Commodity Spotlight Precious Metals

06 December 2013

Outlook 2014: The lustre is only returning slowly

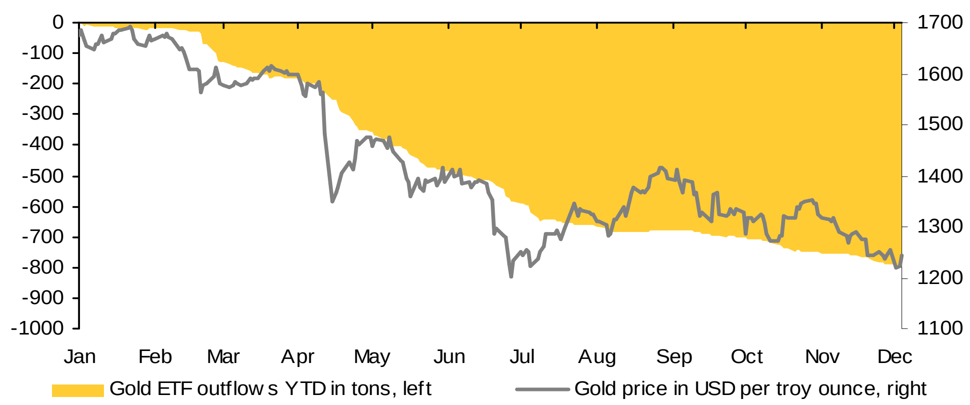
The gold price is likely to recover from its historic slump this year and increase moderately in 2014. Investment demand should gradually revive. In conjunction with robust demand from Asia, this indicates upward movement in the gold price to $1,400 per troy ounce by the end of 2014. In the wake of gold, and boosted by growing industrial demand, the silver price should also be able to make good some of its losses next year. As a result of supply problems and rising demand, platinum and palladium are also likely to show supply deficits in 2014, supporting higher prices.

The gold price has declined by 27% since the beginning of the year and will end the year in negative territory for the first time in 13 years. The crucial factor here has been a steep decline in investment demand which was down by 50% on the previous year in the first three quarters of this year. This was due to the massive outflows totalling 800 tons from gold ETFs since the beginning of the year (chart 1). Whereas investment demand accounted for 35% of total gold demand last year, the proportion fell to 20% in the first nine months of 2013. This was counterbalanced by higher demand for jewellery, the proportion of which increased from 44% to 59% of total demand. Since jewellery demand is much more price-sensitive than investment demand, this shift has only been possible at significantly lower prices.

The second main issue in the gold market is the shift in gold demand from West to East. According to the World Gold Council (WGC), demand for jewellery, coins and bars increased by a good 600 tons in the first nine months. 90% of the increase was attributable to Asia and the Middle East. In contrast to the tendency of investors in the West to focus on short-term profits, gold buyers in Asia have other motives for their gold purchases. They regard gold as a long-term investment and as a means of protecting their wealth against a loss of purchasing power due to inflation and currency devaluation. In contrast, the prevailing concern up to a year ago in the West about a collapse of the financial system plays only a minor role for them. Gold which flows eastwards is in all likelihood permanently withdrawn from the market.

The most important driver of this trend is China. According to data from the Census and Statistics Department of the Hong Kong Government, China had already imported almost 1,000 tons of gold on a net basis from the former British crown colony in the first 10 months of the year (chart 2, page 2). China is thus absorbing the gold which is becoming available as a result of ETF outflows. According to a WGC estimate, China will buy up more than 1,000 tons of gold this year, overtaking India as the largest consumer country in the world. The level of demand for gold from Chinese buyers should be similar in 2014 due to rising incomes, a growing middle class and a lack of investment alternatives.

CHART 1: **Massive ETF outflows depress gold price**



Source: Bloomberg, Commerzbank Corporates & Markets

Commerzbank Forecasts 2014

	Q1	Q2	Q3
Precious metals			
Gold	1200	1250	1300
Silver	19.5	21.0	22.0
Platinum	1350	1400	1500
Palladium	700	725	775

USD per troy ounce

Head of Commodity Research

Eugen Weinberg
+49 69 136 43417
eugen.weinberg@commerzbank.com

Analyst

Barbara Lambrecht
+49 69 136 22295
barbara.lambrecht@commerzbank.com

Analyst

Carsten Fritsch
+49 69 136 21006
carsten.fritsch@commerzbank.com

Analyst

Michaela Kuhl
+49 69 136 29363
carsten.fritsch@commerzbank.com

Analyst

Daniel Briesemann
+49 69 136 29158
daniel.briesemann@commerzbank.com

research.commerzbank.com
Bloomberg: CBKR

Weak demand in India only temporary

The sharp decline in gold demand in the second half of 2013 in India is also unlikely to be repeated. This was caused by extraordinary factors such as the raising of import duties, legal restrictions on gold imports and a very weak currency, which made the purchase of gold significantly more expensive for Indian households. Consequently, in the third quarter, gold demand from India fell by 50% compared to the previous quarter (chart 3), and imports even slumped by 75%. Part of the decline can also be explained by very robust demand in the second quarter. Some of the purchases planned for the second half are likely to have been brought forward after the price decline in the spring. Record levels of physical premiums indicate that underlying gold demand in India is stronger than suggested by the official figures. The low level of gold imports has also led to a supply shortage, which can be only partly offset with gold scrap. Indian gold imports are therefore likely to increase again. The WGC estimates Indian gold demand at around 900 tons this year, two thirds of which related to the first half. In 2014 the level of gold demand in India should be similar to 2013, indicating growth in demand compared to the second half of 2013.

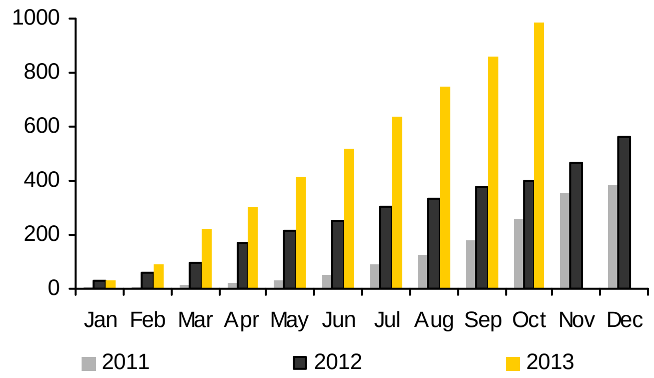
Central banks also likely to buy gold in 2014

The central banks remain another important factor in relation to demand. According to the WGC, they are likely to purchase between 350 and 400 tons of gold in 2013. This is considerably less than in 2012, when central bank purchases reached a record level of 544 tons (chart 21, page 9). At the beginning of the year purchases of a similar magnitude were still expected. The WGC attributes this to currency turbulences in the emerging countries, whose central banks have been responsible for purchases by the official sector in recent years. Given that gold still represents a very small proportion of the currency reserves of these countries, the central banks are likely to remain net buyers next year. Whereas the proportion of gold in the currency reserves of the industrialised countries averages 25%, in the emerging countries it is significantly less than 10%. In contrast, the western central banks are likely to sell virtually no gold again in 2014. Next September the third central bank gold agreement currently in place, which restricts the annual gold sales of the corresponding European central banks to 400 tons, will come to an end. Based on what have been negligible sales in recent years, there is a question mark over the extension of the agreement. However, an extension could make sense, as evident from the intermittent debate about gold sales by Cyprus and other crisis-stricken European countries.

Stronger investment demand essential for increase in gold price

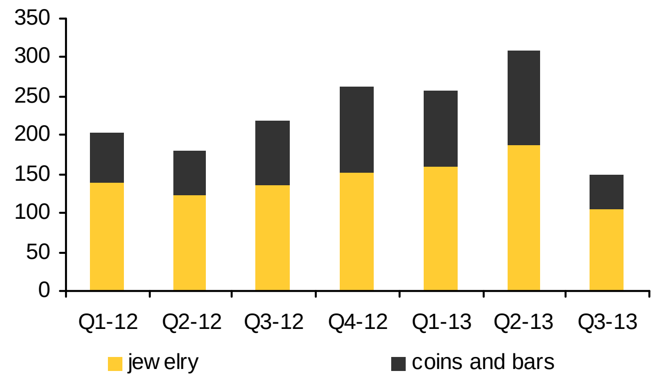
The key factor for the trend in the gold price next year will however be investment demand. Stronger investment demand is essential for upward movement in the gold price. The most important question will therefore be when the negative trend amongst ETF investors will be reversed. If strong demand from Asia can no longer be satisfied out of ETF holdings, as has been the case this year, the gold price is likely to rise. A weakening of outflows from ETFs has been evident since mid-year. Average daily outflows have since amounted to 2.1 tons compared to 2.8 tons in the first quarter and 6.2 tons in the second quarter. However, this tendency has recently come to a halt. Since the gold price fell below USD 1,300 per troy ounce in mid-November, and given that the major stock indices have posted new record levels virtually on a daily basis, ETF sales have accelerated again.

CHART 2: **Chinese gold imports up sharply**
Cumulative net imports from Hong Kong in tons



Source: Statistics Department of HK, Bloomberg, Commerzb. Corp. & Markets

CHART 3: **Demand in India down sharply at mid-year**
in tons



Source: WGC, Commerzbank Corporates & Markets

Selling pressure for ETFs should ease and halt at the beginning of 2014

According to mandatory reporting to the US stock regulator the SEC, in the first three quarters, hedge funds, banks, insurance companies and investment companies withdrew a total of 265 tons of gold from the largest gold ETF in the world, SPDR Gold Trust. Sales in the third quarter were thus already much lower than in the first two quarters. The selling pressure from this side should ease further, provided the price does not weaken again significantly. For the ETF outflows to stop, there would have to be a pause in the equity markets' rally, and the gold price would have to stabilise over a prolonged period. It is therefore important for the 3-year low of USD 1,180 per troy ounce at the end of June not to be undercut on a sustained basis.

Adverse impact of real interest rates and equity market likely to abate

The two most important negative factors for investment demand this year - higher real interest rates and the upward movement in the equity markets - should become less important in 2014 (chart 4). Our economists expect the US Federal Reserve to start scaling back its bond purchasing programme from March/April. As soon as the first step has been taken, the associated uncertainty should be dispelled and the pressure on the gold price should ease. For bond purchases can be expected to be reduced gradually and expectations about an interest rate hike by the Fed to be kept in check verbally. This could prevent any sharper rise in long-term interest rates. Inflation rates are also likely to increase again from their currently very low level, thus preventing a further rise in real interest rates next year. Nor is it realistic to expect the US equity market to move up again by 25% in 2014 on the back of a less expansionary US monetary policy.

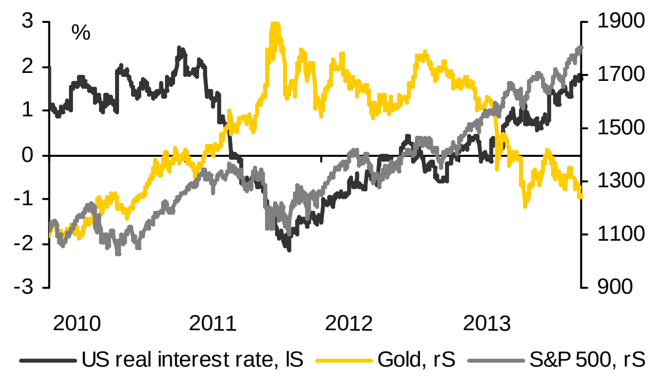
Speculative financial investors likely to return

However, the impetus for an increase in the gold price will probably have to come from speculative financial investors. These investors were also the first to start scaling back their bets about rising prices in summer 2011 shortly before the all-time high was reached, thus heralding the end of the upward surge. The chances of this group of investors returning to the market next year are good. Speculative financial investors have now largely exited the gold market, as evident from the fact that net long positions are at a 7-year low (chart 5). The negative market sentiment towards gold is also reflected in negative media reports and for the most part pessimistic price forecasts. All of this may indicate a rapid reversal of the trend. After the price has successfully bottomed out, gold ETFs should report inflows again from the second quarter, supporting the price recovery.

Short-term downward risks, upward potential from mid-2014

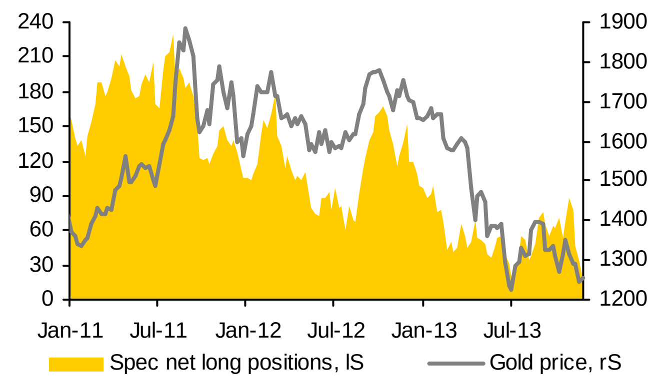
The debate about the scaling back of the Fed's bond purchases will remain a negative factor for the gold price at the beginning of 2014. The high level of buying interest from Asia should counteract any further price decline. The gold price should recover in the second half, boosted by an upturn in investment demand. For US monetary policy will remain decidely expansionary in 2014 under the new Chairman designate of the Fed, Janet Yellen. The ECB and the Bank of Japan will also keep the scope of monetary policy wide open. Gold is therefore likely to gain greater acceptance again from western investors as a means of hedging against a loss of purchasing power due to inflation and currency devaluation. At the end of 2014 we expect a gold price of USD 1,400 per troy ounce.

CHART 4: **Rising opportunity costs depress gold**
US real interest rate: US 10-year yield minus US inflation rate
Gold price in USD per troy ounce



Source: Bloomberg, Commerzbank Corporates & Markets

CHART 5: **Very low level of interest from financial investors**
Speculative net long positions in thousand contracts
Gold price in USD per troy ounce



Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

Silver – Strong investment demand alone not sufficient

Steep price decline despite strong investment demand

The silver price has fallen by 35% since the beginning of the year and is therefore at risk of recording its highest annual percentage loss for more than 30 years. Silver has also lost much more ground than gold. The closely observed gold/silver ratio has consequently increased to more than 60. At times gold has even cost 66 times as much as silver - the last time this happened was more than three years ago (chart 6). In contrast to gold, the decline in the price of silver is not attributable to investment demand which has even been fairly strong in 2013. The silver ETFs tracked by Bloomberg reported inflows of more than 1,000 tons up to mid-November. In October, ETF holdings even reached a record high of 20.1 thousand tons (chart 23, page 10). Coin sales are also very robust. According to the U.S. Mint, at the beginning of November the level of sales of US silver coins already exceeded the whole of the previous year. The research company Thomson Reuters GFMS, which specialises in the analysis of precious metals, expects demand for silver coins to increase by 19% year-on-year this year.

Industrial demand dampened by photovoltaic and photographic industries

One reason for the weak price of silver is industrial demand, which accounts for almost half of total silver demand. According to GFMS, industrial demand is set to increase by only 1% in 2013. This is therefore approx. 30 million ounces lower than in 2010. The photovoltaic sector in particular is dampening demand, which accounts for just over 10% of total industrial demand. According to industry sources, the proportion of silver used will be only about 0.15 grams per solar cell this year, compared to 0.25 grams two years ago. Production of solar cells has also stagnated in the last two years, and has therefore been unable to compensate for the lower silver content in solar cells. Demand for silver from the photographic industry also continued to decline in 2013. Including this segment, industrial silver demand is likely to virtually stagnate this year. Weak industrial demand is also reflected in a decline in Chinese silver imports. These amounted to a good 2,100 tons after 10 months and were 12.1% lower than in the same period last year. Chinese silver imports have roughly halved compared to the record level achieved in 2010 (chart 19, page 9).

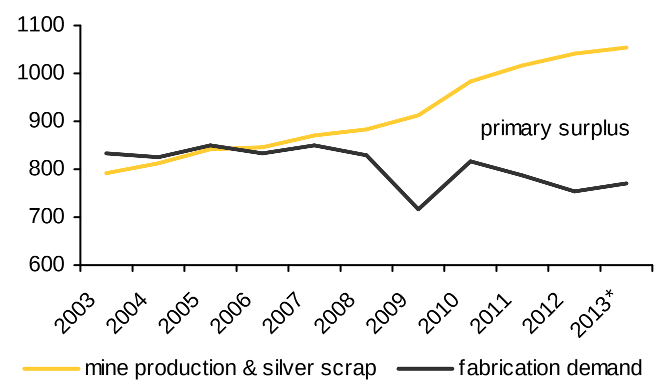
Stronger industrial demand and stable investment demand expected

According to GFMS, mine supply is set to increase again by 4% this year, more than offsetting the expected 8% decline in silver scrap. GFMS says that the supply of silver will exceed fabrication demand excluding coin sales by an estimated 287 million ounces or 8,925 tons respectively in 2013 (chart 7). This also explains why the robust demand for silver coins and inflows to silver ETFs have been unable to prevent the sharp decline in the price of silver. We expect stronger industrial demand in 2014. The recovery in the global economy expected by our economists should provide impetus. Investment demand should increase by roughly the same extent in 2014 as this year. This is supported by the significantly lower price level, both in USD and also relative to gold. The increase in the gold price which we expect should also provide momentum. We anticipate an average silver price of USD 21.5 per troy ounce in 2014.

CHART 6: **Silver still much weaker than gold in 2013**
Silver price in USD per troy ounce

Source: Bloomberg, Commerzbank Corporates & Markets

CHART 7: **High primary surplus in the silver market**
in million ounces, 2013 estimate



Source: Silver Institute, GFMS, Commerzbank Corporates & Markets

Platinum / Palladium – supply deficits will remain

Johnson Matthey, the largest processor of platinum and palladium in the world, published its well regarded half-year report on the situation in the global platinum and palladium markets in November. The company includes data to the end of September. Below we summarise the most important information and provide an outlook for our expectations concerning the price trend next year.

Platinum mining supply only recovering slowly

Global **platinum** mining production is set to increase by a moderate 2% year-on-year to 5.74 million ounces - recovering slightly from the 12-year low it recorded last year. This is mainly due to the marked expansion of production in Zimbabwe (+18%). In contrast, at best a marginal improvement is evident in South Africa. And this could also have been offset again by strikes in the fourth quarter. Operating conditions in the largest platinum-producing country in the world thus remain challenging. While primary production is largely flat, the supply of recycled platinum has increased again to a record high of 2.08 million ounces. The main contributory factor here is platinum recycled from old vehicles.

Platinum demand at a record high despite weak auto industry

Total gross demand, i.e. excluding recycling, is set to increase by 5% to an all-time high of 8.42 million ounces in 2013. This is also the third year in succession when total demand has exceeded 8 million ounces. However, the largest demand component, the automobile industry, is having to absorb a decline of 3% to 3.13 million ounces as a result of weak vehicle sales in Europe. However, this is being more than offset by other demand components. For example, on the one hand, industrial demand outside the automobile industry is likely to increase by 12% to 1.79 million ounces, driven mainly by the chemical, glass and electronics sectors. On the other hand, demand for jewellery is relatively robust, approaching last year's record level at 2.74 million ounces.

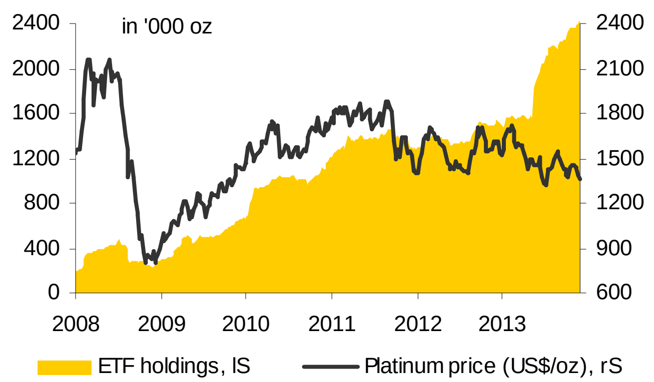
Record investment demand due to strong ETF inflows

However, the greatest impetus is from investment demand, which is set to increase by 68% to a record level of 765 thousand ounces. This is mainly due to strong ETF demand. The platinum ETFs tracked by Bloomberg reported inflows of almost 1 million ounces in the first eleven months of this year (chart 8). The crucial factor here is the introduction at the end of April of a physically backed platinum ETF in South Africa, which has become the largest platinum ETF in the world within a few months. However, the statistics are distorted slightly by Bloomberg's inclusion in May of another platinum ETF which has already been in the market for some time.

Largest supply deficit of platinum for 14 years

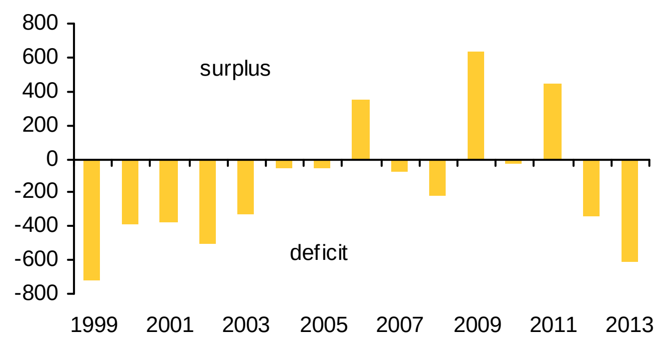
According to Johnson Matthey, the global platinum market will show a supply deficit for the second year in succession in 2013 due to a sharp increase in demand and only modest growth in supply. The company estimates the deficit at 605 thousand ounces - the highest level for 14 years (chart 9). Based on very strong investment demand until recently - since the beginning of the fourth quarter almost 190 thousand ounces of platinum has been transferred into ETFs - in our view the deficit could even be slightly higher.

CHART 8: **Massive ETF inflows of platinum**
ETF holdings in thousand ounces, price in USD per ounce



Source: Bloomberg, Commerzbank Corporates & Markets

CHART 9: **Global platinum market in deficit for two years**
in thousand ounces



Source: Johnson Matthey, Commerzbank Corporates & Markets

New EU emission standards support rising industrial demand

Johnson Matthey does not expect the current situation to change fundamentally in 2014. Global mining production is therefore unlikely to increase significantly. In our view, continuing risk factors here are more strikes and potential power outages, after the recent call by the state-owned utility Eskom for industrial companies to reduce their power consumption. In contrast, industrial demand is set to increase further. The automobile sector will also contribute to this since it should benefit from the new emission standards for diesel vehicles in Europe. Large quantities of platinum will therefore be required when the Euro VI emission standard for trucks is introduced in January and for cars in September. Jewellery demand is likely to remain robust thanks to China. However, the relative increase in the price of platinum compared to gold this year could also have an impact. Recently, platinum has once again cost USD 140 more per troy ounce than gold. Up to the spring, platinum was at times cheaper than gold. Investment demand could ease back slightly from its extremely high level this year.

Level of supply deficit determined by investment demand

Johnson Matthey therefore estimates that a substantial supply deficit will remain in the global platinum market next year. For the first time since 2005, demand from industry and for jewellery is set to fully absorb both primary and also secondary supply (chart 10). The level of the supply deficit will therefore be determined by investment demand. The prospect of another year of deficit and our expectations of a recovery in the gold price should support the platinum price. Next year we expect an average price of USD 1,475 per troy ounce.

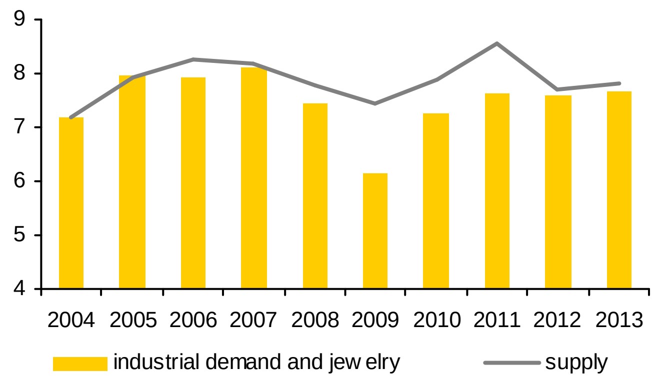
Lower palladium mining production, virtually no more sales of Russian reserves

Global **palladium** production is set to fall slightly in 2013 compared to the previous year to 6.43 million ounces. This is almost solely attributable to a smaller supply from Russia. While mining production there is falling only moderately, sales of state-owned reserves are declining significantly for the fourth year in succession. This year only 100 thousand ounces will be sold, making this formerly important supply component irrelevant. Three years earlier, 1 million ounces of Russian reserves were still being sold. Elsewhere, mining production is being expanded - Zimbabwe stands out positively here at +17% - however not to a sufficient extent to offset the decline in Russia. The supply of recycled palladium has increased by 7% to 2.46 million ounces. As with platinum, this is attributable to the scrapping of more old vehicles.

Declining demand despite growing needs of auto industry

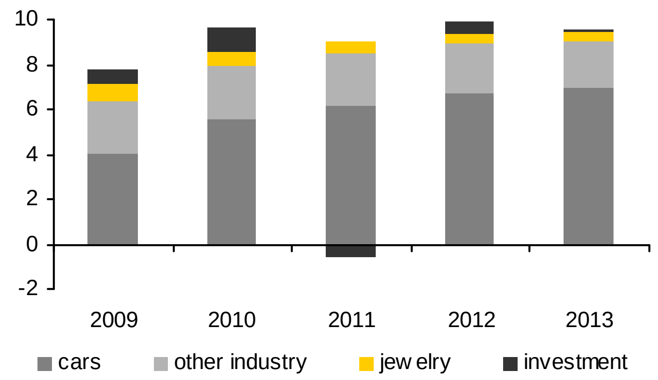
Total gross demand (excluding recycling) will fall by 4% this year to 9.63 million ounces, although demand from the automobile industry is continuing to grow. This component is likely to climb by 4% to a new record level of 6.97 million ounces, driven by strong car sales in China and North America. The automobile industry is thus expanding its position as the most important demand component for palladium further, and now accounts for 72% of total palladium demand on a gross basis (chart 11). However, outside the automobile industry, only the chemical sector continues to show robust demand for palladium. Declines are being reported from all other sectors. There is a particularly marked downturn of 12% in the jewellery industry. Jewellery demand is thus declining significantly for the fifth year in succession and, in contrast to platinum, now plays only a negligible role.

CHART 10: **Virtually no platinum supply available for investment demand** in million ounces



Source: Johnson Matthey, Commerzbank Corporates & Markets

CHART 11: **Demand from the auto sector becoming increasingly important for palladium** in million ounces



Source: Johnson Matthey, Commerzbank Corporates & Markets

Investment demand down sharply

However, according to Johnson Matthey, the sharpest fall is expected to be reported in investment demand. This is predicted to reach only 75 thousand ounces, representing a decline of 84%. The palladium ETFs tracked by Bloomberg report inflows of 285 thousand ounces so far this year. However, this figure includes palladium ETFs which have already been in the market for some time, which Bloomberg has only recently added to its data.

Second highest palladium supply deficit since 2000

Since demand is falling more sharply than supply this year, Johnson Matthey expects the supply deficit in the global palladium market to slip back to 740 thousand ounces. Viewed historically, this is nevertheless the second highest deficit since the year 2000 (chart 12). Since palladium ETFs have however reported significant outflows in recent weeks, the deficit could even be slightly smaller. Johnson Matthey might already have factored this into its estimate, since investment demand is set very low.

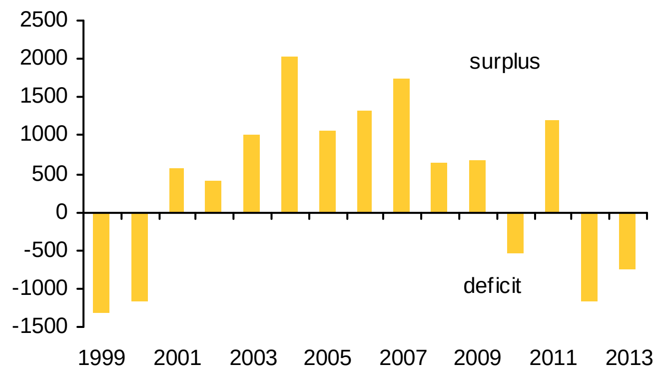
Demand excluding investment demand largely unchanged next year

Based on estimates from Johnson Matthey, this year's trends in the global palladium market will continue next year. The supply is set to contract further accordingly in the absence of sales of Russian reserves. The decline should be offset by increased recycling. Excluding investment demand, total palladium demand is likely to remain largely unchanged on a gross basis. Further growth in demand from the automobile industry - which is set to top the 7 million ounces mark for the first time - will be offset by continuing weakness in demand from other industries and for jewellery. Demand from the automobile industry should therefore continue to benefit from robust car sales in the US and China (chart 13). For these markets are heavily dependent on gasoline, and palladium is used predominantly in autocatalysts for gasoline engines. From this perspective, the supply deficit is therefore likely to persist at a similar level next year.

Investment demand could lead to higher supply deficit

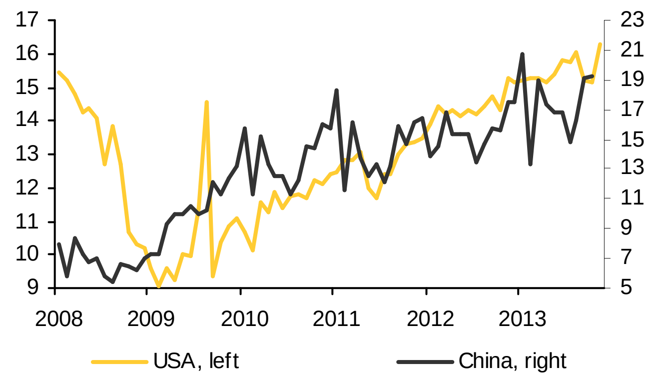
Johnson Matthey regards investment demand as very uncertain. Much depends on when the South African investment bank Absa Capital introduces a physically backed palladium ETF which has already been approved in South Africa. Provided this ETF achieves similar success as the platinum ETF (see above), this would lead to strong growth in investment demand, which could even increase the supply deficit further, supporting the price of palladium. In 2014 we expect an average price of USD 760 per troy ounce. In contrast to platinum, palladium is however heavily dependent on demand from the automobile industry, making it vulnerable to fluctuations in this sector. In contrast, platinum demand is based on several pillars.

CHART 12: **Palladium supply deficit slightly smaller, but still high**
in thousand ounces



Source: Johnson Matthey, Commerzbank Corporates & Markets

CHART 13: **Palladium demand likely to benefit from robust auto markets in the US and China**
annualised car sales, in million vehicles



Source: CAIN, Bloomberg, Commerzbank Corporates & Markets

At a glance

TABLE 1: **Our forecasts**

	Quarterly average									Yearly average		
	05/12/13	**Q1 14**	**Q2 14**	**Q3 14**	**Q4 14**	**Q1 15**	**Q2 15**	**Q3 15**	**Q4 15**	**2013**	**2014**	**2015**
Gold	1225	1200	1250	1300	1400	1400	1350	1400	1500	1425	1300	1425
Silver	19.4	19.5	21.0	22.0	24.0	24.0	22.5	24.0	27.0	24.0	21.5	24.5
Platinum	1362	1350	1400	1500	1600	1600	1550	1600	1700	1500	1475	1625
Palladium	735	700	725	775	825	825	800	850	900	720	760	840

Quarterly averages, based on spot prices; Source: Bloomberg, Commerzbank Corporates & Markets

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)	29.11.13	59218.8	-338.7	-1074.3	-25071.6	-29.7	84615.7	59218.8
Silver ETFs (in '000 ounces)	29.11.13	634672.6	-3264.4	-7749.4	34343.0	5.7	645640.6	600329.6
Platinum ETFs (in '000 ounces)	29.11.13	2460.6	65.4	89.3	956.1	63.5	2460.6	1468.4
Palladium ETFs (in '000 ounces)	29.11.13	2167.5	0.6	18.0	318.5	17.2	2282.4	1849.0

Source: Bloomberg, Commerzbank Corporates & Markets

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

			Total net change			% change	52 weeks	
	Date	Level	1 week	1 month	1 year	1 year	High	Low
Gold (in '000 contracts)	26.11.13	15.961	-18.570	-72.442	-136.346	-89.5	152.307	15.961
Silver (in '000 contracts)	26.11.13	1.829	-3.421	-17.511	-34.656	-95.0	36.485	-2.497
Platinum (in '000 contracts)	26.11.13	19.421	-5.763	-5.142	-7.350	-27.5	40.846	18.006
Palladium (in '000 contracts)	26.11.13	20.989	-1.641	-3.590	10.199	94.5	25.676	10.79

Source: Bloomberg, Commerzbank Corporates & Markets

TABLE 4: **History**

	Current	% change				History							
	USD per troy ounce	1 week	1 month	y-t-d	y-o-y	Q112	Q212	Q312	Q412	Q113	Q213	Q313	Q413
Gold	1225	-1.9	-6.7	-26.6	-27.7	1691	1612	1653	1718	1632	1417	1330	1291
Silver	19.4	-2.5	-10.7	-35.8	-41.0	32.7	29.5	29.9	32.6	30.1	23.2	21.5	21.2
Platinum	1362	0.0	-7.1	-11.5	-14.9	1609	1501	1500	1598	1632	1467	1453	1412
Palladium	735	2.3	-3.8	4.4	5.8	683	629	613	654	741	714	724	729

Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

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

Country	tonnes	Country	tonnes
USA	8,133.5	Switzerland	1,040.1
Germany	3,390.6	Russia	1,015.1 (+12.3)
IMF	2,814.0	Japan	765.2
Italy	2,451.8	Netherlands	612.5
France	2,435.4	India	557.7
China	1,054.1	ECB	502.1

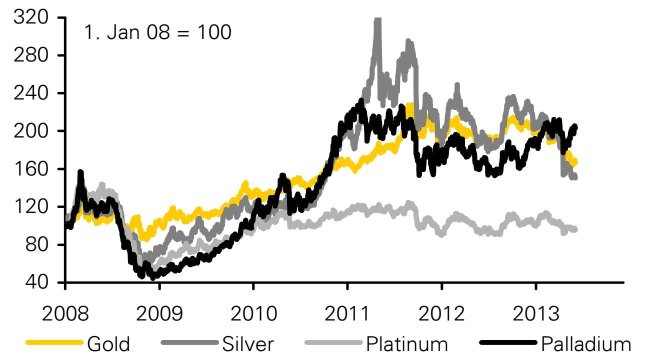
Source: World Gold Council, Commerzbank Corporates & Markets

TABLE 6: **Upcoming Events**

17/18 December	USA	FOMC meeting and press conference
3 January	USA	Vehicle sales, December
8 January	USA	Minutes of 17/18 December FOMC meeting
9 January	EUR	ECB meeting and press conference
16 January	EUR	EU new car registrations, December
29/30 January	USA	FOMC meeting
31 January	USA	Ben Bernanke's term as Fed Chairman ends

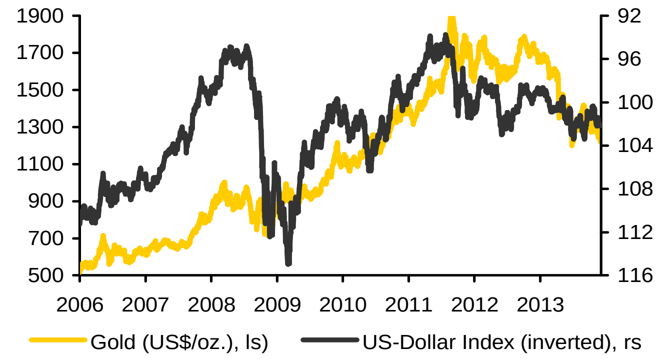
Source: Fed, ECB, Bloomberg, Commerzbank Corporates & Markets

CHART 14: **Precious metals since 2008 (01/01/08 = 100)**



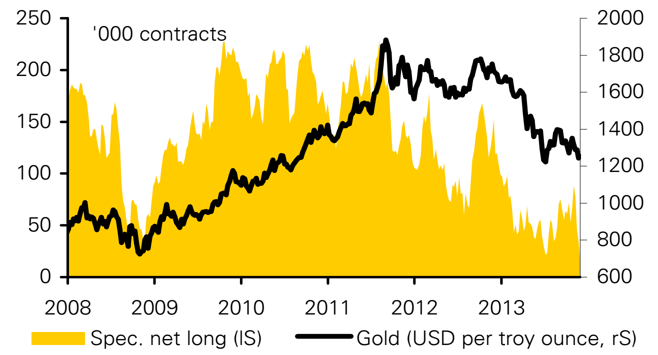
Source: Bloomberg, Commerzbank Corporates & Markets

CHART 15: **Gold versus US dollar**



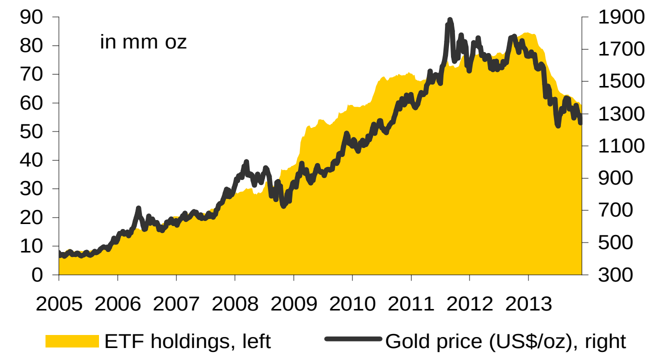
Source: Bloomberg, Commerzbank Corporates & Markets

CHART 16: **Net long positions of money managers (Gold)**



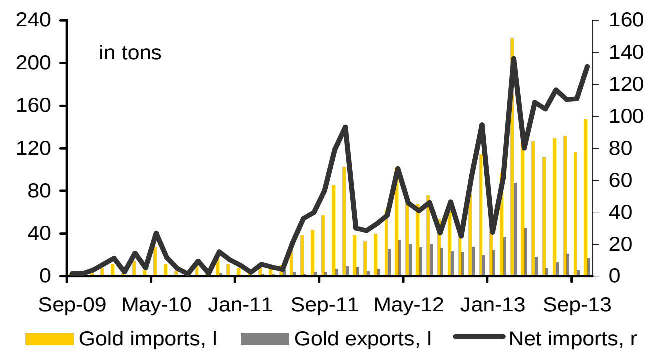
Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

CHART 17: **Gold: ETF holdings**



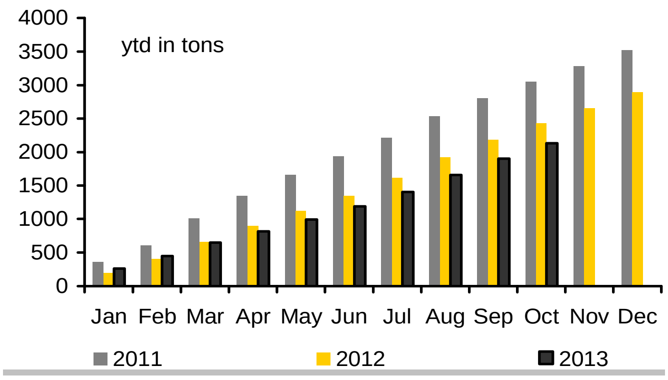
Source: Bloomberg, Commerzbank Corporates & Markets

CHART 18: **Chinese gold trade via Hong Kong**



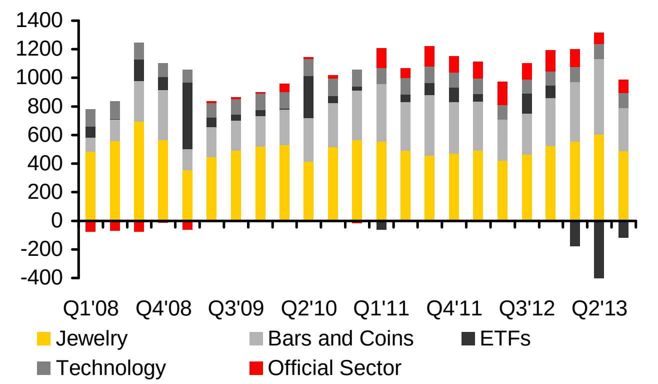
Source: Statistics Department of HK, Reuters, Commerzb. Corp. & Markets

CHART 19: **Chinese silver imports**



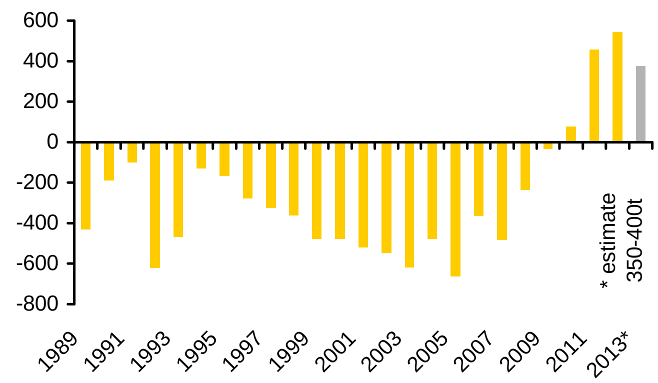
Source: Chinese Customs Authority, Commerzbank Corporates & Markets

CHART 20: **Gold demand per quarter in tons**



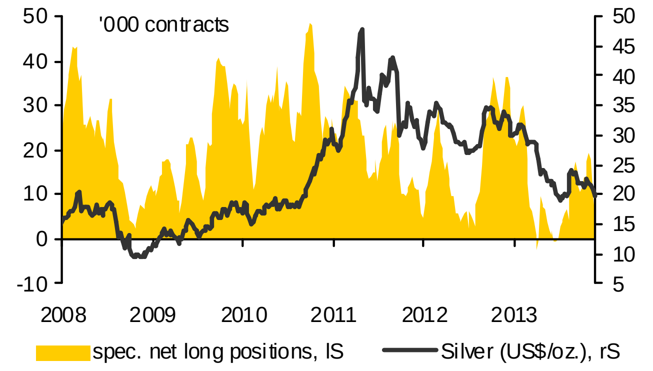
Source: WGC, Commerzbank Corporates & Markets

CHART 21: **Net buying of central banks in tons**



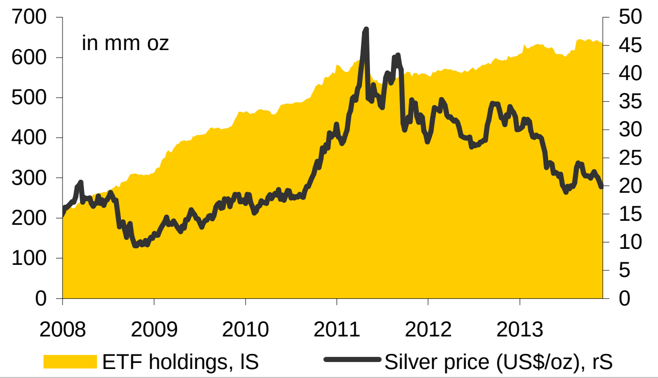
Source: WGC, Commerzbank Corporates & Markets

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



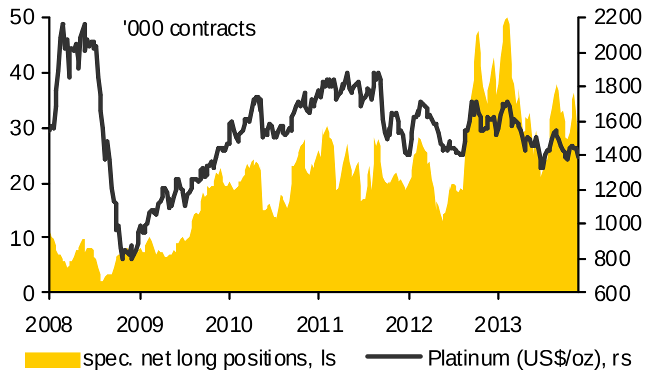
Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

CHART 23: **Silver: ETF holdings**



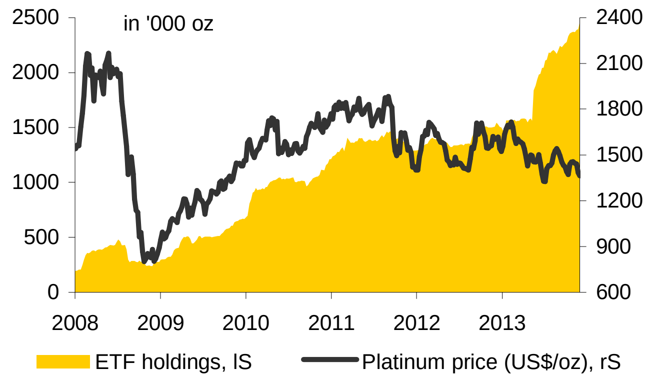
Source: Bloomberg, Commerzbank Corporates & Markets

CHART 24: **Net long posit. of non-commercials (Platinum)**



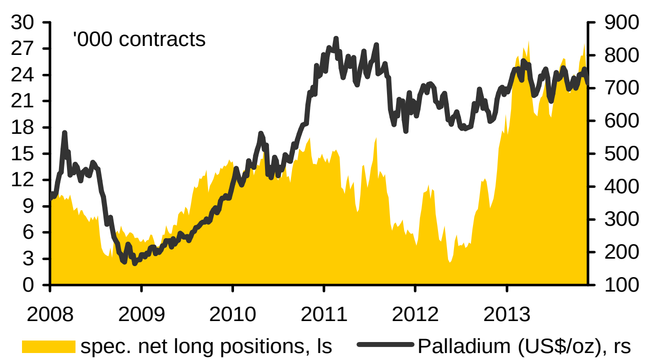
Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

CHART 25: **Platinum: ETF holdings**



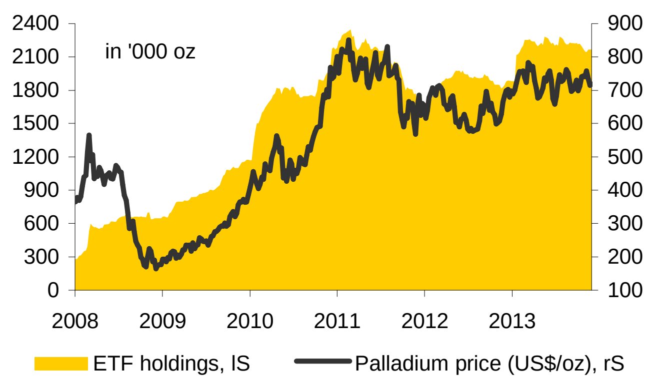
Source: Bloomberg, Commerzbank Corporates & Markets

CHART 26: **Net long posit. of non-commercials (Palladium)**



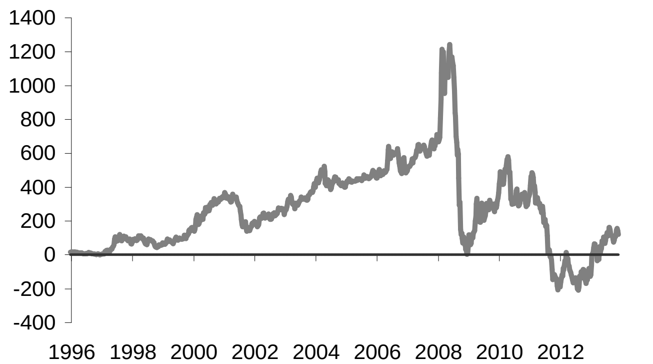
Source: CFTC, Bloomberg, Commerzbank Corporates & Markets

CHART 27: **Palladium: ETF holdings**



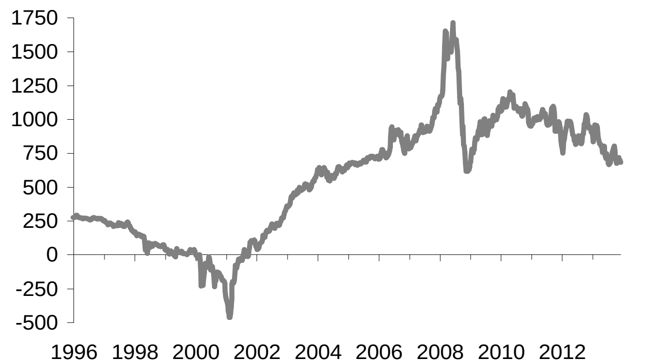
Source: Bloomberg, Commerzbank Corporates & Markets

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



Source: Bloomberg, Commerzbank Corporates & Markets

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



Source: Bloomberg, Commerzbank Corporates & Markets

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank Corporates & Markets is the investment banking division of Commerzbank, integrating research, debt, equities, interest rates and foreign exchange.

The author(s) of this report, certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The analyst(s) named on this report are not registered / qualified as research analysts with FINRA and are not subject to NASD Rule 2711.

Commerzbank Corporates & Markets

Frankfurt	London	New York	Singapore Branch	Hong Kong Branch
Commerzbank AG	Commerzbank AG London Branch	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus Mainzer Landstraße 153 60327 Frankfurt	PO BOX 52715 30 Gresham Street London, EC2P 2XY	2 World Financial Center, 32nd floor New York, NY 10020-1050	71 Robinson Road, #12-01 Singapore 068895	29/F, Two IFC 8 Finance Street Central Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988