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Change in trend

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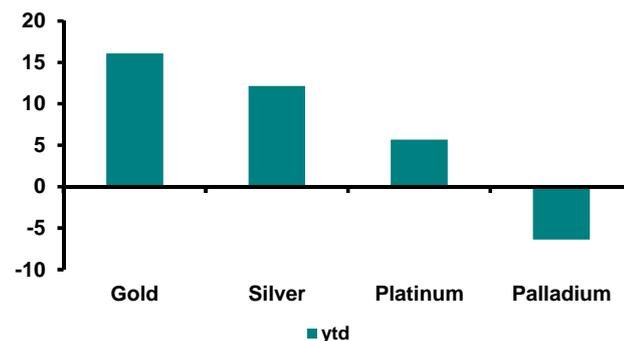
- **Strong bullish momentum in gold and silver prices...**
- **The break above the 200-day moving average signals a change in trend**
- **We are in the process of revising forecasts to be released next week**

Change in trend

Over the recent years, we have been very bearish on precious metals prices and this call proved to be correct. For this year, we had expected the last leg of weakness in cyclical precious metal prices at the start of the year followed by a recovery in prices during the course of 2016. For gold prices we have been very negative mainly because of our call of US dollar strength, higher US Treasury yields and an improvement in sentiment. We have been clearly wrong on the outlook of precious metal prices so far this year. Precious metal prices, with the exception of palladium prices, have rallied strongly year-to-date (see graph below).

Performance year-to-date

In % with US dollar as basis



Source: Bloomberg

Gold prices are up more than 16% while silver prices rallied by more than 12% versus the US dollar. The main reasons behind this powerful move is weakness in the US dollar, downward adjustment in Fed rate hike expectations, and a further deterioration in investor sentiment. In addition, as more global central banks signal further monetary easing ahead, gold and other precious metal prices are supported as low-yielding investment assets. At the start of February, gold and silver prices took out their 200-day moving averages, a technical indicator. This is a strong signal of a change in trend. Indeed, we think that the

unrest on financial markets will have a considerable impact on economic growth, central bank outlook and currency outlook. For gold and other precious metals this means an improvement in the overall price outlook. We are currently in the process of reviewing our economic and currency forecasts and will report in next week's Precious Metals weekly what this will mean for our precious metal price forecasts.

ABN AMRO precious metals forecasts (under revision)

Changes in red/bold

End period	11-Feb	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Gold	1,224	1,061	1,050	1,000	950	900	900	950	975	1,000
Silver	15.6	13.9	13.5	14.0	14.5	15.0	15.5	16.0	17.0	18.0
Platinum	944	894	800	825	850	900	950	1,000	1,050	1,100
Palladium	526	562	450	500	550	600	625	650	675	700

Average	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
Gold	1,056	1,025	975	925	995	900	925	963	988	944
Silver	13.7	13.8	14.3	14.8	14.1	15.3	15.8	16.5	17.5	16.3
Platinum	847	813	838	875	843	925	975	1,025	1,075	1,000
Palladium	506	475	525	575	520	613	638	663	688	650

Source: ABN AMRO Group Economics

Find out more about Group Economics at: <https://insights.abnamro.nl/en/>

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