

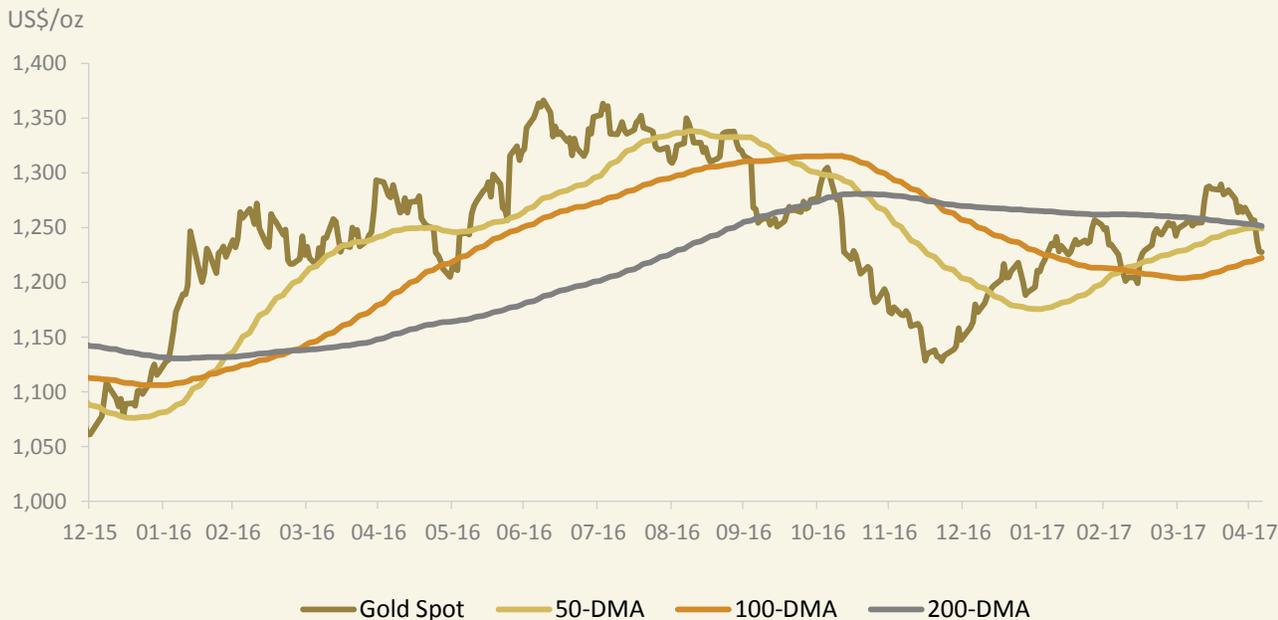
# Weekly Gold Market Update

by SPDR® Gold Strategy Team

## **This Week's Highlights: Gold Weighed by Expectations of June Rate Hike**

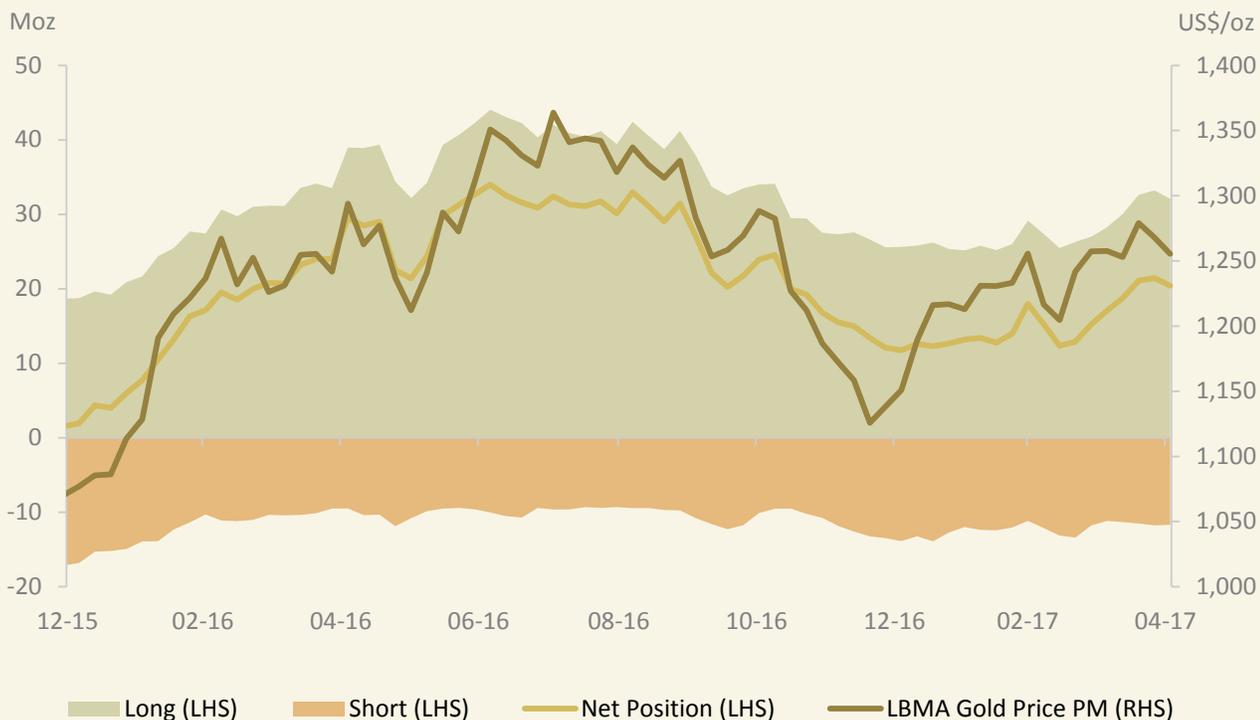
- Gold prices dropped 3.0% last week to US\$1,228/oz, the largest weekly loss in 6 months, as the Fed signaled recent slowing of economic activity as “transitory”.
- The FOMC kept the Fed funds rate unchanged at 0.75% to 1.00% and maintained its view for a gradual rate increase despite the recent slowing of economic growth in 1Q17. Expectations for a June rate hike jumped to 95% on May 5 from a reading of 61% a week earlier based on the Fed funds futures contract.
- Bullion was also put under pressure from the release of better-than-expected US employment data (April non-farm payrolls +211K vs. forecast of +190K).
- Gold COMEX positions show a 1.1moz decrease in net speculative long positions to 20.4moz for the week ending on May 2 from 21.5moz for the prior week. The declines came primarily from liquidations in gross spec long positions.
- Gold ETFs saw an outflow of 0.3moz, or US\$388m, for the week ending on April 28 for total holdings of 59.8moz, or US\$75.8bn, according to Bloomberg data.
- Gold may find support near the 100-day moving average US\$1,220/oz and the psychological US \$1,200/oz level. Bullion's potential “golden cross”, which is the 50-day moving average (US\$1,248/oz) breaking over the 200-day moving average (US\$1,250/oz), remains in sight despite the recent technical price correction.

**Figure 1: Gold falls and breaks below technical levels after FOMC meeting**



Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 5 May 2017.

**Figure 2: Gold speculative positions on the COMEX rise as net spec longs continue to build**



Source: Bloomberg Finance L.P., CFTC, data as of 2 May 2017.

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