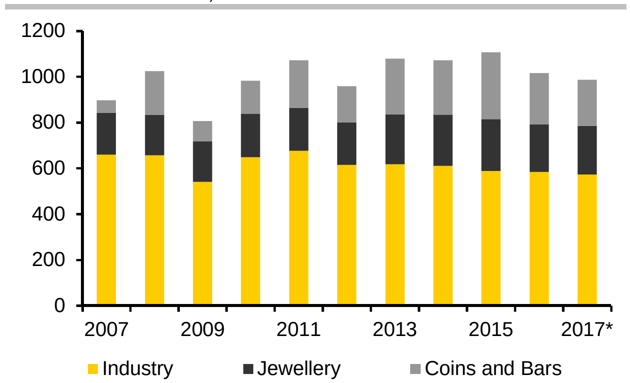
According to Johnson Matthey, the world's largest platinum refiner, global platinum supply should rise by roughly 1% this year to 7.9 million ounces (chart 10). Due to falling mining production in South Africa, which is the dominant supplier with a market share of more than 70% of global production, worldwide mining production is set to fall by 1.9% to 6 million ounces. The supply of recycled platinum is likely to have developed in the opposite direction, though. This is expected to have increased by almost 10% to 1.9 million ounces, thus more than offsetting the decline in mining production. A large volume of platinum is being recovered, particularly in the jewellery segment. However, the automotive sector is also yielding slightly more platinum scrap again after a sharp decline in the previous year. The World Platinum Investment Council (WPIC) has come to a similar conclusion. However, the WPIC believes the increase in platinum scrap is not enough to compensate for the decline in mining production, so that overall supply is declining.

CHART 8: **Silver: lower mining production compensated by a rising supply of scrap silver**
in millions of ounces, 2017 forecast



Source: Thomson Reuters GFMS, Silver Institute, Commerzbank Research

CHART 9: **Silver: industrial demand continues to fall, jewellery, coins and bars also less sought after**
in millions of ounces, 2017 forecast



Source: Thomson Reuters GFMS, Silver Institute, Commerzbank Research

Sharply falling jewellery demand dampens platinum demand as a whole

According to Johnson Matthey, global demand for platinum should increase only slightly to 8.3 million ounces (chart 10). The automotive industry, as the main sector on the demand side, is expected to consume 1.6% more platinum (3.3 million ounces), and other industrial applications around 14% more (1.5 million ounces). A positive contribution also comes from investment demand, which should increase by 8% to 487,000 ounces thanks to renewed robust demand for coins and bars in Japan. On the other hand, demand for jewellery is having a strongly negative impact on overall demand, being expected to fall by 9% to 2.6 million ounces. Unlike Johnson Matthey, the WPIC expects demand from the automotive industry to fall, while its forecasts for other demand components are generally similar. Total demand will therefore be slightly weaker according to the WPIC.

Run of supply deficits could end in 2017

Johnson Matthey forecasts a supply deficit of 422,000 ounces for 2016 (chart 11). However, it expects a supply surplus in 2017 for the first time in six years, owing mainly to weaker demand from the automotive and jewellery sectors. Platinum demand for diesel vehicles in Europe is likely to have peaked in 2016 with the full implementation of the Euro 6b emission standard. Due to the introduction of the real driving emission (RDE) testing in September 2017, platinum use should decrease by 5% next year. Jewellery demand is suffering from changing consumer perceptions of platinum jewellery. This may also explain why the low platinum price has not yet had any positive impact on jewellery demand. Investment demand is likely to be weaker owing to lower demand for bars and coins in Japan. A greater supply of recycled platinum from end-of-life vehicles, after two weaker years, would only materialise at higher prices. The WPIC expects recycled platinum supply to decline in 2017, followed by a supply deficit thereafter.

Platinum price has recovery potential nevertheless

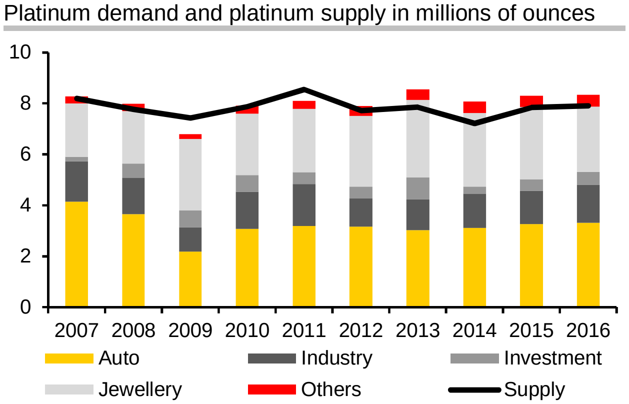
In early December, the platinum price fell to a 10-month low of $900 per troy ounce. Moreover, platinum is $260 per troy ounce cheaper than gold and only $140 per troy ounce more expensive than palladium. Platinum is thus undervalued based on fundamentals and by comparison with gold and palladium. We therefore expect platinum to rise to $1,100 per troy ounce by the end of 2017.

Palladium

Record high demand from the automotive industry leads to renewed supply deficit

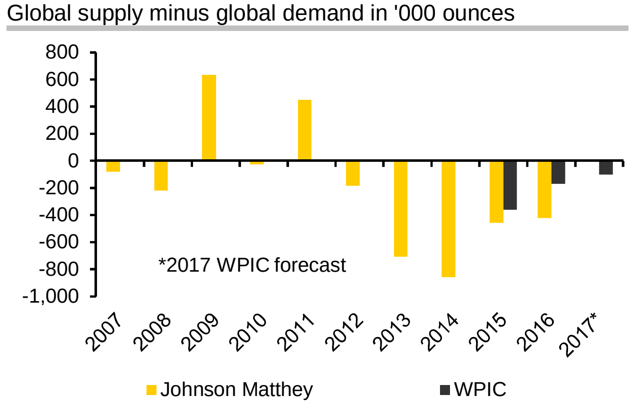
The palladium price rose to an 18-month high of $775 per troy ounce in early December, defying the weak trend of other precious metals. The discount to platinum has thus shrunk to €140, the lowest level in 14½ years (chart 29, page 10). According to Johnson Matthey, the global palladium market will experience a supply deficit of 651,000 ounces in 2016. This would be the fifth deficit year in a row (chart 12, page 7). The deficit is primarily due to stronger demand, which should rise by 4.6% to 9.7 million ounces, while supply increases by only 1.5% to 9.0 million ounces (Chart 13). The most important demand driver is the automotive industry, where demand should rise by around 2.3% to a record level of 7.8 million ounces. The automotive industry now accounts for 80% of total palladium demand and is thus the dominant factor on the demand side (chart 13, page 7). Investment demand is again negative due to continuing ETF outflows. Johnson Matthey expects this to decline by 357,000 ounces this year, which is probably even too optimistic given that ETFs have seen further significant outflows since the estimates were announced in mid-November.

CHART 10: **Platinum demand rests on several pillars**
Platinum demand and platinum supply in millions of ounces



Source: Johnson Matthey, Commerzbank Research

CHART 11: **End of supply deficits on the platinum market?**
Global supply minus global demand in '000 ounces



Source: Johnson Matthey, WPIC, Commerzbank Research

Only a small increase in mining production, but a steeper rise in supply of recycled palladium

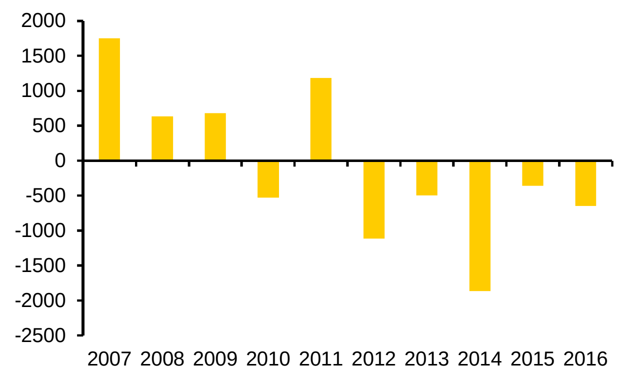
On the supply side, mining production is expected to rise only slightly. In South Africa, which has overtaken Russia as the largest producer in recent years, production is likely to decline by 4.2%. This compares with increases in mining production in Russia, North America and Zimbabwe. The supply of recycled palladium, which has become far more significant in recent years and made up for the dwindled sales from Russia's state reserves, should rise by 3.6% to 2.55 million ounces. Most of it comes from scrapped car catalysts.

A further significant supply deficit expected for 2017

Johnson Matthey forecasts a further significant supply deficit for palladium in 2017. Due to increased production of gasoline driven vehicles and more stringent emissions regulations in North America and China, demand from the automotive industry is expected to rise further. Palladium demand is also expected to rise from the chemical industry. Investment demand on the other hand should remain negative. On the supply side, Johnson Matthey anticipates little change in mining production, but a larger rise in recycling. A risk factor, in our opinion, is that palladium demand is now almost entirely dependent on the automotive industry. If problems arise there, this would have a serious impact on palladium demand and the market balance. It is anything but safe to assume that demand from the automotive sector will carry on growing. Buying incentives in China, which led to double-digit growth in vehicle sales this year, will expire at the end of the year. Without these incentives, Chinese demand growth for cars could slow down significantly next year. Seven cities in China have also introduced restrictions on vehicle sales. According to the International Energy Agency, vehicle sales in China could be 2 million units lower per annum as a result. Whether other markets can make up for this remains to be seen. In the United States, car sales may be held back by rising interest rates. The diminished price difference compared to platinum could also inhibit the use of palladium in diesel engines. The supply deficit could therefore be considerably smaller. We initially anticipate a price correction for palladium and expect a price of $750 per troy ounce at the end of 2017.

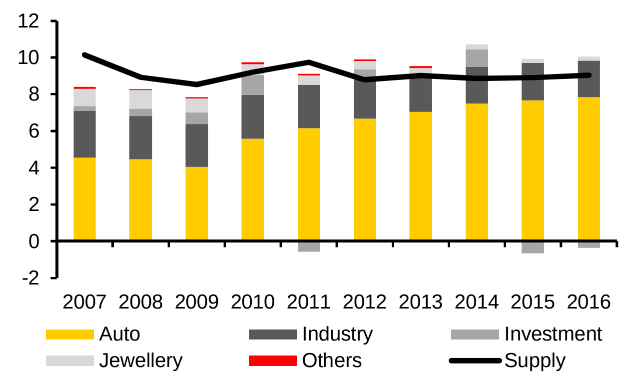
But: doubts over the strength of demand for the automotive industry

CHART 12: **Palladium market in deficit for last five years**
Global supply minus global demand in '000 ounces



Source: Johnson Matthey, Commerzbank Research

CHART 13: **Automotive industry dominates demand for palladium**
Palladium demand and palladium supply in millions of ounces



Source: Johnson Matthey, Commerzbank Research

At a glance

TABLE 1: **Our forecasts**

USD per troy ounce		Quarterly average								Yearly average		
	01-Dec	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	2016	2017	2018
Gold	1172	1150	1200	1250	1300	1350	1350	1400	1400	1250	1225	1375
Silver	16.5	16.0	18.0	19.0	19.0	20.0	20.0	21.0	21.0	17.0	18.0	20.5
Platinum	916	900	950	1000	1100	1200	1200	1300	1300	1000	1000	1250
Palladium	751	700	725	725	750	800	800	850	850	620	730	830

Quarterly averages, based on spot prices; Source: Bloomberg, Commerzbank Research

TABLE 2: **ETF holdings (weekly data)**

			Total net change			% change	52 weeks	
	Date	Holdings	1 week	1 month	1 year	1 year	High	Low
Gold ETFs (in '000 ounces)	25.11.16	60871.7	-1260.7	-3008.7	14598.3	31.5	64235.3	45348.5
Silver ETFs (in '000 ounces)	25.11.16	660277.7	-4373.0	-13076.7	52690.2	8.7	675780.1	596046.2
Platinum ETFs (in '000 ounces)	25.11.16	2366.3	3.6	41.0	-50.1	-2.1	2418.7	2251.7
Palladium ETFs (in '000 ounces)	25.11.16	1900.7	-67.5	-120.1	-504.6	-21.0	2405.3	1900.7

Source: Bloomberg, Commerzbank Research

TABLE 3: **Net long positions of money managers (weekly data)**

			Total net change			% change	52 weeks	
	Date	Level	1 week	1 month	1 year		High	Low
Gold (in '000 contracts)	22.11.16	124.389	-10.291	-19.521	141.053	-846.5	273.076	-27.219
Silver (in '000 contracts)	22.11.16	42.519	-5.320	4.118	32.661	331.3	95.924	2.598
Platinum (in '000 contracts)	22.11.16	8.773	-1.807	3.945	3.917	80.7	42.346	4.828
Palladium (in '000 contracts)	22.11.16	12.466	3.244	4.112	4.758	61.7	18.131	3.628

Source: CFTC, Bloomberg, Commerzbank Research

TABLE 4: **History**

	Current	% change				History							
USD /oz	1-Dec	1 week	1 month	y-t-d	y-o-y	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416
Gold	1172	-1.0	-9.6	10.4	11.2	1219	1194	1125	1104	1182	1258	1335	1225
Silver	16.5	-0.7	-11.2	18.4	17.2	16.7	16.4	14.9	14.8	14.9	16.8	19.6	17.0
Platinum	916	1.1	-7.3	2.8	10.5	1194	1129	991	908	917	1005	1088	950
Palladium	751	-0.6	17.6	31.4	40.4	786	759	617	605	527	568	679	700

Source: Bloomberg, Commerzbank Research

TABLE 5: **World Official Gold Holdings (monthly data)**

Country	tons	Country	tons
USA	8,133.5	Russia	1,542.7 (+16.6)
Germany	3,377.9	Switzerland	1,040.0
IMF	2,814.0	Japan	765.2
Italy	2,451.8	Netherlands	612.5
France	2,435.8	India	557.7
China	1,835.5 (+5.0)	ECB	504.8

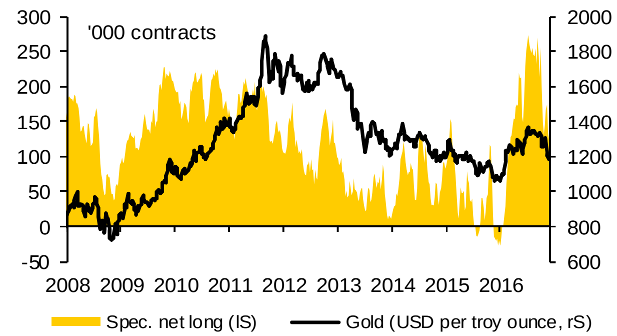
Source: World Gold Council, Commerzbank Research

TABLE 6: **Upcoming Events**

8 Dec / 19 Jan	EUR	ECB meeting, followed by press conference
14 Dec / 1 Feb	USA	FOMC meeting, followed by press conference in December
15 Dec / 17 Jan	EU	New car registrations November / December
29 Dec / 26 Jan	CHN	Gold imports via Hong Kong, November / December
4 Jan	USA	FOMC minutes from December 14
4 Jan / 1 Feb	USA	Vehicle sales, December / January
6 Jan / 3 Feb	USA	Nonfarm payrolls, December / January

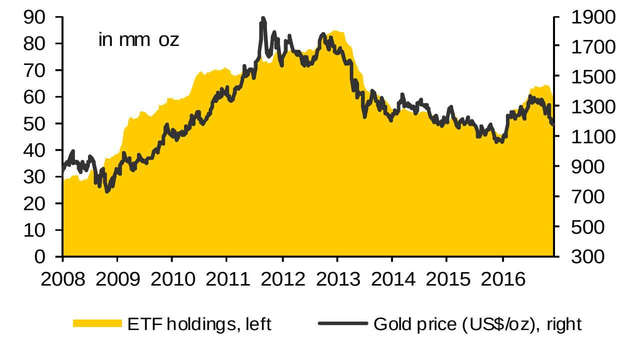
Source: Fed, ECB, Bloomberg, Commerzbank Research

CHART 14: **Net long positions of money managers (Gold)**



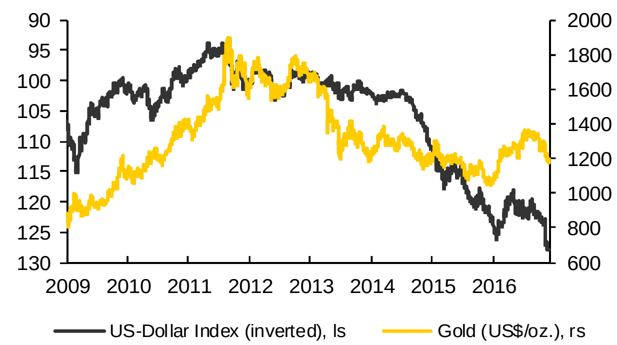
Source: CFTC, Bloomberg, Commerzbank Research

CHART 15: **Gold: ETF holdings**



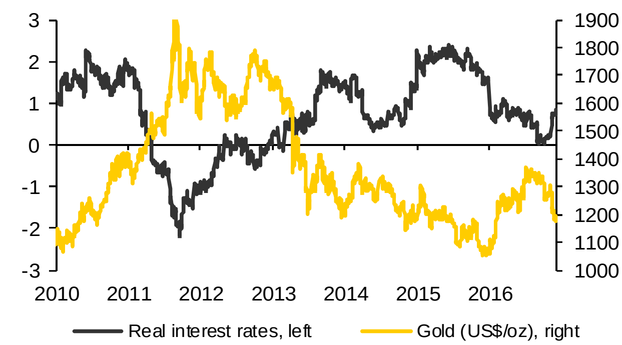
Source: Bloomberg, Commerzbank Research

CHART 16: **US dollar versus gold**



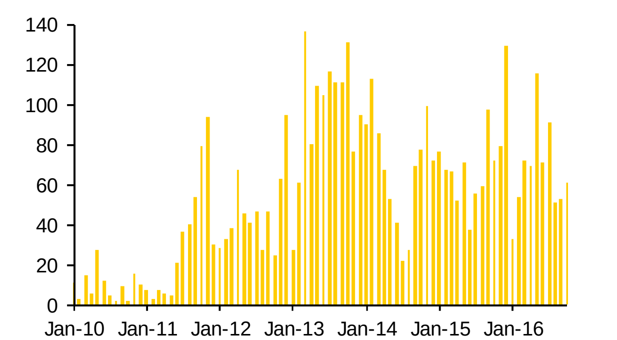
Source: Bloomberg, Commerzbank Research

CHART 17: **US real interest rates versus gold**



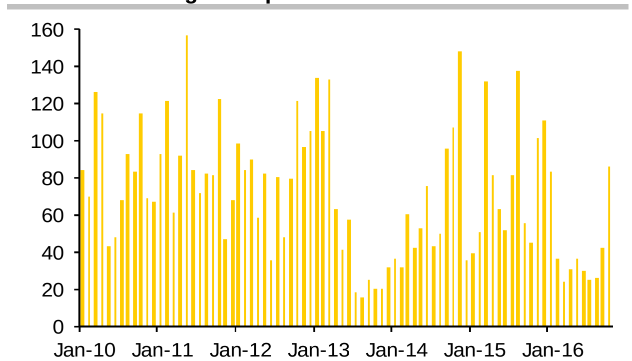
Source: Bloomberg, Commerzbank Research

CHART 18: **Chinese net gold imports via Hong Kong in tons**



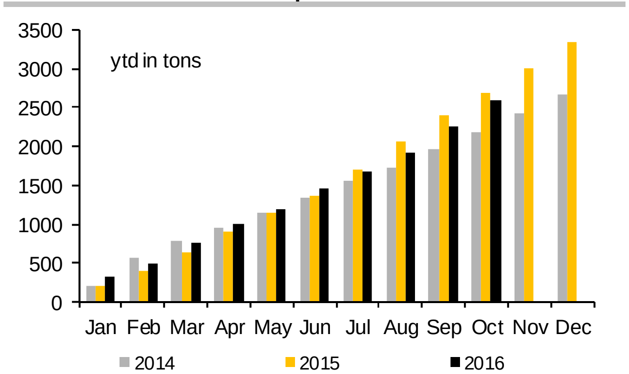
Source: Statistics Department of HK, Reuters, Commerzbank Research

CHART 19: **Indian gold imports in tons**



Source: RBI, Bloomberg, Commerzbank Research

CHART 20: **Chinese silver imports**

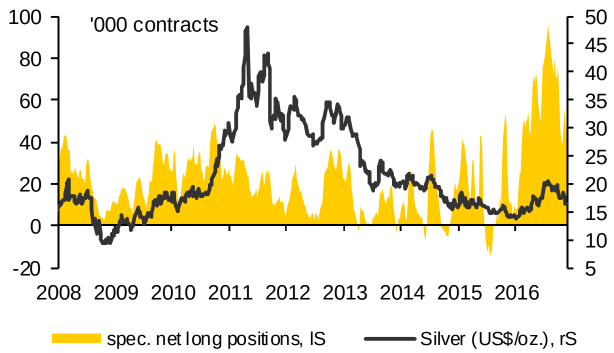


Source: Chinese Customs Authority, Commerzbank Research

CHART 21: **Gold/Silver ratio**

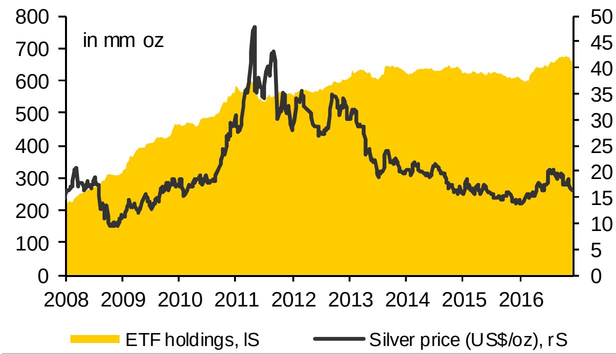
Source: Bloomberg, Commerzbank Research

CHART 22: **Net long positions of money managers (Silver)**



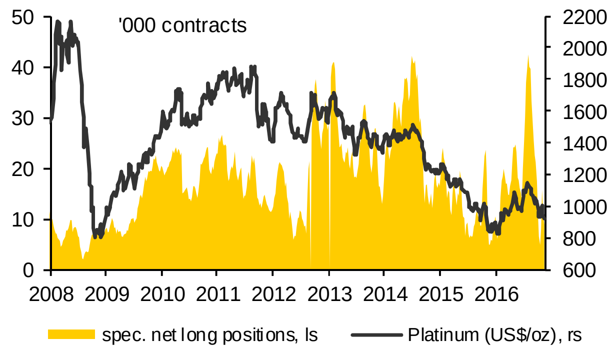
Source: CFTC, Bloomberg, Commerzbank Research

CHART 23: **Silver: ETF holdings**



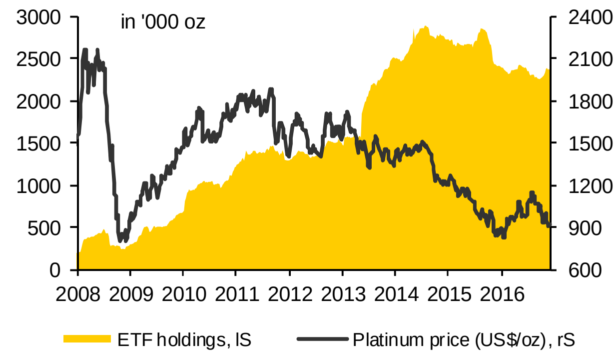
Source: Bloomberg, Commerzbank Research

CHART 24: **Net long posit. of money managers (Platinum)**



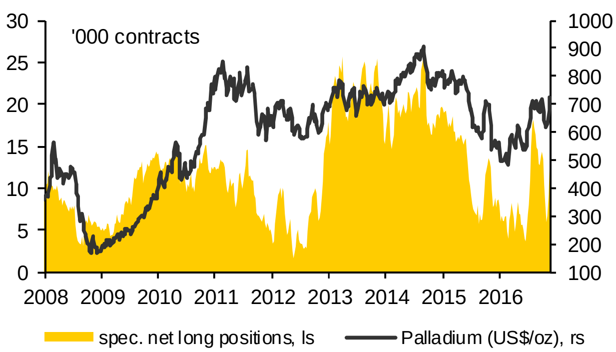
Source: CFTC, Bloomberg, Commerzbank Research

CHART 25: **Platinum: ETF holdings**



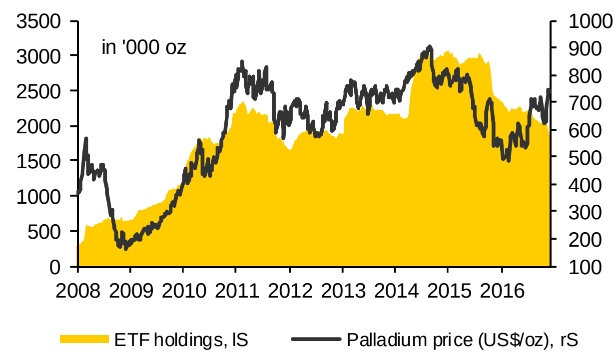
Source: Bloomberg, Commerzbank Research

CHART 26: **Net long posit. of money managers (Palladium)**



Source: CFTC, Bloomberg, Commerzbank Research

CHART 27: **Palladium: ETF holdings**

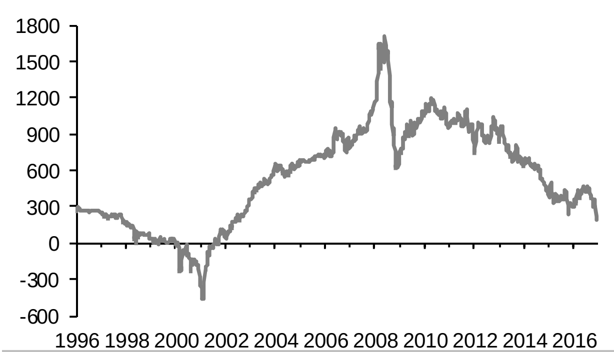


Source: Bloomberg, Commerzbank Research

CHART 28: **Price difference platinum vs gold (US$/oz)**

Source: Bloomberg, Commerzbank Research

CHART 29: **Price difference platinum vs palladium (US$/oz)**



Source: Bloomberg, Commerzbank Research

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