After getting entangled with the huge downtrend line and dropping to just above the weekly cloud base and weekly Standard line, (US$1211-1212) gold has rebounded on a combination of changing views on the pace of Fed tightening, and allegations that President Trump obstructed justice. 10 year bonds touched the Daily cloud base resistance at 2.42 pct. on the 11th of May, formed an inverted hammer, and then plunged to 2.22 pct. a week later, as implied probabilities of a June rate hike eased from 100 pct. to 83 pct, and the expectations that we will have the same target rate for Fed Funds next January rose from about zero to 15 pct. The Dollar Index slides towards initial support at 96.86-96.92.

For all the talk of impeachment, Republicans control both houses, so voting on the necessary articles and obtaining the required two-thirds majority in the Senate is – at the moment – a remote prospect, unless voters in Republican districts signal their displeasure to elected representatives. Too young to properly recall the unfolding drama of Watergate, current events promise plenty of entertainment, sadly minus all the accouterments of the early seventies; wide ties, caramel-coloured Oldsmobiles and smoking on the threshold of becoming an Olympic sport. Where next? As gold backs away from the prior US$1211 supports as a Transylvanian Count recoils from a garlic-laden crucifix, the price now bangs into weekly cloud top resistance at US$1264.Upside targets suggest US$1291 and US$1304. Resistance comes in at US$1264, US$1285, US$1293 and US$1301. Support lies at US$1254, US$1249 and US$1211.

Positioning by Managed money futures speculators saw a sharp reduction in the first half of the month, with 5.60 million Ftozs of selling from longs, and shorts expanding their positions by 0.844 million Ftozs. Since the 9th of May, CME open interest has expanded slightly, and then started to contract since Monday as prices began to rise, implying that recent shorts have started to buy back on the worsening US political outlook, as opposed to a fresh influx of length. Gross longs cut back positions by around a quarter since the 25th of April, so when you look at the re-appraisal of Fed tightening, the weaker Dollar and the potential for a long summer of political angst in America, gold looks good – but has not yet made the necessary break required to signal true bullishness.
Silver recovers from trend line support at US$16.06, briefly outperforming gold. The rally back to US$16.93 fulfils an initial target, so the price may cycle back slightly. Resistance lies at US$17.14 from the weekly Standard line and US$17.39 from the weekly Turning Line/weekly Cloud base.

The outlook is still technically bearish basis cloud charts in both the daily and weekly timespans, and it is worth noting that the price stopped right at the 38.20 pct. Fibonacci retracement of the down move from recent high made on the 17th of April. Unless silver gets another boost from gold, expect weakness back down to US$16.56. Given current circumstances, gold has plenty of chances to give silver a boost.

Positioning since the 11th of April has seen a substantial exit from gross managed money longs, with 231.43 million Tozs flowing out of the market, taking gross length down to mid-January levels. Managed money shorts added almost 96 million Tozs over the same period, meaning that net length is now the lowest level since the early part of February 2016, when silver was in the process of staging a recovery from the recent lows. Since the 9th of May, CME total open interest initially experienced a rapid expansion, suggesting net inflows of almost 19 million Tozs in total. From the 11th to the 16th of May, the active month saw open interest grow by over 53 million Tozs, implying a strong return by the longs. The estimated VWAP for this period was US$16.42.

In the short term this might look like a favourable area to buy on dips, with targets back to US$17.53 and US$17.84. Resistance at US$18.09 and particularly at the US$18.50 levels looks tough however.

Brent long liquidation drove the price well into the weekly cloud, where it found support before recovering to intersect with resistance at the weekly Standard line at 52.50. There is additional resistance at US$53, with a fresh target for Brent to pop up to US$55.72.

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Platinum has been helped higher by the ZAR strengthening again to 13.04, although the last two days bring weakness again.

After chopping around the managed money longs started buying again in earnest, adding 106,450 Tozs in the week ending the 9th of May, at a VWAP of US$912.60. They were more than matched by speculative shorts however, with managed money short positioning growing to the highest level seen since that category was created. The figure now stands at 1.65 million Tozs, more than double the 25th of April number, and almost thirteen times the size of the late February short position. The latest addition to that figure, 426,500 Tozs, was made at a VWAP of US$912.60, and the estimated VWAP for the last 950,000 Tozs of short selling, made between the 25th of April and the 9th of May, is US$927.

Since the 9th of May, CME open interest in the active month has declined by 83,450 Tozs, implying that the shorts have been buying back, although not in great volumes. Resistance lies at the weekly Standard line, at US$967, and around US$1000, where the base of the weekly cloud starts, currently.

Long-term targets remain unfavourable to platinum; however the presence of such a substantial speculative short position does give some chance for a rally. The last time I wrote that, prices responded by dropping another 70 dollars so bear that in mind!

The AUD found support right at the 0.733 (the weekly cloud base) and recovers. The Weekly Standard and Turning lines should act as resistance now, at 0.747 and 0.75 respectively. Look for a short term move upwards to continue to 0.7477. Medium term outcomes seem finely balanced. Net positioning on futures reduces to the lowest seen since February as longs gave up 770 million in the week ending the 9th of May, and shorts added 919 million, taking net length to 2.578 billion. The AUD got a lift from good employment figures today, but the glass is only half-full, with the big rise all about part-time job creation. Just as well, the

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Palladium falls through the weekly Tumbling line support at US$802. A test of the weekly Standard line support at US$743 looks quite likely, with a new downside target to US$725. If the price remains above the US$743 level the upside still looks quite promising, with a target to US$874.

Positioning in CME Managed Money almost reached the highest level seen this year before retreating again, with 57,100 Tozs of long liquidation in the week ending the 9th of May. Shorts added quietly, with transactions at a VWAP of US$803.70.

Targets in the shorter term extend to US$771, US$766 and US$752, with notable clustering at all those levels. There is a short-term counter-trend target to US$797, but with so many downside targets in place, that looks like an opportunity to put a short on.

The XPT:XPD ratio looks like moving to 1.27-1.29 near-term, however there are multiple targets to ‘around’ parity. For the first time in a long time, car sales in the EU showed a decline, with April sales falling 6.60 pct. to 1.191 million units, the drop being blamed on Easter falling in April this year. Sales are up 4.70 pct. for the first four months of 2017.