

Mid-Week Market Report

October 20th, 2016



Trivia Question: This player was known as one of the best three point shooter in the NBA. He played for the Milwaukee Bucks, Seattle SuperSonics, Boston Celtics and the Miami Heat.

RT: Russian 'traitor' who exposed Anna Chapman's spy ring is dead in the US (RT still unconfirmed). Russian intelligence officer, Aleksandr Poteyev, who was sentenced for treason in absentia by Russia after blowing the cover of a spy ring in the US, has reportedly died. Moscow, however, is not confirming the news or taking the defector off its most wanted list.

Gold/CFTC: The net decrease in long positions for Large Speculators = -43,048 and Small Speculators -1,261. So both the big and little traders are lightening their positions. Net long gold COMEX positions cut by 26% to 19-week low.

London/Platts: Net long gold positions on US commodity exchange COMEX fell 26% to 148,793 contracts in the week to October 11, Commodity Futures Trading Commission data showed Monday. The net long position is the least bullish since the week of May 31 and has dropped 47% in the last two weeks, in-line with recent gold price weakness. Last week was especially brutal. as markets in China, the world's largest consumer, closed in observance of Golden Week, the short sellers had free rein, driving the price down more than 3 percent as many just went into cash as Treasury Bills have no return. The bright side of this break meant that our clients that hedge on the Tornado Bullion cart were able to sell more product to their clients while maintaining the safety of a hedged product line.

Bloomberg: Gold advanced to the highest in two weeks as the dollar weakened amid speculation the Federal Reserve will stick to a gradual tightening of monetary policy and as investors digested economic data from China. Bullion for immediate delivery rose as much as 0.7 percent to the highest since Oct. 5 and traded at \$1,270.62 an ounce at 11:13 a.m. in London, according to Bloomberg generic pricing. The metal had climbed 0.9 percent in the prior two days as a gauge of the dollar retreated from a seven-month high.

Silver News/Reuters: Deutsche Bank AG (DBKGn.DE) has agreed to pay \$38 million to settle U.S. litigation over allegations it illegally conspired with other banks to fix silver prices at the expense of investors, according to court papers filed on Monday. The settlement, disclosed in papers filed in Manhattan federal court, came in one of many recent lawsuits in which investors have accused banks of conspiring to rig rates and prices in financial and commodities markets. The settlement had been expected since April, though terms had yet to be disclosed. In court papers, lawyers for the investors say the deal will likely be an "ice breaker" that will serve as a catalyst for other banks to settle

The Importance of the Deutsche Bank Silver Fix Lawsuit Settlement/Craig Hemke: This post is intended to remind you that this case is not about the present and it's not about the \$38MM dollars. Instead, the true significance of this lawsuit will be on display over the coming months and years as innumerable new class action lawsuits are filed against The Bullion Banks for their collective role in rigging and manipulating the precious metals markets. First, some links. Here's the news item from yesterday released by Reuters and a comprehensive write-up from ZeroHedge:

www.reuters.com/article/us-deutsche-bank-settlement-silver-idUSKBN12H2HB

www.zerohedge.com/news/2016-10-17/deutsche-bank-pays-38-million-settle-silver-manipulation-lawsuit

Copper/Vicky Bakourou: The copper market has been in relative limbo in recent weeks, but brittle sentiment was knocked on Thursday (13th October) by weak China trade data which shaved more than 2% off prices. Furthermore, the metal's prospects remain dim and will be reflected in another year of substantial surplus in 2017, making fresh multi-year lows possible.

Pete's Corner

The Architect of the Euro Dollar Startles Everyone: In the explosive interview with the Journal of Central Banking, Professor Issing, said "one day, the house of cards will collapse" as the

European Central Bank (ECB) is becoming dangerously over-extended and the whole euro project is unworkable in its current form. The founding architect of the monetary union has warned that Brussels' dream of a European super-state will finally be buried amongst the rubble of the crumbling single currency he designed. "Realistically, it will be a case of muddling through, struggling from one crisis to the next. It is difficult to forecast how long this will continue for, but it cannot go on endlessly," he told the journal Central Banking in a remarkable deconstruction of the EU project. The respected economist launched a withering attack on so called eurocrats and German Prime Minister Angela Merkel, accusing them of betraying the principles of the euro and demonstrating scandalous incompetence over its management.

Dillon Gage Metals has announced that industry veteran Ryan Valadez will join the company and serve as Executive Vice President of Global Trading. Congrats, Ryan.

Amidst the backdrop of a chaotic presidential election between Democrat Hillary Clinton and Republican Donald Trump, the US Federal Election Commission is quietly debating whether to reclassify how it treats bitcoin donations. In May 2014, the FEC greenlit bitcoin donations to political campaigns, classifying them as an "in-kind" contribution, responding to a request by a Make Your Laws PAC, a North Carolina organization. At the time, the agency put a cap of \$100 per contributor, an amount that corresponds to whatever the current market price is at the time of the donation. By ruling that bitcoin donations are in-kind contributions, the FEC placed the digital currency in the same category of stocks or other kinds of valuable assets. This was largely driven by the fact that bitcoins can't be deposited into a bank account. Instead, a campaign can hold on to the bitcoin donation until they decide to sell them, at which time a 10-day deadline for depositing the funds kicks in.

Trivia Answer: Walter Ray Allen Jr. has two championship rings, one from the 2008 Boston Celtics and the other from the 2013 Miami Heat. He also played on ten All Star Games. In 2015 Ray became a free agent and with his wife, Shannon, opened a totally organic restaurant in South Miami named Grown.

Peter Thomas

SVP - Precious Metals

Direct: 312-277-0140

Toll-Free: 800-621-1414

pthomas@zaner.com

Twitter: @metalZaner

Peter Thomas is a Senior Vice President at the Zaner Precious Metal Division, and he is considered one of the leading gold authorities in the world today. As a licensed floor broker, he was a filling broker in the silver pit when silver ran to \$55 an ounce. He currently manages a global cash desk which handles Refiners, Recyclers, Mining Operations and Coin & Bullion companies. He is constantly in demand for his insightful opinions drawn from his 35 years of metals trade to such news enterprises and magazines publishers as EconoTimes, Bloomberg News, WSJ, The Guardian, US News and World Review, Hard Assets, Kitco, and Modern Trader magazine. Contact him at @Goldbug111, @MetalZaner, (312) 277-0140 or pthomas@zaner.com.

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