

Forecast

Day	Flat
Week	Flat
Month	Down
1 Year +	Flat

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Gold is getting weaker and weaker

- Gold prices are showing increasing signs of weakness.
- While the stochastic indicator shows that the downward movement is far from being completed, the weekly stochastic indicator of speculators' net gold positions also maintains its downward trend. (Chart 1, second, and third panels, respectively).
- The data presented in the second chart tells an even more interesting story. The red line in the top panel of the chart shows that the carry yield of gold continues to hover around negative values.
- It is important to note that the convenience yield is particularly closely related to implied volatility, which is shown by the green line in the bottom panel of the chart. In short, the lower the implied volatility, the lower the convenience yield is. Conversely, the higher the implied volatility, the higher the convenience yield is.
- It seems that the implied volatility has diverged considerably from the historical volatility shown by the blue line in the bottom panel of the chart. This suggests that (1) Option premiums are low. (2) These two charts will probably converge with the rise in implied volatility.
- When this information comes together with the narratives in regard to the first chart, gold prices will likely either remain flat or decline slightly further.

Conclusion: Expect silver to fluctuate between 29.80 - 31.80 for a few weeks.

Chart #1

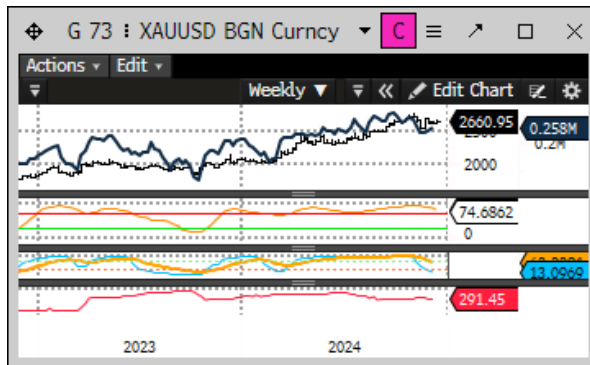


Chart #2

