

Friday's Market Report

October 21st, 2016



Indian Gold Coin - 10 grams: The Indian Gold Coin is the first ever national gold coin with the Ashoka Chakra on one side and Father of the nation, Mahatma Gandhi, on the other side. This is a government promoted coin and the only BIS hallmarked coin in India. The coin is initially available in 5 grams and 10 grams along with an Indian Gold Bar of 20 grams. The Indian Gold Coin is carrying advance counterfeit (security) features and tamper proof packaging.

Baseball Trivia: What did Babe Ruth wear under his baseball cap to help keep him cool?

Off the Wire: India is the world's Number two gold consumer after China. "Some (Indian) refiners and banks have resumed imports in the last few weeks as discounts came down and the market started trading in a premium," said James Jose, secretary of the Mumbai-based Association of Gold Refineries and Mints. Jose expects India's October gold imports to reach 60-70 tonnes, the highest since January and more than double an estimated 30 tonnes in September.

Gold Market in Crisis, Risks Collapse/LBMA: Always be vigilante, as they will come at us from all angles to force everyone into paper and electronic currencies. This is a very good overview of what might drive the gold prices in the coming 2 years.

www.bullionvault.com/gold-news/gold-market-lbma-101720162

Kitco: Gold bulls are still having the better week, so far, and today's price action could be termed by the chart watchers as just a downside correction following the gains earlier this week. U.S. economic data Thursday was a mixed bag. A downbeat weekly jobless claims report did briefly push gold prices to their daily highs in early morning trading. However, the bearish outside markets on this day trumped the U.S. economic data, regarding impacting gold prices. The most significant economic event of the day happened Thursday and we saw the European Central Bank leave its monetary policy unchanged at its regular meeting, which was what the marketplace expected.

Mining News/Mining.com: Canada's Centerra Gold (TSX:CG) said Thursday it has completed an agreement to buy US-based Thompson Creek Metals (TSX:TCM) in a US\$1.1 billion deal that adds a new large asset to Centerra's growing portfolio. By acquiring Thompson Creek, a move first announced in July, the Toronto-based miner gets its hands on Mount Milligan, a mine in British Columbia with reserves estimated in 5.7 million ounces of gold and 2.2 billion pounds of copper.

Paper Gold on the Charts/Kitco News: According to one technical analyst, the gold market and the mining sector could see one more test of support in the near-term before they resume their multi-year bull markets. Avi Gilbert, independent trader and creator of elliottwavetrader.net, said in a telephone interview with Kitco News that he is currently watching the VanEck Vectors Gold Miners ETF (NYSEARCA: GDX) to see if it will hold support between the \$20 to \$22 region, signaling whether or not the sector remains in a bull market. Gilbert added that he prefers to trade the GDX because it offers the best leverage to gold prices.

US Mint Bullion Coin Sales in 2016: U.S. Mint bullion products advanced by 4,000 ounces in American Eagle and Buffalo gold coins and by 500,000 ounces in American Silver Eagles. Silver Eagle sales in October to date at 3,425,000 coins are the highest for a month since May. They more than double each of the monthly totals in July, August and September. Gains on Thursday lifted the coin's year to date tally to 34,000,500, which is higher than annual Silver Eagle sales in all but five of the past thirty years. However, the level is down 12.3% from the 38,759,000 sold through the same time in 2015. Last year's edition reached an annual sales record of 47 million coins

Iron & Copper: Iron ore producers ramped up their production mainly to meet demand from China. Unlike the United States, Japan and Western Europe, which meet most of their steel needs using recycled scrap, China relies largely on newly-made steel to meet its infrastructure needs. China has little in the way of recyclable steel from used automobiles and demolished buildings. China consumes 40-50% of most industrial metals, including copper, but in the past several years it has been using close to two thirds of the world's supply of iron ore. While China is the world's

largest producer of iron ore, it still imports 25% of world production, mainly from Australia and Brazil. This makes iron ore, as well as the Australian and Brazilian economies, exceptionally sensitive to economic developments in China. While China's economic growth rate appears to be stabilizing after a long period of consistent slowing, it's not clear that it can absorb enough of the still substantial supply of copper and iron ore to prevent prices from retesting recent lows.

Pete's Corner

Platts/ZeroHedge: Shrinking margins and increased regulation leaves 'restrained optimism' for gold. Another year, another London Bullion Market Association conference, and this year was full of what HSBC senior analyst James Steel described as "restrained optimism." A similar description was given of the recent Denver Gold conference in Colorado Springs, where one fund manager summed the mood up as "veiled optimism." But this didn't stop an air of positivity buzzing on the sidelines of both events, with the mood jubilant, especially in Singapore this week. At least at face value.

I've spent the last week at the FIA conference and the Asia Symposium sponsored by Phillip Capital. Both conferences were very high energy and the elevator encapsulation is FIA and trading was really concentrated on faster servers and new programs. Asia was about establishing new contacts and linking exchanges. After having spent time with most of the representatives from Thailand, Korea, China, India and Singapore I will share with you that Asia is red hot for trading and it's game on. The flood gates are open and we here at Zaner Precious Metals will continue to embrace global alliances.

From my old friend Walter Pehowich at Dillion Gage about the Fed

Recently I've been writing about that fact that our country's debt is approaching \$20 trillion dollars and not one politician is stepping up to the plate to address the issue. Not to mention, no one on Capitol Hill has the guts to address the out of control entitlement programs that need an overhaul to keep it for future generations.

You ask, why is he talking about this again? Here's why.

Did you know that the global debt has reached \$152 trillion dollars up from \$112 trillion just 4 years ago? And many economists around the globe are saying the global debt crisis has reached a dangerous phase. Since many in the U.S. are enjoying a robust equity market thanks, in large part due to the tremendous inflow of overseas money into our markets, many are blinded on how serious this issue can become.

When all this overseas investment money dries up, what direction do you think the stock market will head? It seems that the hawkish tone taken from some Fed Presidents is getting more and more traction these days and I'm afraid even if the data is not compelling the Fed will raise rates in December just to take some of the pressure off. Sort of a "one and done" rate hike.

Trivia Answer: Babe Ruth, the Sultan of Swat, wore a cabbage leaf under his cap to keep him cool. He changed it every 2 innings.



Go Cubs!

Sincerely,

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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

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