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# Monthly Precious Metals Technical Analysis Report

August 2024



# GOLD: IN BRIEF

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Welcome to the August monthly report, looking at gold, silver, the Dollar Index and the AUD via a more or less technical lens. As always, [The Pod of Gold](#) podcast with Shae Russell is great for a discussion on gold and wider macro themes. This report will be slightly shorter than previous ones, and hopefully more reader-friendly in the process.

**Gold:** Making new highs against a background of weaker Chinese demand and weaker official sector demand in the second quarter of the year. Gold is helped by weaker US labour data, and changing expectations of the Fed policy cycle starting early and with more intensity. Prices are in a bullish trend across Weekly and Daily time frames.

**Macro:** Market pricing of expected rate cuts currently puts a 2 in 3 chance of a 25 bp cut at the September FOMC, as Fed Chair Powell announces that 'the time has come'. Rates market volatility has ticked higher with CBOE vol index for 10-year maturities moving from 2.86 % in May to 4.00 %, with the market focusing heavily on single date points, and a corresponding hike in Open Interest and volume of rate hedging instruments through a period of uncertainty. In Australia, the persistence of inflation puts the RBA out of sync with the Fed, with the RBA keeping local rates higher for longer and even contemplating a hike should data demand it.

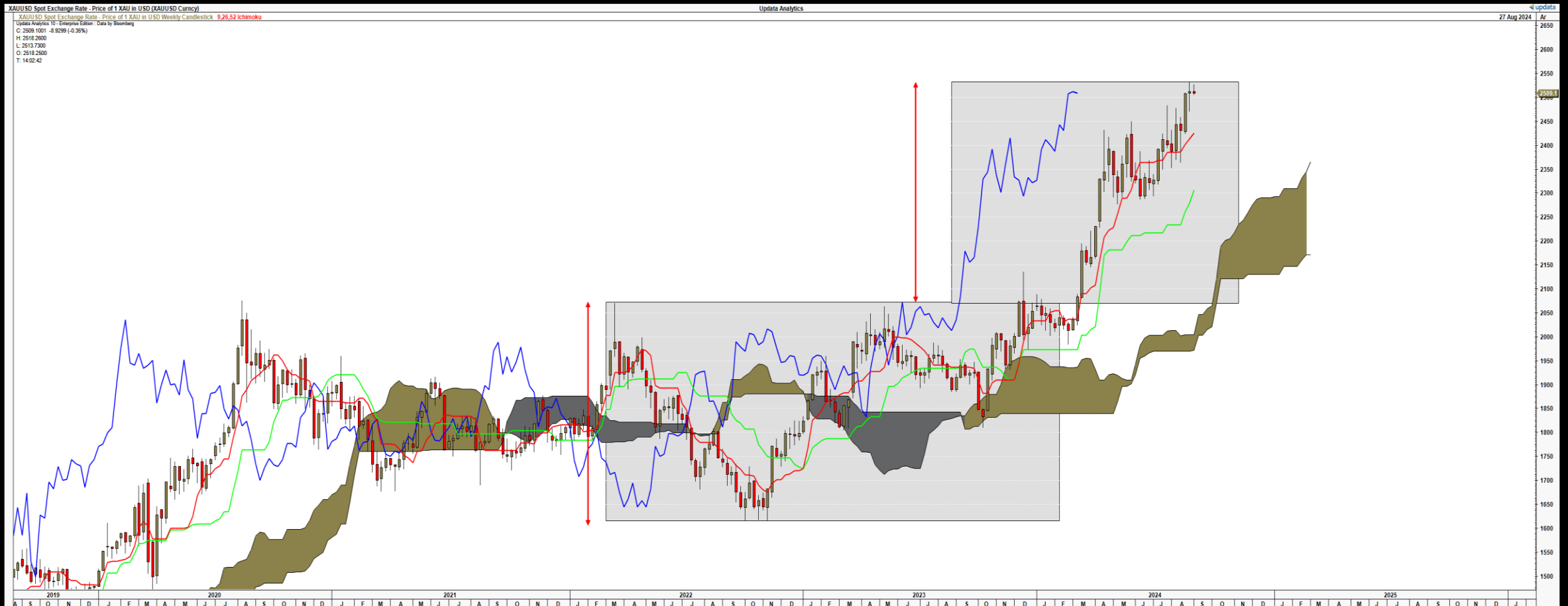
**Japan:** The pivot towards Fed easing helped jolt the JPY higher, assisted by very large short positioning that accelerated the speed of the move. The 'unwind' of JPY carry trades likely to remain a feature – the scale of existing trades imply that only recent flows that were vulnerable to margin calls were truly under pressure to exit. The recovery in the JPY has taken some pressure from those banks and financial institutions that maintained a fully FX-hedged foreign assets book. PM Kishida decided not to contest the LDP leadership contest in September but doubt that this will have a material impact on external policy.

**China:** Pressure on govt to boost weak consumer spending. Talk of additional bond issuance equivalent to USD 140 billion for that purpose, and push-back on deficit ceilings. Chinese residential property enters another leg lower as developers compete more openly for buyers. SGE Withdrawal data drops in Q2 drops to 57 % of the Q1 figure.

**Summary:** The easing cycle dominates news flow at the moment however it seems fair to expect more volatility. Geo-political uncertainty and a big election year a constant presence. The gold price trends upwards across multiple time frames and targets USD2600.

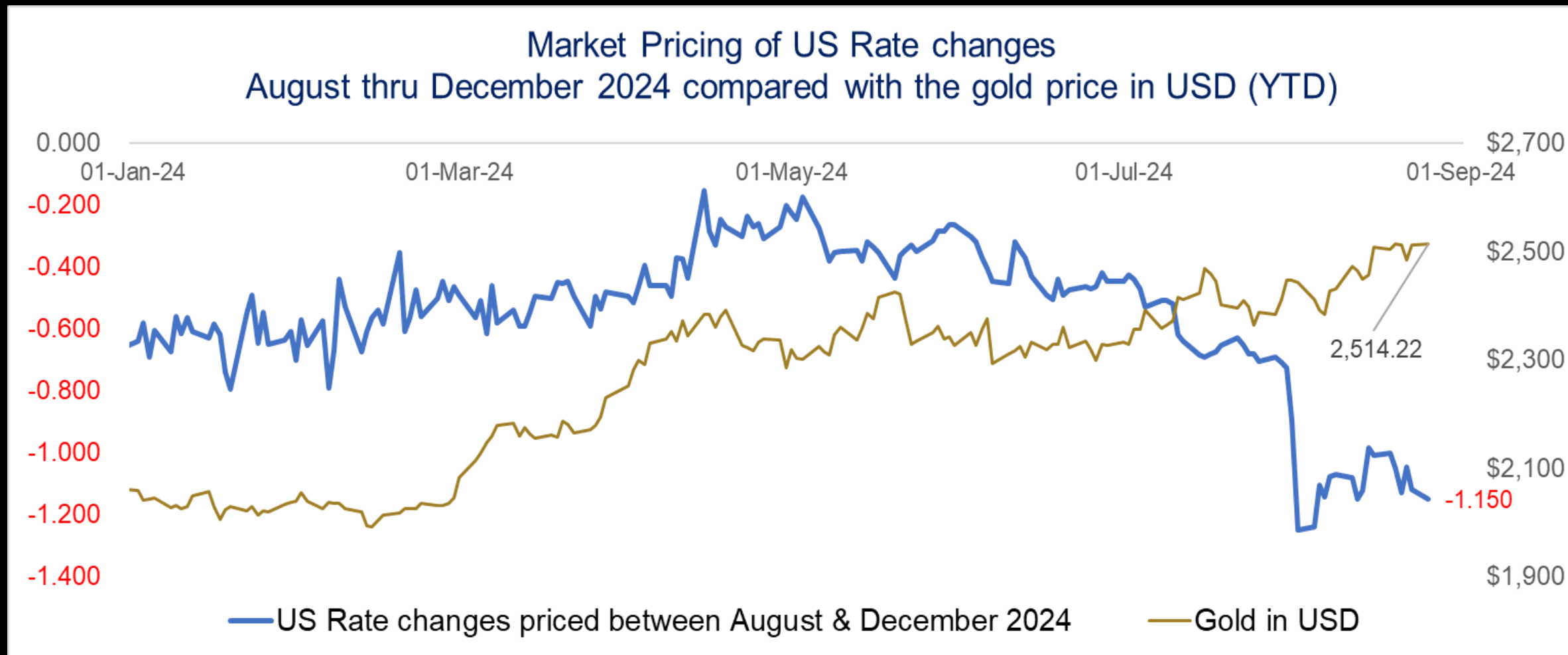
# WEEKLY ICHIMOKU CLOUD CHART

Bullish configuration above the Weekly Cloud top. Look to the Weekly Standard and Turning lines for support, with recent support at the red Turning line, now at USD2,425. The price looks as if it has fulfilled the upside target arising from the breakout of the large triple-top structure in the lower grey box. Time for caution?



# MARKET PRICING OF EXPECTED FED RATE CUTS

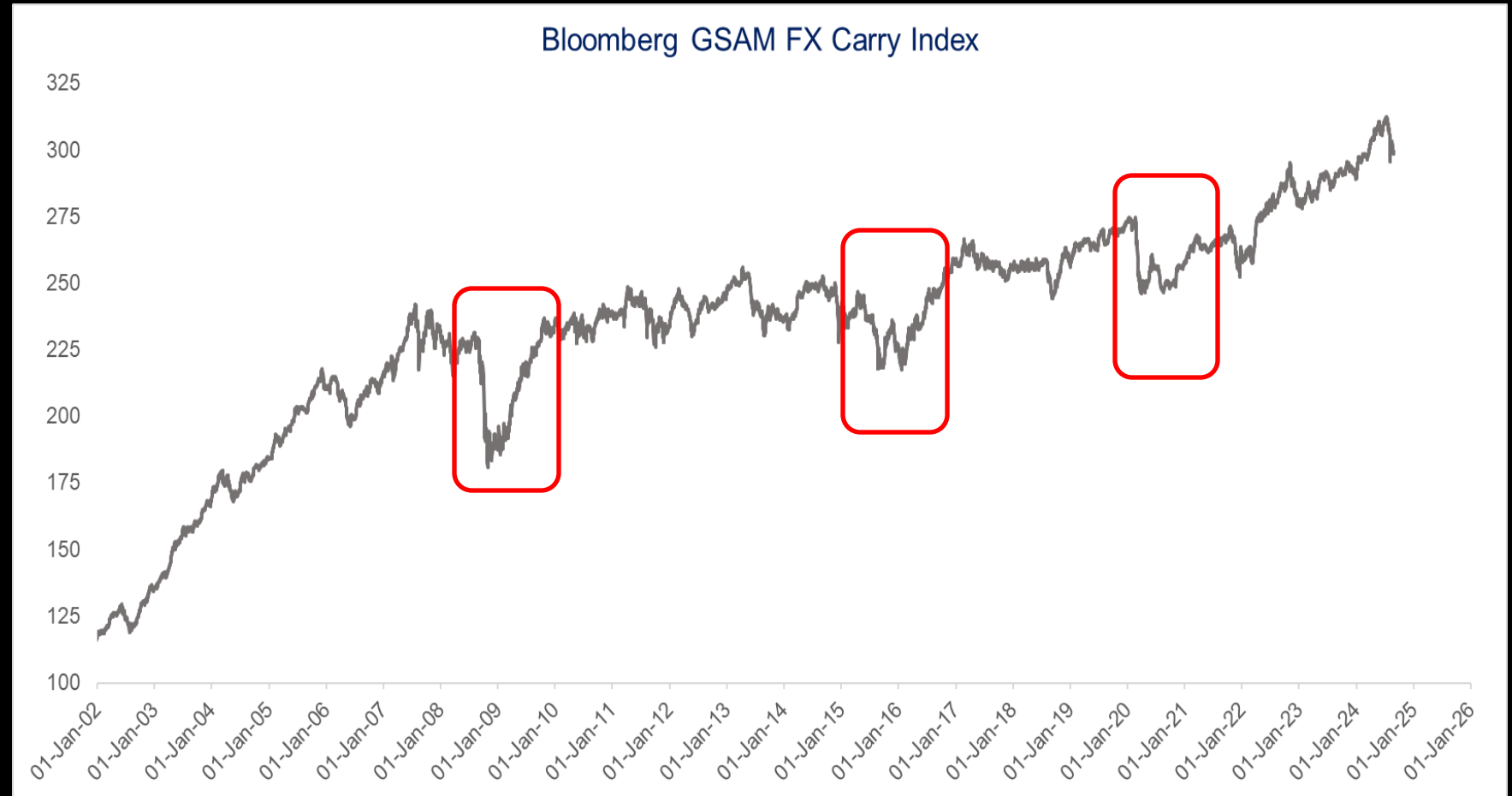
Finally the US rates pivot arrives, amidst admittedly some caviling that labour markets aren't 'that' weak.



Source: ABC Refinery, Bloomberg, Uputa Charts

# JPY CARRY

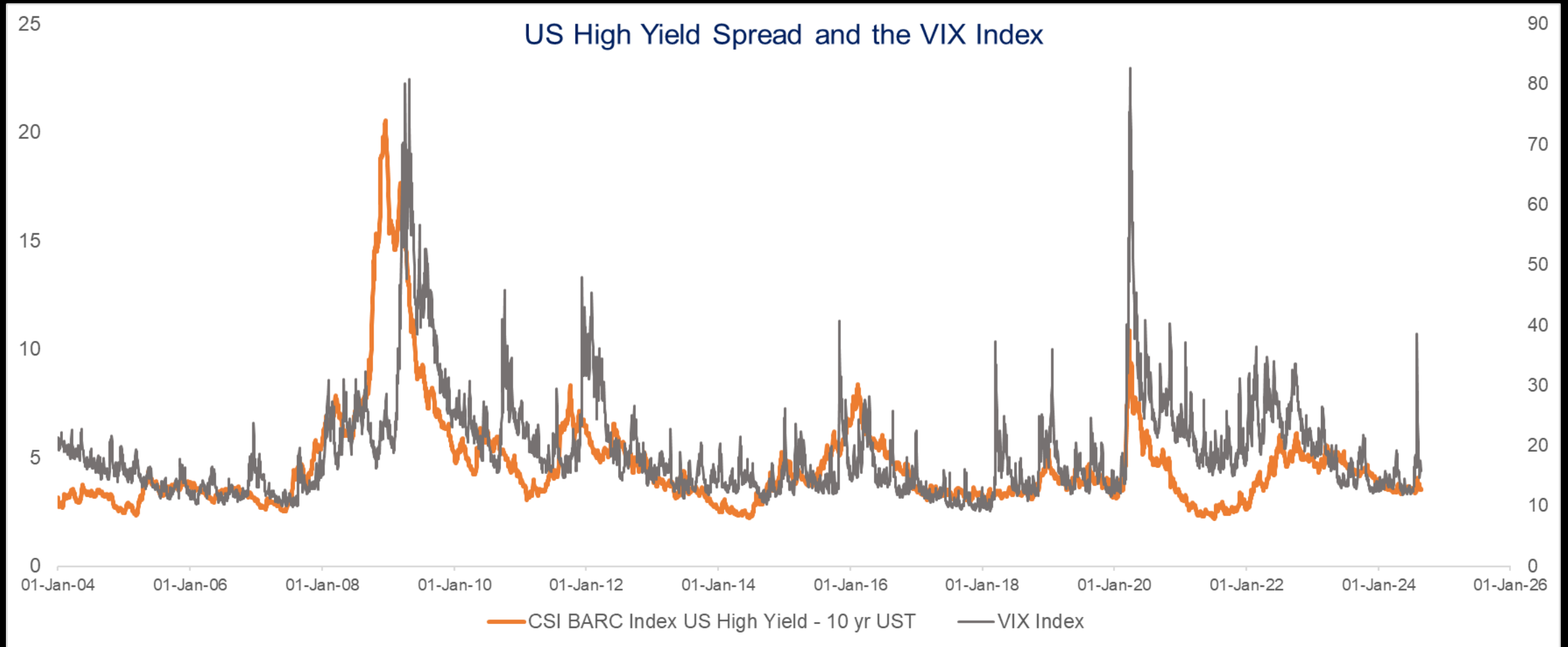
Now that the Bank of Japan has started tightening, alongside higher expectations of policy rate cuts in the US, there is talk about the unwind of the Yen 'carry trade', and to what degree has it been unwound? Not saying I'm with Victoria here but while some unwind is visible in aggregate (can't break out the actual JPY contribution) the decline seems muted.



Source: ABC Refinery, Bloomberg, CME

# HIGH-LEVEL VIEW OF RECENT MARKET VOLATILITY

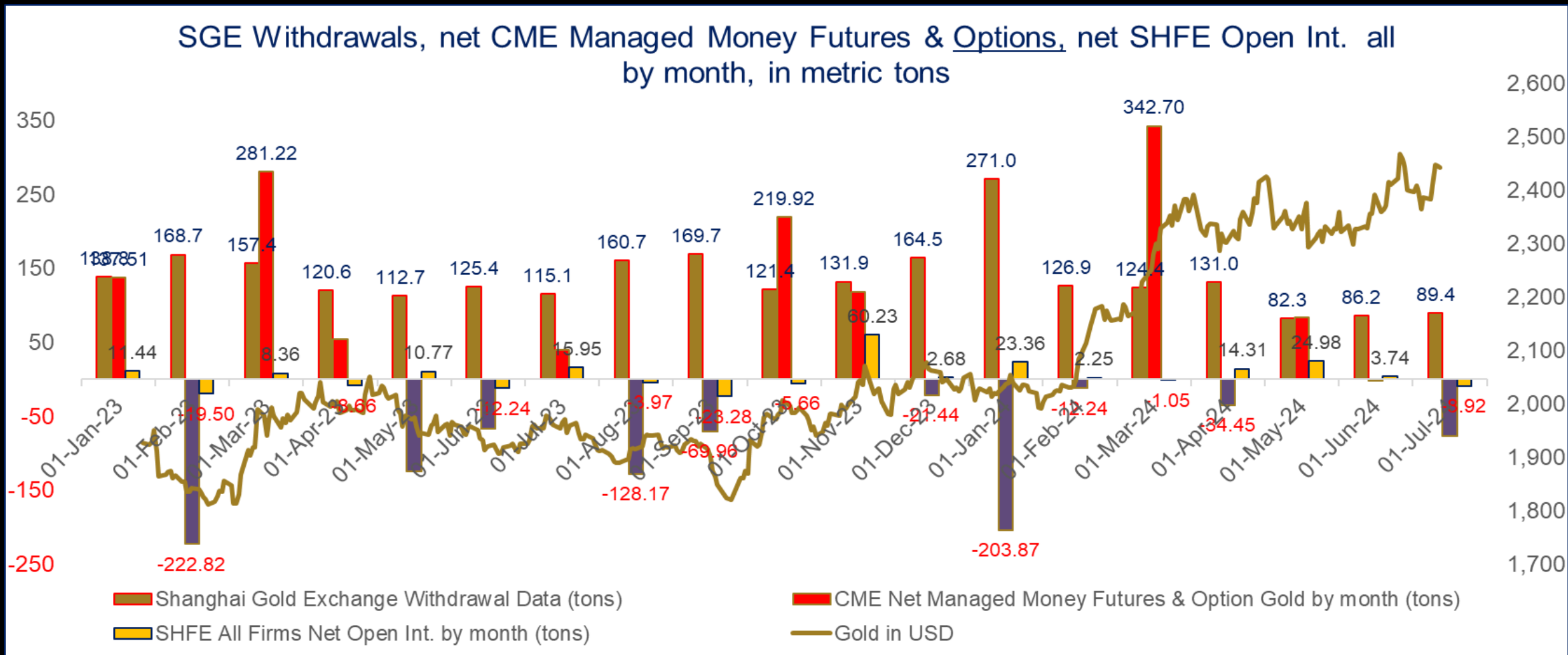
Recent market volatility: a 'vol' event, which is not manifesting itself as a credit event, so in that respect so far quite distinct from previous major episodes of market stress.



Source: ABC Refinery, Bloomberg, CME

# DEMAND ON SELECTED EXCHANGES

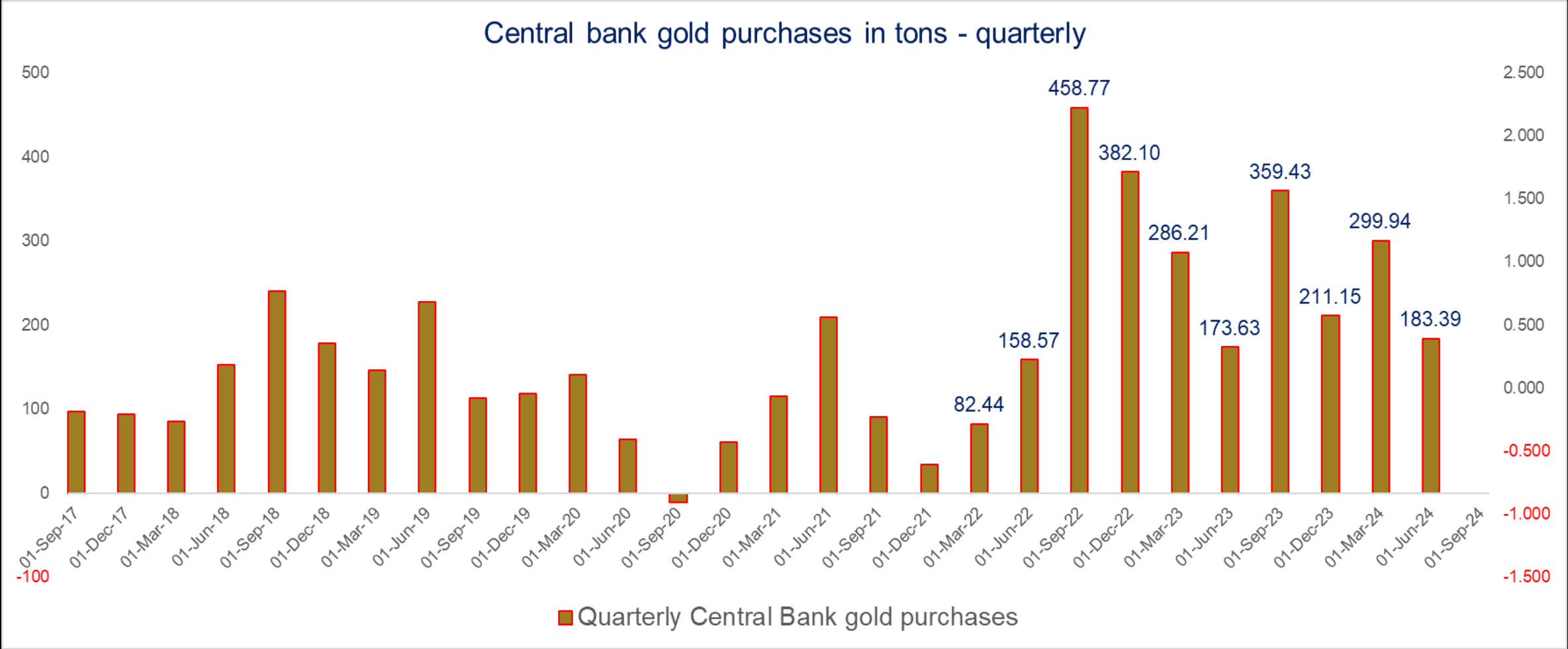
Weekly CME data converted into 'monthly' buckets. Its not perfect as the reporting dates go Tuesday-to-Tuesday but makes it easier to view in aggregate. XAUUSD price to beginning of August.



Source: ABC Refinery, Bloomberg, CME

# CENTRAL BANK DEMAND

Central bank demand is sharply off compared with Q1 in particular and Q4 2023. Official demand is much lower compared with the peak CB demand narrative seen in early 2024.



Source: ABC Refinery, Bloomberg



# CHINESE PROPERTY

Chinese residential property almost certainly falling faster than this after price competition heats up in some Tier 1 cities. Falling equity and property prices probably helped gold, but physical demand may be dragged down by negative wealth effects from property / equities. Will central govt. efforts to boost consumer spending shift the consumer ¥ away from gold?



Source: ABC Refinery, Bloomberg

# Precious Metals Positioning & Volume-weighted Avg Pricing

Gold: long liquidation from the Managed Money sector and some small shorts (established well below the current contract price). Gold ETFs continue to bleed lower.

Volume-weighted Average Price - GC  
Published 27 August 2024

Week ending on:	Weekly Change in Managed Money Positions (Futures only)			
	US\$ VWAP	Longs	Shorts	Net change
Tuesday, 20 August 2024	\$2,516.34	1,829,800	290,800	1,539,000
Tuesday, 13 August 2024	\$2,462.62	2,354,100	-358,800	2,712,900
Tuesday, 6 August 2024	\$2,470.02	-528,300	-370,500	-157,800
Tuesday, 30 July 2024	\$2,431.26	-1,221,600	-172,000	-1,049,600
Tuesday, 23 July 2024	\$2,477.73	-1,870,000	297,200	-2,167,200
		564,000	-313,300	877,300
		64%	36%	
Gold ETF Change in position		487,314		
Total change over period		1,364,614		

Volume-weighted Average Price - PLA  
Published 27 August 2024

Week ending on:	Weekly Change in Managed Money Positions (Futures only)			
	US\$ VWAP	Longs	Shorts	Net change
Tuesday, 20 August 2024	\$954.65	-40,950	-128,750	87,800
Tuesday, 13 August 2024	\$935.11	45,600	53,750	-8,150
Tuesday, 6 August 2024	\$952.86	89,800	278,600	-188,800
Tuesday, 30 July 2024	\$954.52	69,600	-9,450	79,050
Tuesday, 23 July 2024	\$989.88	-464,850	152,600	-617,450
		-300,800	346,750	-647,550
		46%	54%	
Platinum ETF Change in position		-113,971		
Total change over period		-761,521		

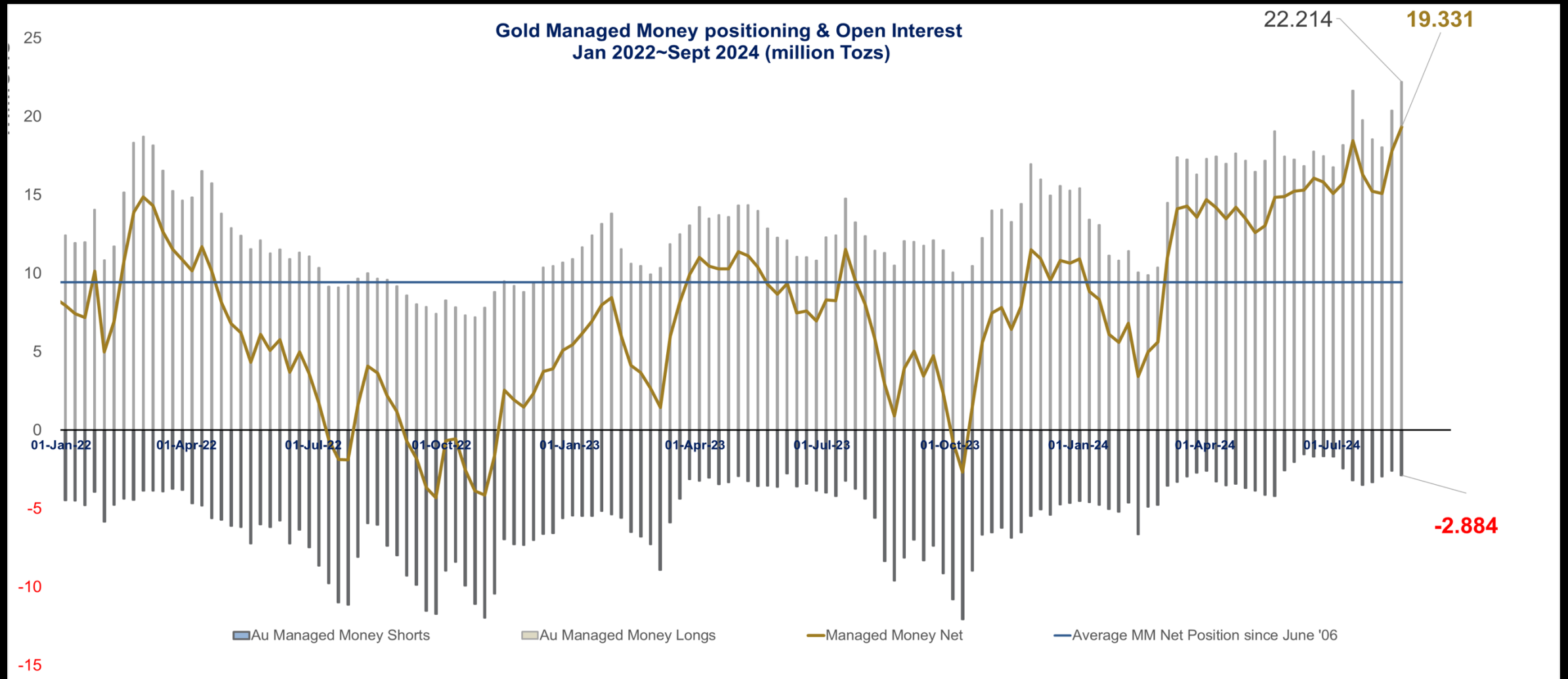
Volume-weighted Average Price - SI  
Published 27 August 2024

Week ending on:	Weekly Change in Managed Money Positions (Futures only)			
	US\$VWAP	Longs	Shorts	Net change
Tuesday, 20 August 2024	\$28.56	18,560,000	-13,965,000	32,525,000
Tuesday, 13 August 2024	\$27.45	-3,660,000	1,590,000	-5,250,000
Tuesday, 6 August 2024	\$28.24	-6,805,000	-7,650,000	845,000
Tuesday, 30 July 2024	\$28.31	-29,895,000	-24,200,000	-5,695,000
Tuesday, 23 July 2024	\$30.13	-59,905,000	-3,300,000	-56,605,000
		-81,705,000	-47,525,000	-34,180,000
		239%	139%	
Silver ETF Change in position		7,754,685		
Total change over period		-26,425,315		

Volume-weighted Average Price - PAA  
Published 27 August 2024

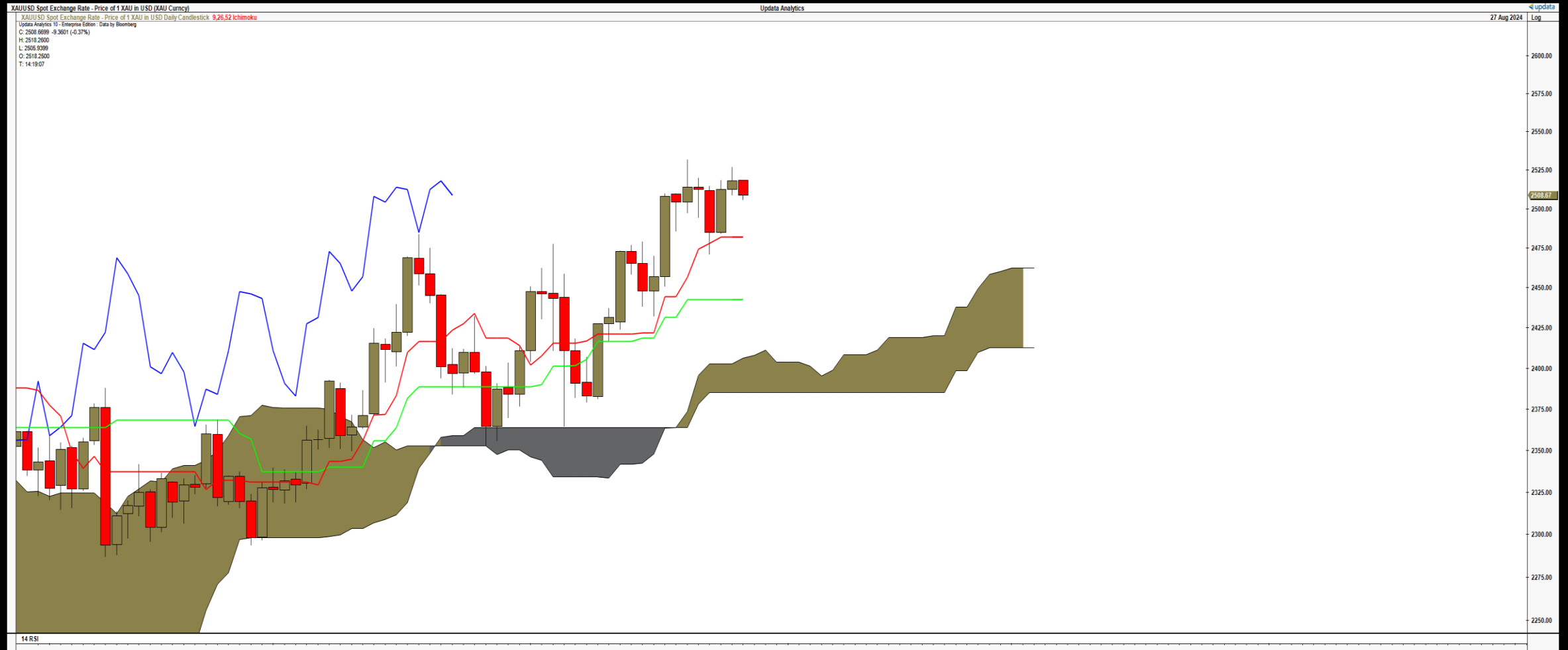
Week ending on:	Weekly Change in Managed Money Positions (Futures only)			
	US\$ VWAP	Longs	Shorts	Net change
Tuesday, 20 August 2024	\$928.48	-49,700	-65,000	15,300
Tuesday, 13 August 2024	\$895.10	-25,800	-147,900	122,100
Tuesday, 6 August 2024	\$875.17	-45,900	1,800	-47,700
Tuesday, 30 July 2024	\$900.49	76,100	194,800	-118,700
Tuesday, 23 July 2024	\$922.05	140,500	464,000	-323,500
		95,200	447,700	-352,500
		27%	127%	
Palladium ETF Change in position		7,248		
Total change over period		-345,252		

# GOLD POSITIONING – MANAGED MONEY ON THE CME



# DAILY ICHIMOKU CLOUD CHART

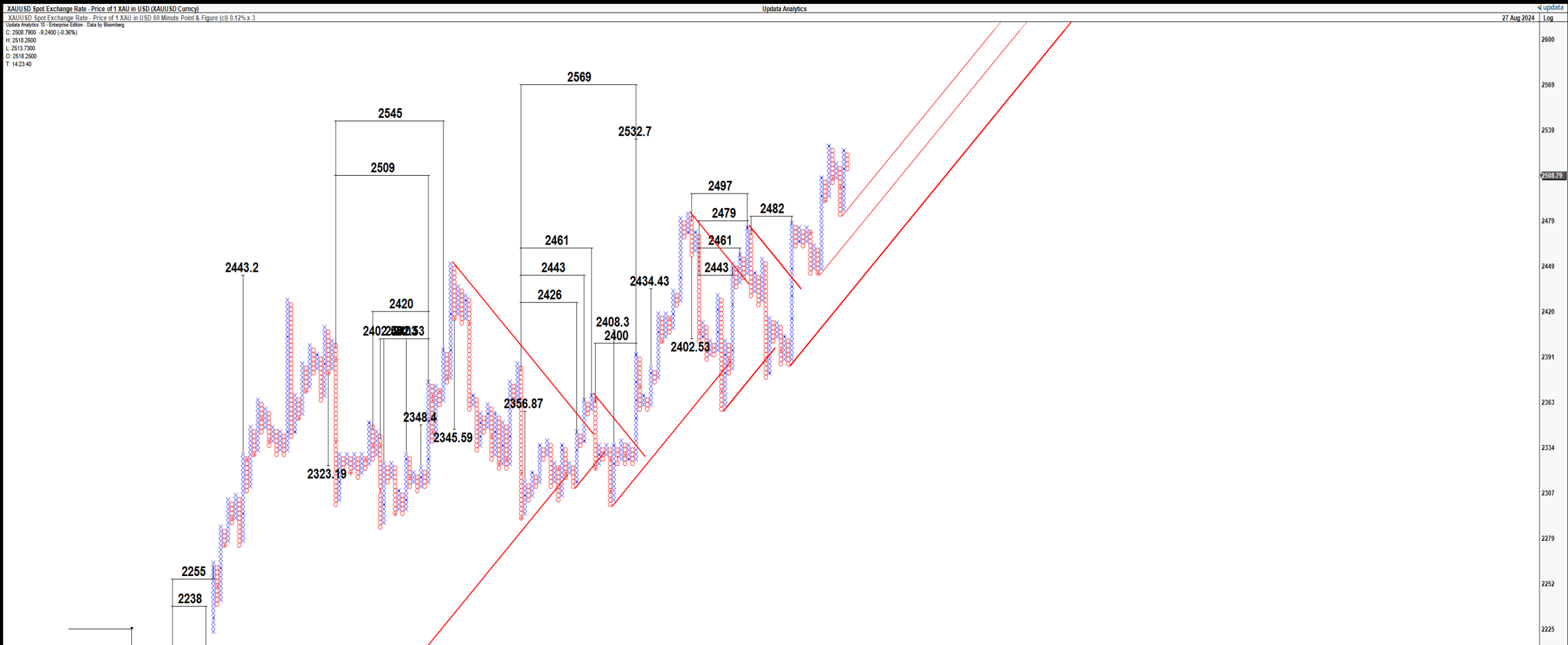
Gold in USD – bullish configuration with the price above the cloud: beautiful support from the cloud top on the 5<sup>th</sup> August drop (and the cloud base on the 26<sup>th</sup> of July). Support at USD2,482 and USD2,442 from the Turning and Standard Lines?





# GOLD HOURLY POINT & FIGURE – MEDIUM TERM

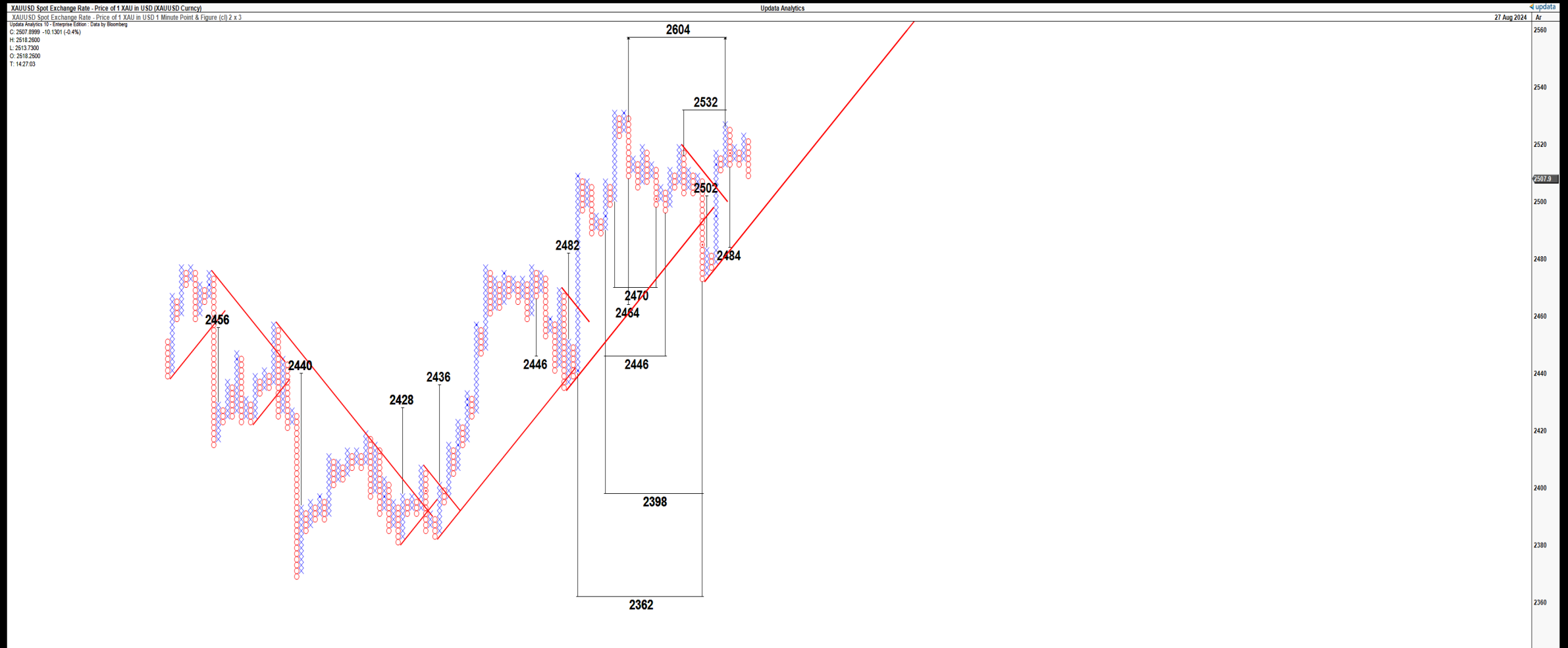
Targets to USD2,532 and up to USD2,569. Very constructive looking but targets pretty close in percentage terms now. Support at USD2480-82 and USD2440.



Source: ABC Refinery, Bloomberg, Udata Charts

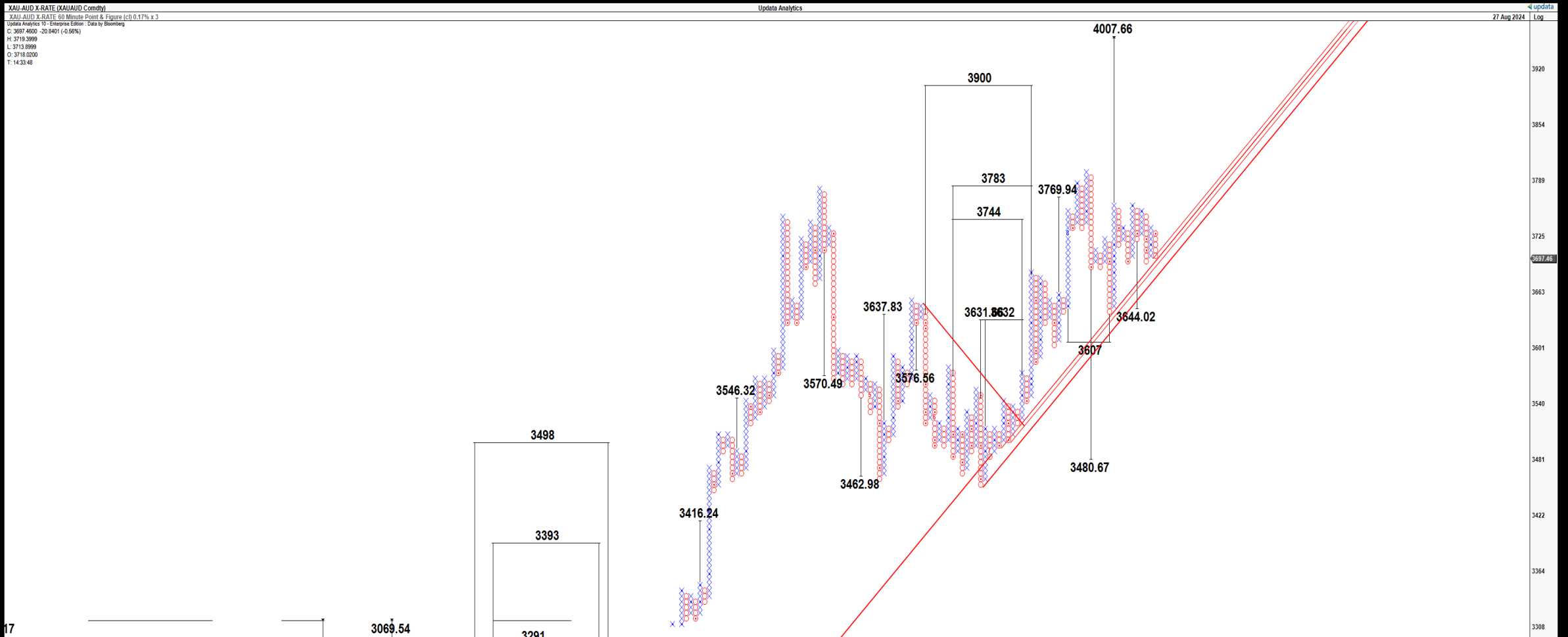
# GOLD HOURLY POINT & FIGURE – SHORT TERM

That USD2532 target was achieved on the 20<sup>th</sup> August. Look for a test of the rising trend-line around USD2490-ish?



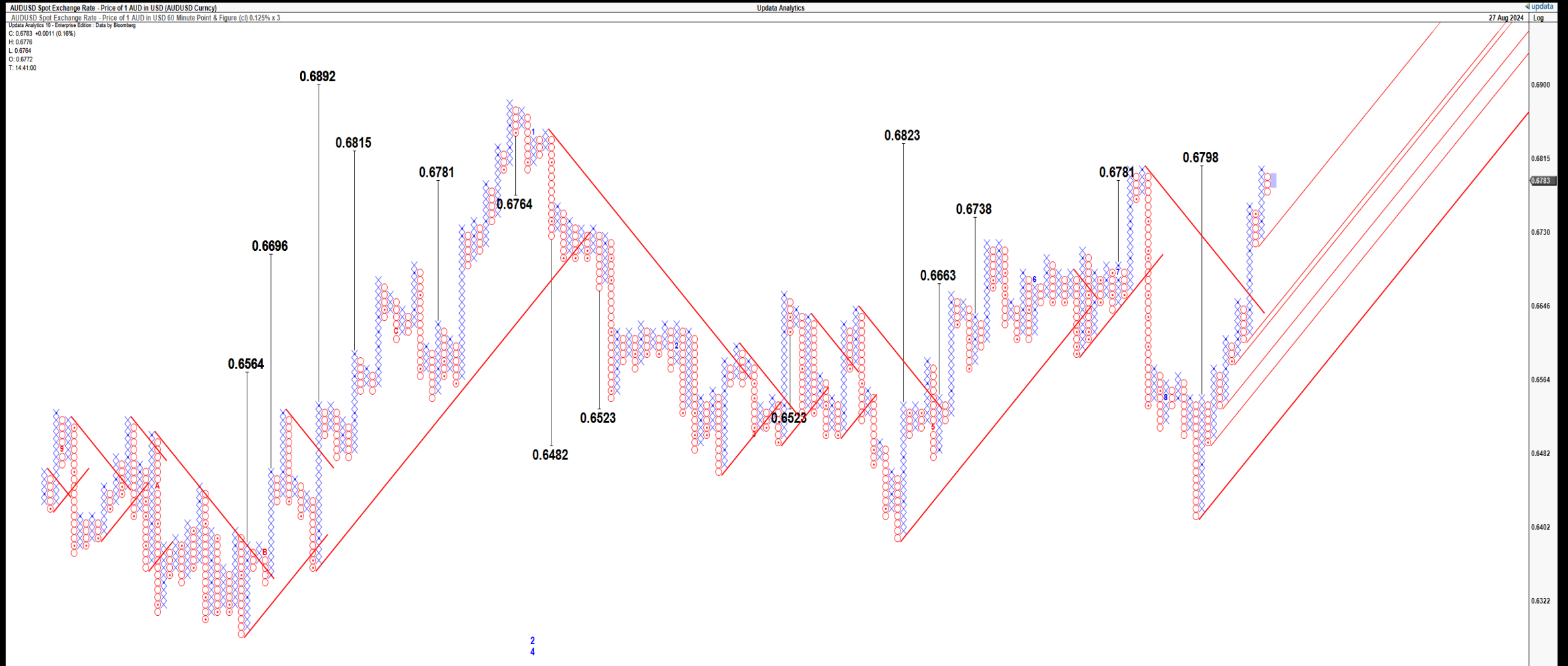
# GOLD IN AUD VIA HOURLY POINT & FIGURE

XAUAUD: nearing trend line support after retreating from the successful assault on the AUD3,769 and AUD 3,783. The outlook is bullish though fairly balanced in terms of up and downside targets.



# THE AUD - VIA HOURLY POINT & FIGURE

The recent rally looks like its on its final legs judging by the remaining upside targets.





# WHERE TO FROM HERE?

Gold rides high on rate cycle news and a degree of geo-political uncertainty (US elections, the change in dynamic with Ukrainian forces counter-punching into Kursk Oblast, Iran, Gaza, Israel.) At least for now, the forces of equilibrium remain notable, for example Iran's reluctance to up-end Gazan ceasefire negotiations, awareness of US naval forces in both the eastern Mediterranean and the Gulf of Oman, and of course the drag of low crude prices which is often curbs Iranian aggression.

US election outcomes do create some stark economic choices in terms of tariffs and impacts on the USD. Neither party has made deficit-reduction a key policy issue however the putative Trump tariff policy (10 % for ROW, 60 % for PRC) would most likely drive the USD higher, which *ceteris paribus*, is a headwind for gold.

Headline numbers show that official sector demand and Chinese demand is significantly lower – higher prices do matter.

Best regards,

Nick Frappell - Global Head Institutional Markets, ABC Refinery

Resistance		
\$2,580.00 \$2,431.00	Unachieved target: Daily Point and Figure (20 USD box, high/low chart) target on Daily Point and Figure 1 %h/l) adjacent to recent 2024 high	
Support		
\$2,425.00 \$2,305.00 \$2,252.00	Weekly Ichimoku Turning Line Weekly Ichimoku Standard line Monthly Ichimoku Turning Line	
Targets		
Upside		Probability
\$2,700.00	Basis Daily 2 % Point and Figure	55%
\$2,635.00	Basis Hourly Point and Figure (3 month expiration)	35%
\$2,604.00	Basis 1 minute Point and Figure (3 month expiration)	40%
\$2,580.00	Basis 1 % Daily Point and Figure (3 month expiration)	44%
Targets		
Downside		Probability
\$2,455.00	Basis Hourly Point and Figure (0.125 % box, 3 month expiration)	31.00%
All target probabilities basis spot:		\$2,507.00

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