LBMA

Forecast 2016 An Overview

Metal	First half of January 2016*	Average Analysts' 2016 Forecast	% increase	2015 Actual Year Average
Gold	$1,091	$1,103	+1.1%	$1,160
Silver	$13.98	$14.74	+5.4%	$15.68
Platinum	$864	$911	+5.4%	$1,053
Palladium	$503.78	$568	+12.7%	$691.63

*4th January to 14th January 2016 inclusive. Based on the pm LBMA prices.

Contributors to the 2016 Forecast Survey are predicting price increases across the board for all four metals, ranging from a modest increase of 1.1% in the gold price to a more bullish outcome for the white metals with price increases of 5.4% for both silver and platinum and a more significant increase of 12.7% for palladium prices. It is worth noting that this year analysts are more bullish about the prospects of precious metal prices than they were in last year's survey.

Whilst analysts are bullish this is only expected to be a partial recovery with prices of all four metals forecast to be some way below last year's highs. Forecast contributors are predicting that the gold price will average $1,103 in 2016, 1.1% higher than the first half of January 2016, although still $57 below the actual average price in 2015. Joni Teves is the most bullish analyst forecasting an average price of $1,225 and Martin Squires the most bearish with his forecast average of $960.

In a US presidential election year distortions in the market are expected. Contributors expect the outlook for gold prices in 2016 to be dominated by the size and frequency of US Fed price hikes and the impact on the strength of the dollar. Some volatility in the price is expected particularly given the political and economic uncertainty in the EU, Asia and the Middle East, with contributors forecasting that the gold price will trade in an average range of $978 to $1,231. Prices are expected to bottom out in the first half of the year and rally in the second half boosted by demand from investors in Europe and Asia. The prospect of devaluations in the renminbi and support from investors in China is expected to help prop up the price.

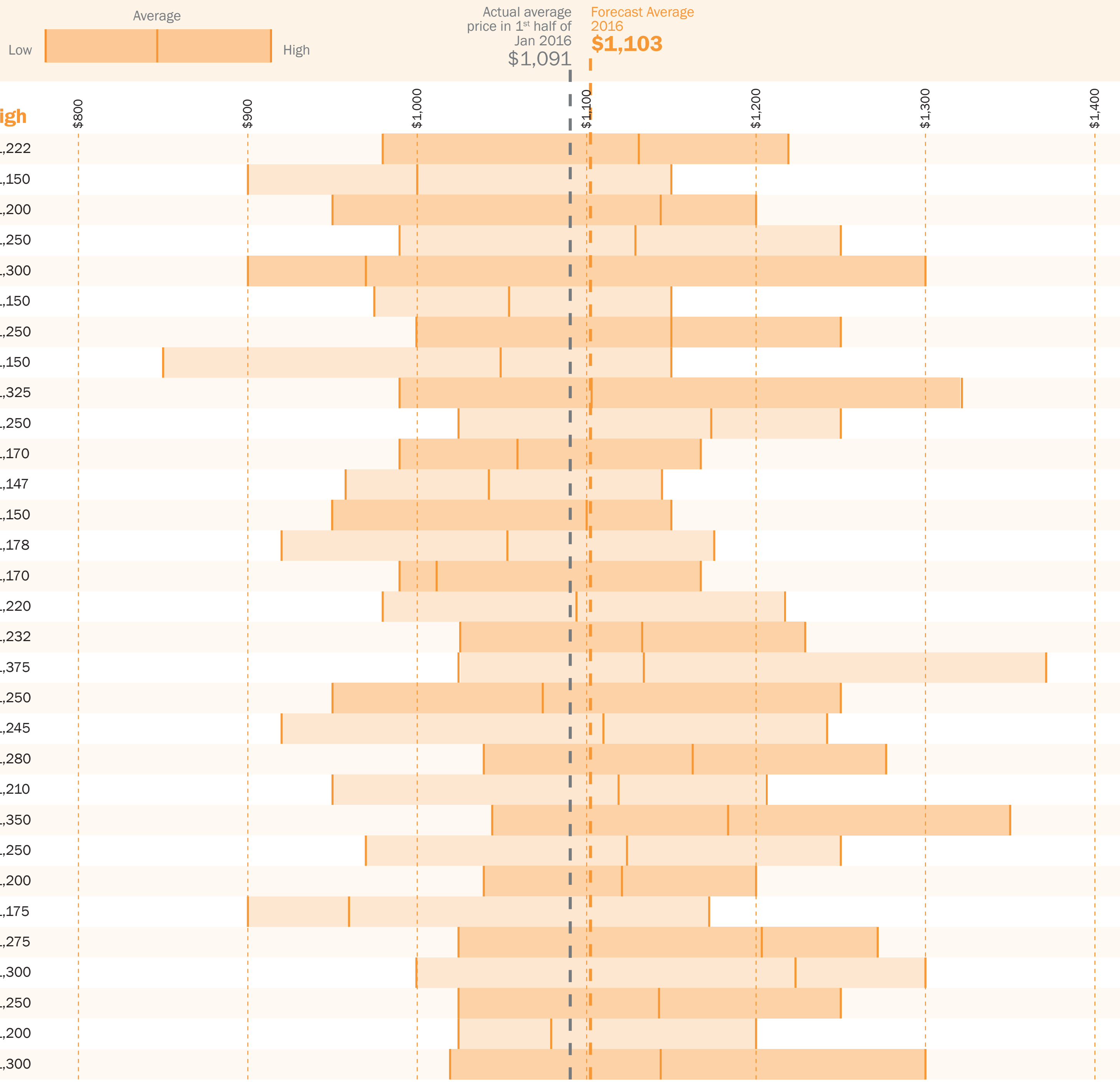
Analysts are more optimistic about the prospects for the price of silver in 2016, forecasting an increase of 5.4% to $14.74 with prices expected to trade in an average range of $12.63 to $16.78. Positive influences for silver include the possibility of further supply deficits and a pick up in jewellery and industrial demand, particularly in the electronics sector. As well as pressure from Fed rate hikes other negative influences for silver include the risk of oversupply in mine and scrap silver and further outflows from ETPs.

Platinum prices are forecast to increase by 5.4% in 2016 to an average price of $911, with the price trading in an average price band of $748 to $1,076. Positive influences include the continued prospect of supply deficits, strong automative demand, limited strikes and the outcome of wage negotiations in South Africa. On the negative side, uncertainties prevail such as the long-term implications of the VW scandal.

Forecast contributors are most bullish about the prospects of palladium, and are predicting that the average prices will increase by 12.7% in 2016 to $568, with the price trading in an average range of $413 to $674. Positive factors include the continued supply deficit and prospect of strong demand from gasoline and auto sales growth. The first half of 2016 could be challenging as subdued oil prices weigh heavily on investor sentiment across all industrial commodities. For palladium, prices could be impacted by slower growth in car sales in the US and China.

To find out more about what will happen to prices for precious metals this year, and more details about the factors that are expected to affect their price, read the views of the experts. The interactive tables for each metal follow, by clicking on the name of each analyst you will be automatically taken to their detailed supporting commentary.

Au



Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$980	**$1,132**	$1,222
Bhar, Robin Societe Generale CIB	$900	**$1,000**	$1,150
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$950	**$1,145**	$1,200
Cooper, Suki Standard Chartered	$990	**$1,130**	$1,250
Dahdah, Bernard Natixis	$900	**$970**	$1,300
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$975	**$1,055**	$1,150
Fritsch, Carsten Commerzbank AG	$1,000	**$1,150**	$1,250
Hochreiter, René Sieberana Research (Pty) Ltd.	$850	**$1,050**	$1,150
Kaneva, Natasha JP Morgan	$990	**$1,104**	$1,325
Kavalis, Nikos Metals Focus	$1,025	**$1,175**	$1,250
Kendall, Tom ICBC Standard Bank	$990	**$1,060**	$1,170
Klapwijk, Philip Precious Metals Insights	$958	**$1,043**	$1,147
Kolomytsyn, Dmitriy Sberbank CIB	$950	**$1,100**	$1,150
Li, Feifei Barclays	$920	**$1,054**	$1,178
Marinov, Valentin Credit Agricole Corporate and Investment Bank	$990	**$1,012**	$1,170
Meir, Edward INTL FCStone	$980	**$1,095**	$1,220
Melek, Bart TD Securities	$1,026	**$1,134**	$1,232
Murenbeeld, Martin Dundee Economics	$1,025	**$1,135**	$1,375
Nagao, Eddie Sumitomo Corporation	$950	**$1,075**	$1,250
Norman, Ross Sharps Pixley	$920	**$1,111**	$1,245
O'Connell, Rhona Thomson Reuters GFMS	$1,040	**$1,164**	$1,280
Panizzutti, Frederic MKS (Switzerland) S.A.	$950	**$1,120**	$1,210
Proettel, Thorsten LBBW	$1,045	**$1,185**	$1,350
Ritter, Hans-Guenter Heraeus	$970	**$1,125**	$1,250
Savant, Rohit CPM Group	$1,040	**$1,122**	$1,200
Squires, Martin BNP Paribas	$900	**$960**	$1,175
Steel, James HSBC	$1,025	**$1,205**	$1,275
Teves, Joni UBS Limited	$1,000	**$1,225**	$1,300
Turner, Matthew Macquarie Bank	$1,025	**$1,144**	$1,250
Vaidya, Bhargava N B.N. Vaidya & Associates	$1,025	**$1,080**	$1,200
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$1,020	**$1,145**	$1,300
Averages	**$978**	**$1,103**	**$1,231**

Click on the name of a contributor and it will take you direct to the supporting commentary

Ag

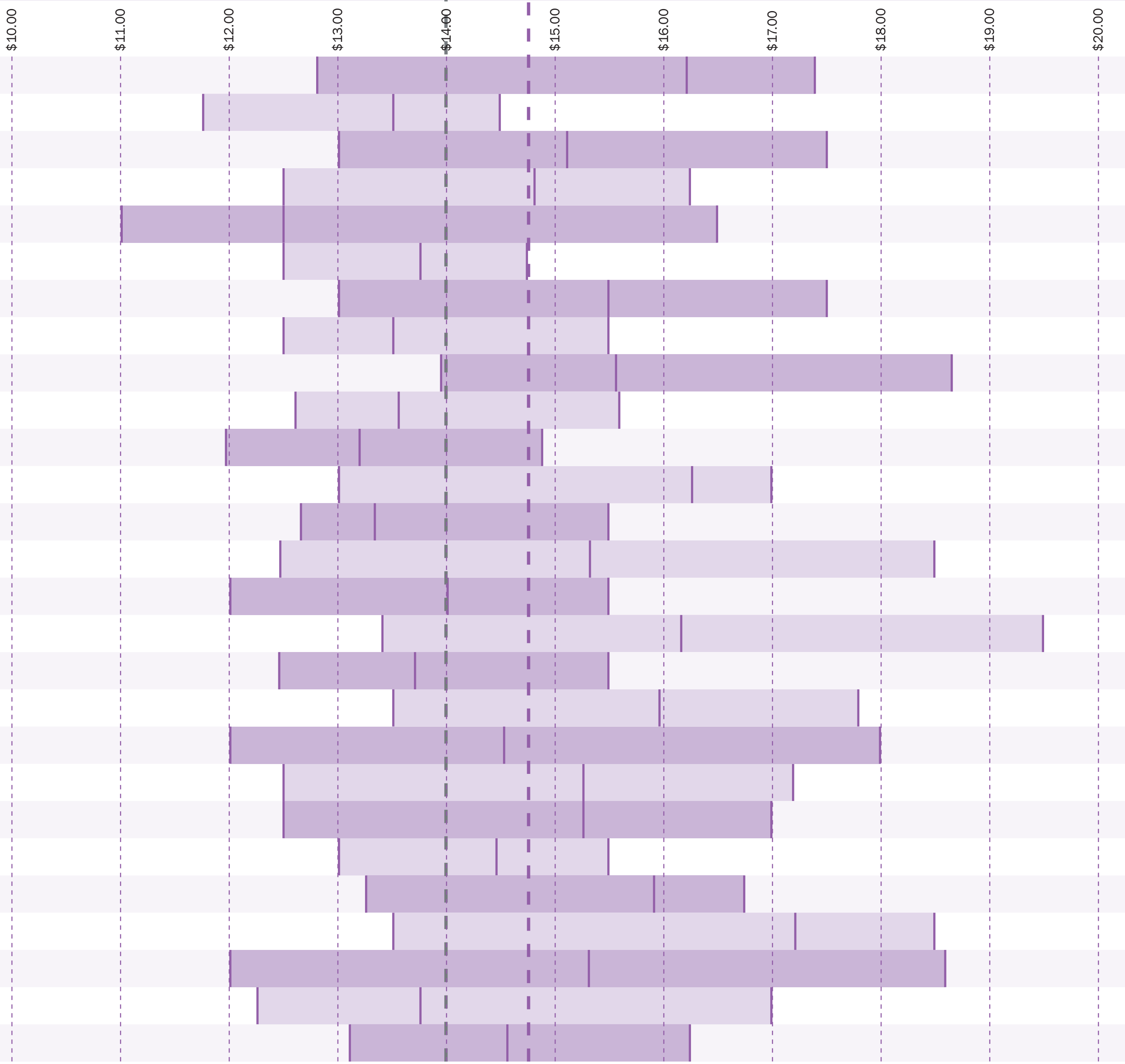
Average

Low | High

Actual average price in 1st half of Jan 2016 $13.98

Forecast Average 2016 **$14.74**

Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$12.80	**$16.20**	$17.40
Bhar, Robin Societe Generale CIB	$11.75	**$13.50**	$14.50
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$13.00	**$15.10**	$17.50
Cooper, Suki Standard Chartered	$12.50	**$14.80**	$16.25
Dahdah, Bernard Natixis	$11.00	**$12.50**	$16.50
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$12.50	**$13.75**	$14.75
Fritsch, Carsten Commerzbank AG	$13.00	**$15.50**	$17.50
Hochreiter, René Sieberana Research (Pty) Ltd.	$12.50	**$13.50**	$15.50
Kaneva, Natasha JP Morgan	$13.94	**$15.55**	$18.66
Kendall, Tom ICBC Standard Bank	$12.60	**$13.55**	$15.60
Klapwijk, Philip Precious Metals Insights	$11.96	**$13.19**	$14.89
Kolomytsyn, Dmitriy Sberbank CIB	$13.00	**$16.25**	$17.00
Meir, Edward INTL FCStone	$12.65	**$13.33**	$15.50
Melek, Bart TD Securities	$12.46	**$15.31**	$18.50
Nagao, Eddie Sumitomo Corporation	$12.00	**$14.00**	$15.50
Newman, Philip Metals Focus	$13.40	**$16.15**	$19.50
Norman, Ross Sharps Pixley	$12.45	**$13.70**	$15.50
O'Connell, Rhona Thomson Reuters GFMS	$13.50	**$15.95**	$17.80
Panizzutti, Frederic MKS (Switzerland) S.A.	$12.00	**$14.52**	$18.00
Proettel, Thorsten LBBW	$12.50	**$15.25**	$17.20
Ritter, Hans-Guenter Heraeus	$12.50	**$15.25**	$17.00
Savant, Rohit CPM Group	$13.00	**$14.45**	$15.50
Steel, James HSBC	$13.25	**$15.90**	$16.75
Teves, Joni UBS Limited	$13.50	**$17.20**	$18.50
Turner, Matthew Macquarie Bank	$12.00	**$15.30**	$18.60
Vaidya, Bhargava N B.N. Vaidya & Associates	$12.25	**$13.75**	$17.00
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$13.10	**$14.55**	$16.25
Averages	**$12.63**	**$14.74**	**$16.78**



Click on the name of a contributor and it will take you direct to the supporting commentary

Pt

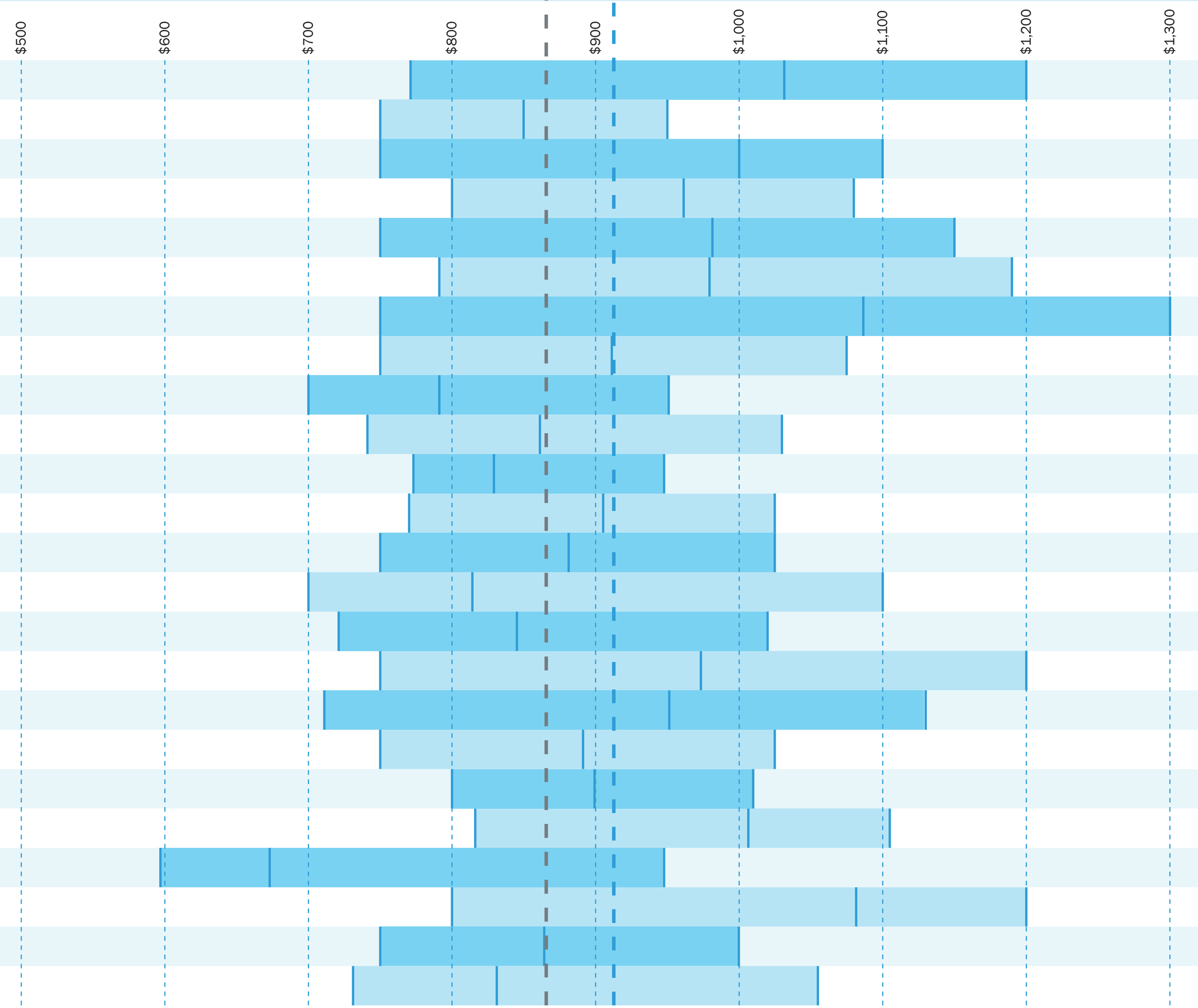
Average

Low High

Actual average price in 1st half of Jan 2016
$864

Forecast Average 2016
$911

Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$770	**$1,030**	$1,200
Bhar, Robin Societe Generale CIB	$750	**$850**	$950
Briesemann, Daniel Commerzbank AG	$750	**$1,000**	$1,100
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$800	**$960**	$1,080
Coles, George Metals Focus	$750	**$980**	$1,150
Cooper, Suki Standard Chartered	$790	**$978**	$1,190
Dahdah, Bernard Natixis	$750	**$1,085**	$1,300
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$750	**$910**	$1,075
Hochreiter, René Sieberana Research (Pty) Ltd.	$700	**$790**	$950
Kendall, Tom ICBC Standard Bank	$740	**$860**	$1,030
Klapwijk, Philip Precious Metals Insights	$772	**$828**	$948
Melek, Bart TD Securities	$769	**$904**	$1,025
Nagao, Eddie Sumitomo Corporation	$750	**$880**	$1,025
Norman, Ross Sharps Pixley	$700	**$813**	$1,100
O'Connell, Rhona Thomson Reuters GFMS	$720	**$844**	$1,020
Panizzutti, Frederic MKS (Switzerland) S.A.	$750	**$972**	$1,200
Proettel, Thorsten LBBW	$710	**$950**	$1,130
Ritter, Hans-Guenter Heraeus	$750	**$890**	$1,025
Savant, Rohit CPM Group	$800	**$898**	$1,010
Steel, James HSBC	$815	**$1,005**	$1,105
Stevens, Glyn INTL FCStone	$596	**$672**	$948
Teves, Joni UBS Limited	$800	**$1,080**	$1,200
Turner, Matthew Macquarie Bank	$750	**$863**	$1,000
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$730	**$830**	$1,055
Averages	**$748**	**$911**	**$1,076**



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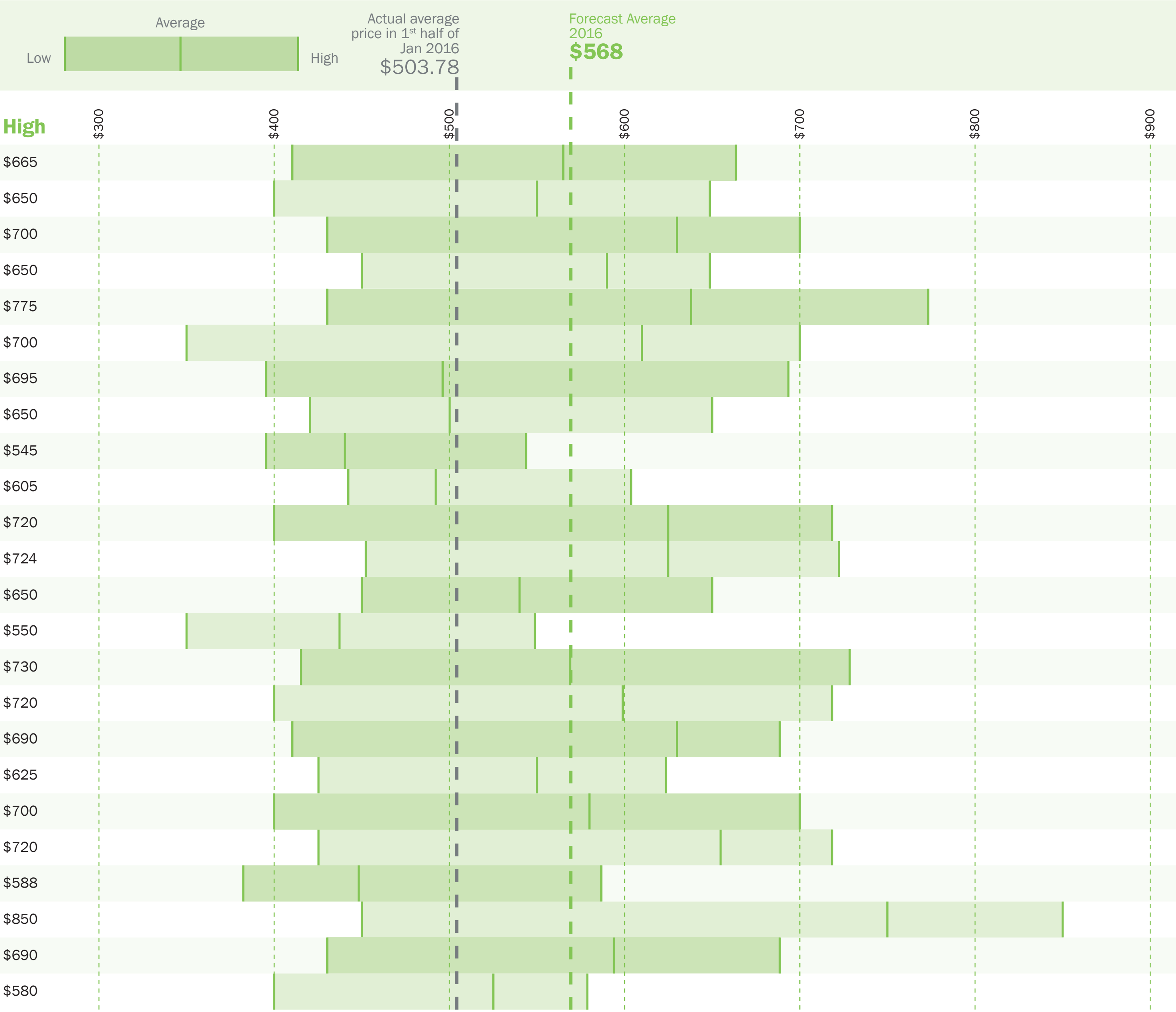
Pd



Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$410	**$565**	$665
Bhar, Robin Societe Generale CIB	$400	**$550**	$650
Briesemann, Daniel Commerzbank AG	$430	**$630**	$700
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$450	**$590**	$650
Cooper, Suki Standard Chartered	$430	**$638**	$775
Dahdah, Bernard Natixis	$350	**$610**	$700
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$395	**$496**	$695
Hochreiter, René Sieberana Research (Pty) Ltd.	$420	**$500**	$650
Kendall, Tom ICBC Standard Bank	$395	**$440**	$545
Klapwijk, Philip Precious Metals Insights	$442	**$492**	$605
Liang, Junlu Metals Focus	$400	**$625**	$720
Melek, Bart TD Securities	$452	**$625**	$724
Nagao, Eddie Sumitomo Corporation	$450	**$540**	$650
Norman, Ross Sharps Pixley	$350	**$437**	$550
O'Connell, Rhona Thomson Reuters GFMS	$415	**$569**	$730
Panizzutti, Frederic MKS (Switzerland) S.A.	$400	**$599**	$720
Proettel, Thorsten LBBW	$410	**$630**	$690
Ritter, Hans-Guenter Heraeus	$425	**$550**	$625
Savant, Rohit CPM Group	$400	**$580**	$700
Steel, James HSBC	$425	**$655**	$720
Stevens, Glyn INTL FCStone	$382	**$448**	$588
Teves, Joni UBS Limited	$450	**$750**	$850
Turner, Matthew Macquarie Bank	$430	**$594**	$690
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$400	**$525**	$580
Averages	**$413**	**$568**	**$674**

Click on the name of a contributor and it will take you direct to the supporting commentary

William ADAMS

Fastmarkets Ltd., London

Au Range: $980 - $1,222 Average: $1,132

Gold prices should average above current levels. While we may not yet have seen the low, we expect concerns about the broader markets, particularly equities and US treasuries, to lead investors to rotate into other asset classes that offer value and act as a safe haven. Since gold prices have been heading lower for four years and other commodities including oil have also fallen heavily – many metals prices are now deep into the marginal producer cost curve – institutional money may see value in commodity baskets again. With global markets looking weak, the US may well delay further interest rate rises, in which case, the dollar may have run ahead of itself. A correction in the dollar (or a lack of further progress for a while) could help underpin commodities and gold.

Ag Range: $12.80 - $17.40 Average: $16.20

The downward trend in silver has lost some momentum – prices have fallen back to a long-term support line dating back to the early 2000s, which seems a likely area to find support. Prices are now back in the range where they were trading before the financial crisis in 2008 – before all the influence of quantitative easing. Since gold prices may not have bottomed out yet, there is scope for silver prices to fall further, but we expect prices to average higher than where they are now. The gold/silver ratio is at 1:77; a more typical level would be either side of 1:60. Silver mine supply is also likely to fall while base metal production cuts are made. We also expect the push into alternative energy to continue, even if low oil prices reduce the urgency. Fund short covering is also likely before too long.

Pt Range: $770 - $1,200 Average: $1,030

The downward trend in platinum prices has been relentless, but the weaker rand and rouble will have greatly helped the world's largest producers to weather the sell-off in dollar-based prices. Falling prices have dented platinum's image in Asia as a jewellery product that holds its value, so the price-elastic swing factor of jewellery demand has been somewhat restrained. Still, we expect this will have built up pent-up demand for platinum jewellery in China. As in all metals, the relentless downtrend in price will have led to considerable destocking, so we expect apparent demand to recover once destocking has run its course. The potential for restocking could see apparent demand swing the other way. Any correction in the rand could have a marked impact on sentiment. We view platinum as significantly oversold.

Pd Range: $410 - $665 Average: $565

Palladium has been hit surprisingly hard, but falling prices in some of the less liquid metals have a tendency to lead to significant levels of destocking. A drop in Chinese auto sales over the summer months will have dented sentiment too. On top of that, fund selling took off in the second quarter last year, which will have pushed prices lower than they may have otherwise gone. Unlike platinum, palladium's use in the jewellery industry is significantly smaller. The weak rouble and rand will have helped producers avoid making production cuts. We see palladium prices as extremely oversold and would look for restocking/bargain hunting to help turn them higher.

Robin BHAR

Société Générale CIB, London

Au Range: $900 - $1,150 Average: $1,000

The gold price should break below the $1,000 level this year and trend lower. We believe that the key medium-term drivers of the gold price are Fed policy, US real interest rates, inflation expectations, the US dollar, central bank gold transactions and retail demand from China and India. The single most important driver is probably Fed policy and our economists predict four more rate hikes this year. Investor ETF gold selling is therefore likely to accelerate this year. We also note that the sharp depreciation in the currencies of major gold producers (such as South Africa and Australia) means that major gold supply cuts are unlikely given that their local currency production costs have been reduced significantly.

Ag Range: $11.75 - $14.50 Average: $13.50

We expect silver to remain on a downtrend, as our bearish outlook is underpinned by the lack of inflationary expectations in the short to medium term, generally lower commodity prices, a stronger dollar and relatively weak investor attitudes towards gold and the rest of the precious metals. Central to this is gradual US policy tightening, lower economic growth in key emerging economies, particularly in China, and hence widespread commodity sector weakness.

Pt Range: $750 - $950 Average: $850

Platinum prices are set to remain weak in 2016, as large above-ground inventory and a subdued outlook for industrial demand will continue to weigh on prices. Moreover, platinum could continue to suffer, to some extent, from weak investor sentiment towards precious metals and the general commodity complex. We expect platinum mine production to edge lower in the following two years. However, despite a weak price outlook, supply will remain relatively resilient. Demand, on the other side, will continue to improve gradually, mostly on a recovery in autocatalyst demand.

Pd Range: $400 - $650 Average: $550

Palladium mine supply is set to flatten this year, before dwindling in 2017. The recovery in demand, however, will remain feeble, predominantly due to pressures stemming from weak economic performance from emerging markets while a cautious investor attitude persists. We expect mine production to flatten in 2016, before edging slightly lower in the following year. Palladium's more favourable supply/demand fundamentals – the market has been in substantial physical deficit for three years in a row and is expected to remain so for the near future – should see prices recover gradually.

Daniel BRIESEMANN

Commerzbank AG, Frankfurt

Pt Range: $750 - $1,100 Average: $1,000

Johnson Matthey expects 2016 to show the fifth platinum supply deficit in a row. In our opinion, this should drive prices up significantly, especially if supply outages occur again in South Africa – there, large numbers of platinum producers are no longer able to cover their costs at the current prices despite the weak South African rand – at the same time as investment demand picks up more strongly.

Furthermore, the automotive industry should remain a key component of platinum demand in 2016 and demand should continue to increase. We expect to see platinum at $1,100 per troy ounce by the end of 2016.

Pd Range: $430 - $700 Average: $630

We anticipate a further year of supply deficit for palladium too. As with platinum, this would be the fifth consecutive year of deficit, which should lend support to the price. Higher supply from mining production and recycling will be offset by purchases by Russia's state minerals depository Gokhran, which has evidently switched to the purchasing side during last year. As far as demand from the automotive industry is concerned, which accounts for 80% of total palladium demand, Johnson Matthey anticipates a year of transition with only moderate growth in demand. Nevertheless, we expect the palladium price to climb to $700 per troy ounce by the end of 2016.

Jonathan BUTLER

Mitsubishi Corporation International (Europe) Plc, London

Au Range: $950 - $1,200 Average: $1,145

Macroeconomic factors may not be overly negative for gold in 2016 despite the US Fed continuing to raise interest rates. Global disinflationary trends resulting from oversupply in the crude oil market will prevail in the first half at least and may reduce demand for gold as an inflation hedge. However, with inflation likely to remain below the Fed's target of 2%, US rates should rise much more slowly than in previous rate tightening cycles, which will keep a lid on Treasury yields. In addition, unless domestic US economic growth strongly surprises to the upside or other major economies aggressively weaken their currencies, the dollar will probably not rally as strongly as it did in 2014-15 – giving some relief to USD-denominated bullion. Risk aversion may help support gold as the distortions caused by earlier monetary largesse, particularly in equity markets, become apparent. China's economic slowdown and effective oversupply in India may lessen physical bullion offtake to a degree, but the official sector should remain a strong net buyer of gold, helping put a floor under prices.

Ag Range: $13.00 - $17.50 Average: $15.10

Silver's industrial properties may expose it to downside risk in 2016: recent signs of contraction in the US manufacturing sector add to evidence of an 'industrial recession' and hold negative implications for silver offtake by industrial users, while the economic slowdown in China could impact demand for silver powders and pastes. In addition, substantial demand for silver from the solar PV sector, part of the initiatives to combat climate change, may not materialise for some years. Offsetting these factors, supply fundamentals should be reasonably supportive of prices in 2016 as curtailment of base metals mining in response to low prices begins to impinge on the supply of silver. Relatively low prices will also keep recovery of silver from scrap at depressed levels. With the macro environment not being wholly negative for precious metals, investors may see the dips in silver prices as decent long-term speculative entry points, and there may be a return to net ETF buying. Offtake in the physical investment market, particularly demand for coins, is likely to remain strong.

Pt Range: $800 - $1,080 Average: $960

Despite another on-paper deficit this year, platinum prices will continue to defy the fundamentals as investor sentiment towards the metal remains generally negative. South African producers will be shielded from the worst of the underlying drop in the PGM basket price by the weakness of the rand, which will further delay inevitable restructuring of operations. Although eventually something will have to give on the supply side, it probably won't be in 2016. Even though producers have less refined inventory than before the 2014 labour disruptions, limited appetite for strikes means that the duration and magnitude of any stoppages will probably be less severe and therefore the impact on the price may once again be minimal. This could help trigger liquidation by frustrated longs as well as new short futures positioning, which will keep a downwards pressure on prices in the first half. Although we anticipate a decline in the market share of diesel vehicles, this will not be too dramatic given that diesel powertrains are hard-wired into European emissions roadmaps, particularly in fleet vehicles.

Pd Range: $450 - $650 Average: $590

Early 2016 has marked a retreat in palladium's price to near six-year lows and, crucially, opened up a technical trading range below the 50% retracement of the 2008 low to post-2008 high in 2014 – palladium's sister metals slipped below this retracement level some years ago and are yet to recover. The first half will remain challenging as subdued oil prices weigh on investor sentiment across industrial commodities, but this may mark a prelude to opportunistic buying by investors and industrial users alike. Palladium's nature as a pro-cyclical industrial commodity means that it should benefit from growth in gasoline car markets. However, a slowing of US car sales as the market approaches its post-recession peak and credit conditions become tighter could weigh on sentiment and physical offtake, plus demand in the Chinese auto sector could suffer if stimulus measures fail to abate the economic slowdown. Mine supply will not grow by much in 2016, and provided scrap flows remain fairly subdued, we anticipate another sizeable market deficit.

George COLES

Metals Focus, London

Pt Range: **$750 - $1,150** Average: **$980**

We may have seen the bottom for platinum, but given recent volatility and the current negative sentiment towards commodities as a whole, we have felt it prudent to put in a low of $750. From a fundamental standpoint, we expect the platinum market to remain in a structural deficit, albeit modestly. During 2016, despite the negative sentiment surrounding diesel vehicles, autocatalyst platinum fabrication should rise, with the main driver being increasing demand from Europe and emerging markets.

Turning to supply, South Africa will remain a key driver for platinum prices. Last year, production recovered strongly from the strike that affected 2014. In addition, the slump in the rand has helped to alleviate pressure to close loss-making operations. Overall, therefore, rationalisation continues to be an arduous process and meaningful production cuts still remain a somewhat distant prospect.

However, with platinum wage negotiations in South Africa set to get underway in the second half of this year, 2016 could prove to be somewhat turbulent. It is hard to see these negotiations progressing without incident, which in turn could see platinum prices benefit from a strike-related premium.

Suki COOPER

Standard Chartered, New York

Au Range: **$990 - $1,250** Average: **$1,130**

2016 is likely to mark a turning point for gold prices. We expect prices to firm on a sustained basis in the second half of the year, with the intra-year lows being set early on. Gold prices have struggled as the market has become US centric, focusing on the first Fed rate hike and sidelining other drivers. But now that the first hike is behind us, we believe the market will shift away from dancing in the shadows of US monetary policy. Gold catching a safe haven bid early in the year on the back of stock market volatility, uncertainty over China and rising geopolitical tensions bode well for gold, highlighting that its focus is evolving. We believe a short and shallow Fed hiking cycle, recovering physical demand and continued central bank buying are set to drive gold prices higher.

Ag Range: **$12.50 - $16.25** Average: **$14.80**

Silver has struggled as both industrial demand and investment demand have faltered, and we believe neither are likely to turn supportive soon. An acceleration in Exchange Traded Product outflows remains a key downside risk, and industrial demand is failing to offer a solid floor. However, the fundamental picture should start to see some tightening on the supply side. Recycling continues to decline and mine supply is likely to plateau this year as by-product output has started to fall, and lower prices make primary production vulnerable. Given that investor appetite remains lacklustre, prices are likely to endure further downside pressure before recovering later this year.

Pt Range: **$790 - $1,190** Average: **$978**

Platinum faces the most challenging outlook across the precious metals, with a number of lingering uncertainties ranging from the long-term implications of the VW emissions scandal to the biennial wage negotiations in South Africa. A weaker rand and lower oil prices have lowered the cost floor, and South Africa's production has recovered to 2013 levels. While we do not anticipate the wage negotiations to be as destructive as in the last round, this could prove to be the catalyst that sparks greater supply discipline. We expect jewellery demand to become increasingly price responsive and do not expect the market share of diesel vehicles to decline substantially in the near term. The platinum market is expected to deliver its fifth deficit in a row, in turn, current prices look unsustainable in our view. But in the absence of firmer jewellery demand or supply discipline, the price recovery will be slow.

Pd Range: **$430 - $775** Average: **$638**

The palladium market is forecast to be heavily undersupplied this year despite growth in recycling and flat mine output. The two key risks remain disinvestment and slower growth in China's palladium demand. The risk of further Exchange Traded Product outflows is partially dependent on a recovery in China's palladium consumption. Given the volatility in China's markets at the start of the year, palladium is likely to remain under pressure in the near term. Thereafter, we expect prices to recover as auto sales in key regions firm. China has introduced an auto stimulus programme that has already boosted car sales. As inventory levels fall, palladium consumption, and in turn palladium imports, should pick up. Although, we expect auto sales to grow in the US, the pace of growth is expected to slow. We do not expect gasoline vehicles to be an immediate beneficiary of the VW emissions scandal.

Bernard DAHDAH

Natixis, London

Au Range: $900 - $1,300 Average: $970

We expect that the biggest influence on the price of gold this year will be the expected path of interest rate hikes. Natixis expects further rate hikes by the Fed this year, which should increase the opportunity cost of holding the metal. Outflows from physically backed ETFs are expected to continue as higher-yielding investments and a stronger dollar become more attractive to investors. The upside risk comes from possible delays in rate hike cycle due to a weak US performance or more severe economic issues in China.

Ag Range: $11.00 - $16.50 Average: $12.50

The strong correlation between gold and silver is expected to remain, with gold leading the way. The main pressure is expected to come from the Fed rate hikes, which will also increase the opportunity cost of holding the metal. From the supply side, an abundance in mined and scrap silver will not help the metal. Strong outflows from physically backed ETPs could potentially weigh heavily on silver (in a similar manner to what happened to gold in 2013 and PGMs at the end of last year). Currently, the amount held by physically backed ETFs is equal to approximately 55% of global production.

Pt Range: $750 - $1,300 Average: $1,085

Our view is that platinum was oversold last year. Strong scrap supply, large outflows from physically backed ETFs and the VW scandal weighed heavily on the metal. Although we expect scrap supply to continue coming into the market (PGM scrap supply tends to be inelastic and dependant on the amount of cars recycled), we believe that most of the large outflows from physically back ETFs have already occurred and that the impact from the VW scandal on diesel car sales is lower than initially feared. South African producers are benefiting from the weak rand, but we believe that most of that depreciation has already taken place. An appreciation of the local currency could make it harder for the producers and lead to further shutdowns.

Pd Range: $350 - $700 Average: $610

As with platinum, we believe that palladium has been oversold. Again, strong scrap supply and large outflows from physically backed ETFs have weighed heavily on the metal. Scrap supply is expected to continue to come into the market, but we believe that most outflows from physically backed ETFs have already taken place. As with South African producers, Russian palladium producers have benefited from a weak rand, but there is a limit to the depreciation of the currency and we think that most of it has already occurred.

Peter FERTIG

QCR Quantitative Commodity Research Ltd., Hainburg

Au Range: $975 - $1,150 Average: $1,055

The crucial question for the gold market is: how often will the Fed hike rates. Many Fed-watchers expect four steps by 25bp, one in each quarter. This would have an impact on the yield of 10yr US-Treasury notes, which would in this case be closer to 3.0% than the current level of 2.1%. Rising yields at the US bond market are likely to lead to further flows out of gold ETFs. And they would also contribute to a firmer US dollar, another negative factor for gold beside the increase of opportunity costs. But also the scenario of only two rate hikes or even unchanged Fed Funds would not bode well for gold. The reason for this policy would probably emanate from an economic slow-down triggered by China. However, a hard landing there would cause less gold demand from the Asian jewellery industry. Furthermore, with crude oil falling and trading lower in 2016 on average compared to 2015, inflation will not show its ugly face, driving investors into gold.

Ag Range: $12.50 - $14.75 Average: $13.75

Silver is usually the more volatile metal compared to gold. However, in 2016, it might also exhibit a narrower trading range with a downward bias. Silver will be also trapped between the rock of rising opportunity costs and a firmer US dollar, and the hard place of weak economies weighing on the demand for silver. Rising inflation will not come to the rescue for silver, either. And in the case of turmoil in the financial markets, silver is not the preferred safe haven. It is then more the industrial use which is in the focus.

Pt Range: $750 - $1,075 Average: $910

Some years ago, VW ran an advertisement with the slogan "if only everything in life was as reliable as a Volkswagen". However, Volkswagen was unreliable with its diesel emission tests and this has hammered platinum lower. This should be priced in and thus it should not have a further negative impact on platinum. Furthermore, buyers might just switch from VW to other manufacturers of diesel cars. As the outlook for the Eurozone remains constructive, also the demand for platinum is likely to increase. But the baseline scenario for gold is also negative for the PGMs. Therefore, platinum prices still have some downside potential, but during the course of the year, the discount to gold is expected to get narrower again.

Pd Range: $395 - $695 Average: $496

Palladium came under stronger pressure in October and also at the start of this year. However, the development of car sales should come in better than reflected in current palladium prices. In the Eurozone, the economic activity is on a firming trend as the PMI and consumer confidence surveys show. This should lead to a continuation of higher new car registrations. In China, GDP growth is slowing, but the tax rebate for purchases of new cars should lead to higher car sales than in 2015. In addition, China is not heading towards a hard landing for the economy. Thus, an improvement of sentiment in financial markets towards China would also be a positive factor for palladium. However, higher interest rates and a firmer US dollar are probably weighing on palladium, too.

Carsten FRITSCH

Commerzbank AG, Frankfurt

Au Range: **$1,000 - $1,250** Average: **$1,150**

The gold price is likely to bottom out in the first quarter of 2016 and then start strengthening, at first gradually and later more markedly. We see gold rising to $1,200 per troy ounce by the end of 2016. Gold should profit from the continued expansionary monetary policy of central banks despite the US Fed raising interest rates. After the first Fed rate hike, the associated uncertainty has abated and physical gold demand should come to the fore again to a greater extent. We expect physical gold demand in China to be robust and demand in India to grow again. Central banks have been net buyers for the past six years and are also likely to buy gold in 2016, as the proportion of gold in the currency reserves held by emerging economies is still low by international standards. The substantial ETF outflows should not be repeated in 2016.

Ag Range: **$13.00 - $17.50** Average: **$15.50**

The silver price should increase on the back of the recovery we expect the gold price to enjoy. As with gold, we are likely to see the bulk of the price rise in the second half of the year. By the end of 2016, silver should be trading at $17 per troy ounce. 2016 looks like being the fourth year with supply deficits in a row. Announced production cuts of zinc and copper ore will also be reflected in a declining silver supply because silver is mined as a by-product of these. Silver demand should pick up, on the other hand. In particular, the replacement of silver in electrical and electronic applications should gradually cease, as evidenced by the trend reversal in demand from the photovoltaic industry.

René HOCHREITER

Sieberana Research (Pty) Ltd., Johannesburg

Au Range: **$850.00 - $1,150** Average: **$1,050**

The Dow saw its worst year since 2008, despite the strong US economy for most of 2015 and a rate hike. Rate hikes, or a strong dollar, are never good for the gold price, but the US may see a recession, possibly in 2017, with its $16tr of debt (103% of GDP), and if the market begins to discount this, the gold price may see some support. With a recessionary outlook for the rest of the world economies, the possibility of a co-ordinated global recession and turmoil in China and the Middle East, gold consumption is rising dramatically especially, and in the latter two regions and through ETFs, we suspect that gold could outperform other commodities and some asset classes in 2016. However, the dollar may outperform other currencies, putting a damper on gold in 2016.

Technically, the gold price is forming a long-term base at around $1,000/oz lasting to 2017.

Ag Range: **$12.50 - $15.50** Average: **$13.50**

As usual, the silver price will likely track the gold price, but with some extra volatility. Our forecast is therefore lower than last year in line with the gold price trend. The biggest demand sector, jewellery and silverware, could add support to the price by virtue of the historically low price. As with other precious metals, the nouveau rich of China will likely drive up silverware consumption during 2016, possibly switching to silver chopsticks and meal bowls (tic). With the current low prices, consumption in the electronics and super-conductor sectors could benefit silver demand. Algorithm trading will most likely see silver rise proportionately with the gold price.

Pt Range: **$700 - $950** Average: **$790**

The platinum price will likely weaken in 2016 from current levels as the weakness in the South African rand vs the US dollar remains the biggest impediment to a cut in South African supply. As seen recently with the South African government sending the rand on a suicide mission (the Nene debacle), we do not see confidence returning to the SA currency or the Zuma government in 2016, and therefore remain of the opinion that the rand will be between 20 and 30 to the US dollar by 2021. Consequently, the platinum price will likely not see $1,000/oz in 2016, especially as there seem to be around 2.2m oz of stocks available for sale. Algorithm trading will likely see the spread opening up between platinum and gold in 2016. Technically, the platinum price is in a bullish position, but if it does not form a double bottom, the price will likely fall below $800/oz for some time to come.

Pd Range: **$420 - $650** Average: **$500**

The palladium price will likely track platinum, although it has some good fundamentals of its own. US and Chinese car sales are strong and will likely weaken in 2016. Pollution levels in China and India are reaching crisis proportion, and palladium loadings in the dominantly petrol vehicle regions will likely rise rapidly and become even more stringent than emissions standards in Europe and the US. This could see the palladium price rise with increased demand in those regions. However, there seem to be some surface stocks of the metal that could satisfy this demand and the price may therefore not rise much in the next 12 months.

Natasha KANEVA
JP Morgan, New York

Au Range: $990 - $1,325 Average: $1,104

Our outlook for gold prices continues to be dominated by the pace of Federal Reserve rate increases and the subsequent impacts on US rates and the US dollar throughout next year. In early 2016, the initial tick higher in interest rates and the potential for another hike in H1 2016 will likely jointly further strengthen the US dollar and weaken gold prices. As we move deeper into 2016, we believe some of the main factors dampening gold prices in H1 2016 will begin to slightly fade as the US dollar begins to weaken into year-end and there is greater certainty around the Fed's rate policy.

Ag Range: $13.94 - $18.66 Average: $15.55

Similar to gold, we believe the largest driver of silver prices over 2016 will be movements in US rates and the US dollar throughout the year, weakening prices particularly in H1 2016 and subsiding a bit into the year-end. We also do not envision much price support from fundamentals. While we believe supply will likely contract next year as by-product production from base metals mines continues to decline amidst lower global production growth in copper and zinc, we also expect silver fabrication demand to contract again next year as well, as demand for industrial applications remains the largest drag on growth.

Nikos KAVALIS
Metals Focus, London

Au Range: $1,025 - $1,250 Average: $1,175

We believe that 2016 will mark the end of gold's bear cycle and are cautiously optimistic about the metal's prospects as the year progresses. The principal assumption behind our view is that US rate hikes will be slow and modest. Coupled with inflation creeping up, even if only at the margin, this should see zero or even negative real interest rates be the norm for yet another year. As investor confidence about this backdrop sets in, short positions in gold will be unwound and, eventually, professional activity on the long side of the market will once again start to grow. The increasingly limited scope for further equity price appreciation should also help in this regard, as should the limited downside for commodity prices in general. It is important to stress here that the upside we forecast over the course of the year is limited and we believe the price is unlikely to break above $1,250 in yet another range-bound year for gold.

Tom KENDALL
ICBC Standard Bank, London

Au Range: $990 - $1,170 Average: $1,060

The US interest rate environment should not be much of a threat to gold in 2016; it seems improbable that the FOMC will be able to vote for more than two 25bp increases this year. Consequently, the rate of liquidation of legacy positions by US investors is likely to slow, particularly if the US dollar rally runs out of steam. Pockets of elevated global macroeconomic and geopolitical risk plus FX volatility will be supportive of defensive buying, but jewellery demand in many locations is struggling. The net result for gold is likely to be a new low for the down cycle followed by the beginnings of a sluggish recovery.

Ag Range: $12.60 - $15.60 Average: $13.55

A fall in Indian demand for silver would not be absorbed easily elsewhere – the country imported close to 8,000 tonnes of the metal in 2015, roughly a quarter of the global market. Other fundamentals pale into insignificance. On the investment side, western retail demand for coins and small bars is likely to remain robust, but ETF liquidation is becoming a concern. Producer hedging would be an increasingly strong cap to the price above $15.

Pt Range: $740 - $1,030 Average: $860

The conundrum of a seven-year low US dollar price, negative cash margins for miners, yet still rising supply is likely to be resolved in 2016, but probably not until the back end of the year. By then, if the price and South African currency have remained anywhere close to current levels, we expect to see a more meaningful supply response. In the meantime, it remains a war of attrition between producers and a battle to stem the negative diesel headlines for the auto industry. The low of the global financial crisis is almost in sight and we expect it to be tested this year.

Pd Range: $395 - $545 Average: $440

Palladium investors are being forcibly reminded that the metal is a by-product, with no marginal cost or incentive price to act as potential support. Projections for growth in the key US and Chinese auto markets have been cut, while automakers are generally very well hedged and do not need to buy spot in quantities that would support the price. The market may be in a theoretical deficit, but refined inventories of metal are equivalent to at least a year of demand. Palladium's period of sustained outperformance relative to platinum and to most other metals is coming to an end.

Philip KLAPWIJK

Precious Metals Insights, Hong Kong

Au Range: $958 - $1,147
Average: $1,043

The gold price will fall further this year due to tighter monetary policy in the US, a further rise in the dollar and unsupportive supply/demand fundamentals. While it is true that the Federal Reserve will be cautious in raising rates, it would appear that the market is now too sanguine regarding the number of increases likely in calendar 2016 (just two on average compared to the Fed's latest consensus view of four). Higher US interest rates will favour the dollar, which will also benefit from secular weakness in the euro and most EM currencies, including the renminbi. Furthermore, in terms of gold's supply/demand fundamentals, the outlook is not price-supportive. The market is likely to remain well supplied, with mine production holding up due to new projects still coming on stream and cost reductions at existing operations, while scope for further reductions in scrap supply are limited. Jewellery demand is set to recover this year but only to a limited extent, in no small measure due to only modest consumption gains forecast for India and China. Critically, the price 'floor' supported by Asian physical demand in the form of jewellery and small bars is again set to move lower. At the same time, very limited institutional investor gold demand and, perhaps also, reduced net central bank purchases of bullion will require yet lower dollar gold prices for the market to clear.

Ag Range: $11.96 - $14.89
Average: $13.19

A further slide in prices is expected in 2016, with silver tending (as is typically the case) to 'outperform' gold to the downside. Besides facing similar economic and financial headwinds this year (particularly the stronger US dollar and soft commodity prices), the white metal will additionally have to contend with lacklustre industrial demand (in part due to the slowdown in Chinese capital investment and construction) and relatively 'sticky' supply from mine production and recycling. In addition, it is debatable whether the underlying level of physical demand from India, investors in bullion products and ETF holders will be as supportive this year as these were in 2015. More likely, lower silver prices will be required to stimulate a continued high level of Indian imports and bullion coin sales, particularly in light of the huge demand seen from both sources last year. Against this, it is probable that outflows from silver ETFs will increase as silver makes new lows for the bear market to date.

Pt Range: $772 - $948
Average: $828

Platinum prices are unlikely to recover materially unless either gold returns to a bull-market (unlikely before 2017) or mine production is cut substantially (much talk but little action) or diesel cars recover their appeal (a hard sell to both European consumers and governments). Rand devaluation and the (much larger) slump in oil prices have given the South African producers some breathing space. In addition, local political factors are an obstacle to any rapid, large-scale cuts to uneconomic operations. Talk of the 'death of diesel' is overblown, but diesel's share of the European market is expected to slide due to greater concern over particulate emissions and a shift away from diesel towards fuel-efficient petrol engines. In the meantime, in spite of lower prices, global platinum jewellery demand is expected to remain becalmed due to relatively little scope for growth this year in the dominant Chinese market. Overall, the platinum market is likely therefore to be in rough 'balance' this year in terms of supply and fabrication demand. This might be considered a condition favouring some upside for the price if it were not for the likely slide in gold prices and the fact that investors are expected to remain negative towards platinum during 2016.

Pd Range: $442 - $605
Average: $492

From a low starting point, palladium is expected to outperform its peers among the major precious metals. Currently, the price is discounting a more negative outcome for the global economy and auto demand than would seem justified, in large part due to bad news from China. Specifically regarding China, while car sales growth has slowed (to 7% last year), the base is much higher (21.1m vehicles). Moreover, combating pollution is a priority and emission controls are becoming tighter. US auto sales also reached a record level last year (17.5m units) and the consensus is that in 2016 there should be a further (albeit smaller) increase in sales. Indeed, global autocatalyst demand is forecast to increase in 2016 and underpin an increase in overall palladium fabrication demand. This will only partly be offset by a small rise in supply (due to higher recycling) such that palladium will remain in a substantial fundamental 'deficit'. In the short run, this can be swamped by investor selling (as seen recently), but as such investors' sales ease some rebound in palladium prices is probable basis 'stronger hands' holding remaining bullion stocks and the metal's healthy supply/demand fundamentals.

Dmitriy KOLOMYTSYN

Sberbank CIB, Moscow

Au Range: **$950 - $1,150** Average: **$1,100**

We estimate that gold prices will average $1,100/oz in 2016, down 5% year on year. We expect to see more pressure on prices as the Fed continues to increase rates. In fact, we think we could see gold temporarily dropping below $1,000/oz, especially in Q1-Q2 2016. However, we could see support from multiple factors, which we list below in order of magnitude/impact:

- Physical demand (including for jewellery), especially in China and India
- Purchases by central banks, particularly in EM countries
- Production cuts not only due to a lower gold price but also increasing costs (higher energy if oil prices recover, or stronger underlying production currency if EM economies start recovering)
- Political tensions, such as an escalation of conflict in the Middle East or the resumption of talk about a break-up of the EU
- Worse than expected slowdown in China, Europe (further quantitative easing) or the US
- Higher than expected global inflation.

Ag Range: **$13.00 - $17.00** Average: **$16.25**

The silver market will continue to be in deficit this year. Mine production will be falling until at least 2019. This will only be partly offset by an increase in scrap collection and lower demand from photography and silverware going forward. The decline in supply in 2015-20 is set to outpace the decline in demand. Based on H1 2015 total cash costs (net of by-products), 12% of global silver production is loss-making, according to GFMS. Based on H1 2015, total cash costs on a co-product basis plus capex, 35% of metal producers are currently not breaking even.

The start of the Fed's rate hike cycle has already been reflected in the silver price, in our view. Investors have had sufficient time to digest this information and decide what to do with their holdings. We think investors do not expect silver prices to decline much further, as ETF holdings remain sticky and have not declined much despite the sluggish silver price. Silver ETFs have also proven more resilient than gold or PGM ETFs. Moreover, COMEX managed money positions in silver have been net long despite the rate hike expectations. In fact, net long positions recently reached a record high level.

We do not think the US will raise interest rates too fast. The world's largest economy is still fragile and significantly influenced by external factors. Inflation remains low, too, while the Chinese and European economies continue to struggle. If US rates do not rise as fast as investors currently expect, we anticipate that market participants will reconsider investing in precious metals, including silver.

Feifei LI

Barclays, London

Au Range: **$920 - $1,178** Average: **$1,054**

We believe macro factors will continue to weigh on gold prices in 2016. Real interest rates in the US are expected to rise, and our economists forecast three 25bp hikes from the Fed during the year. We are bullish about the US dollar, expecting it to strengthen steadily against major currencies, including the euro, Chinese yuan, British pound and Swiss franc. Although inflation expectations are still anchored, we highlight the risk of their shifting downwards. Given the extensive rally in the US equity market since 2009, it is debatable how far and how long the equity risk premium can continue to decline and support gold prices.

Currently, there is a risk of large outflows from gold ETFs, given the weak price performance, and sentiment towards the commodities market is very weak. We highlight the key level of $1,000/oz, below which a large portion of early ETP shares would become loss-making, which may trigger large outflows.

Finally, the physical market is unlikely to offer sentiment support. Chinese demand has been mediocre, while in India, the government is actively reining in gold imports via policies such as the Gold Monetisation Scheme. On the supply side, the beneficial FX moves have helped gold producers stay profitable.

Junlu LIANG

Metals Focus, London

Pd Range: **$400 - $720** Average: **$625**

Palladium's difficult start to 2016 clearly highlights growing concerns about economic prospects for China and the US, as the two contributed almost half of global light vehicle sales (being predominantly gasoline markets). Meanwhile, a lack of price-sensitive demand, the virtually non-existent cost-curve support and abundant above-ground stocks have all made the metal particularly vulnerable to a change in investor sentiment. That said, while the short-term outlook for palladium remains challenging, the medium-to-long outlook remains constructive. After all, among the four major precious metals, palladium is forecast to enjoy the strongest fundamentals.

For this year, despite a continued slowdown in Chinese economic growth, a sizeable structural deficit is expected to remain in place. Moreover, with the new round of wage negotiations in South Africa, palladium should also benefit. As a result, our projection sees professional investor demand slowly improve later in 2016, which should help prices to firm.

Valentin MARINOV

Credit Agricole Corporate and Investment Bank, London

Au **Range:** **$990 - $1,170**
Average: **$1,012**

Gold prices should remain under pressure at the start of 2016, suffering from further strengthening of the US dollar in the early stages of the Fed tightening cycle. We also expect that the still subdued outlook for global inflation should dampen demand for gold as an inflation hedge. One factor that could work against pronounced gold losses should be a potential deterioration in market risk sentiment. Indeed, the combination of lingering concerns about global growth and tightening global monetary conditions after the Fed lift-off could reduce investors' appetite for risk and boost the attractiveness of gold.

The longer-term outlook for gold will remain a function of the expected path for the US dollar as well as the prospects for global inflation and market risk sentiment. We remain bullish about the US dollar but expect the currency to peak in Q3 2016 and start losing ground going into 2017. This should offer some support for gold over the longer term. We continue to expect the global inflation outlook to remain quite subdued and that should keep demand for gold as an inflation hedge in check throughout 2016.

Edward MEIR

INTL FCStone, New York

Au **Range:** **$980 - $1,220**
Average: **$1,095**

We will have to see whether the wobbly start we have seen so far in 2106 in a number of equity markets – if sustained – will change gold's prospects going forward. Outside of this, the rest of the variables arrayed against gold do not look that bullish heading into 2016. We note, for example, that funds continue to flow out of ETFs, with the SPDR now losing money for a third year in a row. Investors also have to contend with a stronger dollar and the prospect of further US rate increases coming our way. The physical side of the market also looks quite uninspiring. Jewellery demand in both India and China is off, as rural incomes in India are under pressure on account of adverse monsoon conditions, while in China, the anti-corruption campaign has also hurt sales. Although we have seen some stepped-up central bank buying this past year, particularly from the Bank of China, we find that central bank buying seldom moves the gold price needle much.

Ag **Range:** **$12.65 - $15.50**
Average: **$13.33**

Silver has reverted back strongly to correlating with gold and we expect it to follow the same trajectory in 2016, although many times last year, we did see the metal track the downdraft in gold more closely.

Bart MELEK

TD Securities, Toronto

Au Range: $1,026 - $1,232
Average: $1,134

With the Fed continuing to tighten monetary conditions throughout 2016, the rising cost of carry will likely ensure that the gold price environment remains quite subdued during the first half of the year. The coming higher yields, a strong US dollar, low inflation along with ongoing investor caution will likely be important factors helping to keep the metal in a narrow trading range, not too far off recent lows. The US central bank is predicted to hike rates while inflation is still very low owing to the firm US currency and plunging oil prices, which suggest that gold will continue to face a considerable real interest rate headwind in the first half of 2016. For these reasons, the yellow metal was unable to break out of the recent subdued trading range, even as risk appetite dried up and equity market volatility spiked.

Conversely, the strong likelihood that the Fed will be very measured in its removal of monetary accommodation, as the US economy closes the output gap and inflation approaches target, should help lift prices from the lows as we near H2 2016.

Ag Range: $12.46 - $18.50
Average: $15.31

Silver should also record a less than stellar performance in the first half of the year, as investor interest in the precious metals complex will remain subdued due to monetary policy dynamics. Concerns that by-product-driven supply growth will outpace total demand amid China and EM growth concerns is another factor that will likely keep silver underperforming gold in the first six months of this year. Silver is negatively impacted by its precious metal characteristics and the fact that it is very much an industrial metal, driven by macroeconomic considerations.

However, its quasi-money properties and stronger industrial activity dependence should help silver to move smartly higher in the second half of 2016. Both monetary and industrial demand should look better in the latter months of the year. Given silver's higher volatility, it should have a fairly robust move higher when markets start to slowly turn to precious metals as a hedge, which also suggests higher yearly highs and lows.

Pt Range: $769 - $1,025
Average: $904

Continued disappointment on the European autocatalyst demand front, along with a poor outlook for gold, has helped to suppress platinum this year. Weak global industrial activity and ongoing China and EM angst has convinced markets and manufacturers that supply is ample. Manufacturers were reluctant to purchase as they wanted to reduce their inventories. At the same time, the VW scandal prompted many to question the future of diesel-powered vehicles.

At current prices, primary production growth will be stymied, even as the South African rand is trading at low levels. A very poor nickel market environment—a source of significant PGM by-product—is reducing mined production in other areas of the world. This suggests that when demand bounces higher, the platinum market should post a modest rally—likely in the latter part of 2016.

Pd Range: $452 - $724
Average: $625

Despite the fact that palladium will likely post robust primary deficits this year and next, it has performed quite poorly in recent months, as jaded investors were all too happy to balance the market from their above-ground holdings. Platinum is down a sharp 30% from the highs recorded back in late October 2015. This very poor performance can be traced to weak gold, October highs and the ensuing poor sentiment in the precious metals complex. But perhaps the biggest negative fact was the concern surrounding Chinese and EM demand, particularly on the autocatalyst front.

The strengthening US dollar along with the rising Treasury yields have increased the cost of carry for all precious metals and has convinced inventory holders to increasingly be willing to part with their hoard, which has made primary deficits a non-factor in lifting price for now. This has helped to balance the market, despite the deep primary deficits.

At the current price around $500/oz, the sector is unlikely to have sufficient appetite to grow production, despite the sharp deterioration in the Russian rouble and the South African rand. As such, when demand prospects for physical demand turn higher along with the global economy and the precious metals environment strengthens when US inflation edges higher, palladium should see considerable upside.

Martin MURENBEELD

Dundee Economics, Victoria

Au **Range:** **$1,025 - $1,375**
Average: **$1,135**

2015 proved to be a disappointing year for gold. Headwinds included a strong dollar, weak global growth, a contraction in (various proxies for) global liquidity, and resultant low inflation rates in key economies. Despite record deliveries on the Shanghai Gold Exchange, investors in western markets continued to reduce their exposure to gold bullion. As a result, gold averaged about $90 less in 2015 than the forecast we submitted at this time last year. (Simplistically, our US dollar assumptions were too low and the resultant gold price forecast was accordingly too high.)

Our 2016 baseline projection has gold averaging $1,110, which we bumped up to $1,135 on account of likely geopolitical and financial crises-induced surges in the gold price. The oil price war could well turn into a financial crisis, for example, if not also cause an escalation in military activities in the Middle East. Russia has already commenced military operations in Syria. This could all get much worse!

Equity markets will also be more volatile in 2016, on account of the many economic/financial problems in China. If the last three to four years of negative correlations between gold and the equity markets hold up (notably the negative correlation between gold and the S&P 500), then gold should benefit from equity market volatility in 2016. Chinese investors, too, will likely turn to gold, along with the US dollar, in response to domestic equity market declines and fears of more yuan devaluations!

We expect key central banks to continue adding to their gold reserves. We expect the Fed to raise interest rates fewer times in 2016 than the consensus estimate; it may raise rates only once, if at all. We think the Fed will be dissuaded from hiking by the negative impact of the strong US dollar on the US economy, the weak global economy (notably weakness in the Chinese economy), equity market volatility and the too low level of US inflation (which any further devaluation of SE Asian currencies – including the yuan – will exacerbate).

There are of course many factors that will affect the price of gold in 2016, but the dollar is a key factor for us. Gold does not normally change direction without a change in the direction of the US dollar. We think the dollar is seriously overvalued; this overvaluation has affected all commodity prices negatively – not just gold (indeed, gold rose against the major commodities in 2015). The critical question therefore is how the US dollar will fare in 2016.

We expect the dollar to remain buoyant in H1 2016 but lose steam in H2 2016. At the time of writing, with the yuan having declined further, it would be dangerous to bet against the dollar. The other aforementioned economic and financial headwinds from 2015 will also continue into 2016, meaning gold investment sentiment will remain neutral/ negative for the time being – all else being constant.

Two factors (of many, to be sure) could undermine the dollar in H2 2016: a Fed reluctant to raise rates and the US election. Regarding the election, a number of Republican presidential candidates (in agreement with more than a few economists) have opined that the high dollar has seriously damaged US manufacturing employment. Candidate Trump has gone so far as to suggest he will introduce import taxes if elected. In short, US policy could turn more protectionist in H2 2016, and take a much tougher stance on currency policies abroad. Together with a Fed already concerned about the strength of the dollar, any fiscal policies aimed at devaluing the dollar will encourage investors back into gold in late 2016 and 2017.

Eddie NAGAO

Sumitomo Corporation, Tokyo

Au **Range:** **$950 - $1,250**
Average: **$1,075**

The yellow metal may need to find a floor before it starts to climb again. The relative strength of the US dollar against other currencies will continue to weigh on investor sentiment, but we believe that gold will find support somewhere below $1,000, because the Fed may struggle to achieve its inflation target and hence will not be able to raise rates much further.

Ag **Range:** **$12.00 - $15.50**
Average: **$14.00**

Supply from mines and scraps will remain stable whilst investment demand will continue to decrease. With more risk of geopolitical tensions, the gold/silver ratio may break above 80 for the first time since 2003. The only bright spot that we see for silver is strong demand from the photovoltaic industry.

Pt **Range:** **$750 - $1,025**
Average: **$880**

Platinum won't stay low forever whilst half of mines suffer from negative cash flows; currency depreciation cannot be the only way for mines to stay in business. But a slower economy in China, disappointing sales of diesel vehicles and excess above-ground inventories will continue to put downward pressure on platinum in the early part of the year. We believe it will find a bottom in the second half of the year.

Pd **Range:** **$450 - $650**
Average: **$540**

The breach of an important support level in 2015 could have triggered stop-loss selling of futures and physical, but we are not too far away from the selling climax. Strong growth in global automobile sales this year is not a certainty but even in this environment, we believe palladium will turn higher as it is the only metal of the four with a supply deficit this year.

Philip NEWMAN

Metals Focus, London

Ag

Range: **$13.40 - $19.50**
Average: **$16.15**

In keeping with gold, silver prices are expected to start recovering this year, with the key driver being a gradual return of professional investors. Two other points stand out. First, given silver's lower market liquidity, it will, on occasion, outperform gold, especially during bouts of gold price strength. This explains our 2016 high of $19.50 for silver, which is likely to emerge during Q4.

Second, several headwinds exist, which could prevent silver from generating significant momentum in its own right. These include the outlook for industrial demand, which may be undermined by the performance in China, not least the government's commitment to maintaining heavy investment in the country's infrastructure.

In addition, we would be surprised to see global physical investment repeat last year's achievement of posting a record high. In particular, we would caution India's appetite to maintain its recent high levels of investment demand, which have contributed to around 19,000t of bullion imports in just three years.

Ross NORMAN

Sharps Pixley, London

Au

Range: **$920 - $1,245**
Average: **$1,111**

Gold forecasting has evolved over the last 20 years from an exercise in running macros on a spreadsheet based upon supply/demand fundamentals, to a broader exercise in gauging the madness of crowds on an economic roller-coaster, to a binary bet upon whether the narrative of the Federal Reserve will overcome rational expectations over unsustainable debt build-up and collapsing international trade, reflected in the commodities rout. Being a US election year, the positive spin will be in overdrive and market distortions on an epic scale.

2016 is shaping up to look much like both 2014 and 2015, which is to say a promising first quarter before an inexorable slide lower, interspersed with temporary bouts of short-covering on geopolitical tensions. Gold's ongoing problem is twofold – unequivocally dollar strength and secondly failure to sustain any momentum in either direction. Although the long dollar trade is looking distinctly overcrowded and long in the tooth, gold remains distinctly off menu for the US institutional investors, while physical Asian and European investors are taking up much of the slack. Despite a forecast for a lacklustre gold price in dollar terms, we see ongoing wins for investors in Europe/UK/Asia/Rest of the World in local currency terms.

Ag

Range: **$12.45 - $15.50**
Average: **$13.70**

It is hard to make too positive a case for silver after three significant successive down years in which prices fell 36%, 20% and most recently 12%, yet it remains one of the best-performing commodities on the year.

As with gold, fund money in the West is expected to continue to flow out of paper silver and be only partially offset by good retail physical investment demand and industrial demand – on balance, the bias looks flat at best, quite possibly lower. The selling of silver ETFs by institutional investors has combined with speculators liquidating their longs on the futures markets, which are now roughly half the levels of a year ago and there remains scope for more in both markets.

The fundamentals remain modestly positive, with silver mine production expected to remain stagnant at just 870 moz, while physical demand is likely to remain especially buoyant amongst retail coin investors and for photovoltaic uses, leading to a modest supply deficit. Ordinarily attractive fundamentals would be positive for silver prices, but not necessarily in the short term. We think investors will need to be patient.

Pt

Range: **$700 - $1,100**
Average: **$813**

It used be said "as goes global auto sales, so go PGMs", reflecting the sector's reliance on the autocat sector. Well car sales have continued at a rollicking pace but with signs of a significant downturn. Car sales in China were up 4.7% in 2015 at 24.6m cars, which followed a rise of 6.9% in 2014. After seven years of growth, the car sector in 2016 is expected to achieve a record high, much helped by prevailing low interest rates. Even in the US, car sales have exceeded the 200 peak and should exceed 21m units. Even European car sales topped the most bullish forecasts, their best in six years – and yet platinum slumbers at a five-year low.

Platinum is weighed down by good mine supply and redemptions from ETFs as funds liquidate their holdings, leaving the market in a modest supply surplus. Despite a positive outlook for car sales, we do not expect PGMs to be a beneficiary – the old adage is dead.

Pd

Range: **$350 - $550**
Average: **$437**

Palladium lost nearly one-third of its value in 2015 despite cracking auto sales. Like its sister PGMs, palladium has benefitted from decades of research and development (much of which has long since ceased) that created environmentally essential applications; however, the inexorable thrifting and even substitution that comes into play as industrial companies seek to mitigate costs is now starting to bite. In short, palladium is paying the price for the lack of innovation and resourcefulness in developing new initiatives or applications.

Like most commodities, in the absence of a stimulus,- palladium will tend towards its marginal cost of production (or even below it temporarily) as investors flee and they punish the indolent. If we see a slowdown in industrial production, which appears very much on the cards, and a prevailing strong dollar, then producers will look to their weak local currencies as the only thing standing between them and the bankruptcy courts.

Rhona O'CONNELL

Thomson Reuters GFMS, London

Au Range: $1,040 - $1,280
Average: $1,164

In early 2016, gold has been responding positively for the first time in many months to equity volatility and geopolitical tensions, and reasserting its safe haven status. The market is not out of the woods quite yet, but prospects are positive. The Fed is watching the emerging markets and the ripple effect from China and the lack of European response to ECB stimulus, as well as its own sub-par inflation rate. It is arguable that gold has been pricing in four US rate hikes this year; we expect two. This result should strengthen sentiment. At the fundamental level, slower Chinese economic growth should actually benefit gold this year. There is pent-up demand in Asia and our field research clearly indicates that investors are waiting to clamber in once there are signs of price rises, or at the least, stabilisation. The outlook for the renminbi is thus likely to be key to gold's fortunes. Expecting further devaluations, Chinese investors are likely to be rejuvenated in 2016. This should be enough to underpin the price and stimulate buying in price-elastic countries.

We expect gold to grind out a slow recovery this year, trading in excess of $1,200 at year-end.

Ag Range: $13.50 - $17.80
Average: $15.95

A broadly unattractive economic environment, combined with silver's precious/industrial hybrid nature, point to a difficult 2016, with silver basing out in the first half, but with substantial market noise and whipsaw action. As the year progresses, silver should turn bullish with gold, with its quarterly trading ranges narrowing. Silver's attraction for the private investor was clear in the strong coin sales in the United States in the latter part of 2015 and interest is expected to reappear via bargain hunting, but to a lesser extent. Last year's ETF erosion should reverse over 2016. The fundamentals point to a very small deficit in the physical market, which OTC investment should easily absorb. In the absence of extreme price moves, silver's supply side is price-inelastic, as is most industrial demand; jewellery can be affected by extremes in the gold price, but overall the silver price is driven by sentiment. Silver should enter a bull market in the second half of this year, but only a gentle one.

Pt Range: $720 - $1,020
Average: $844

Platinum has been plagued by sluggish demand and the reluctance of miners to reduce output, which would increase unit costs, although in South Africa the slump in the rand is helping to an extent. Barring exogenous shocks, only marginal decreases in production are expected in 2016 (and 2017). On the demand side, the market should expect rises in loadings on catalysts manufactured in Europe in 2016 ahead of the changes in test-bed conditions in 2017, and the associated increase in platinum usage in the region will more than offset a drop in usage in North America and Japan, while Chinese demand will continue to rise as the country addresses its particulate pollution issues. The market is moving into deficit, but is struggling in early January under negative sentiment. A long and tortuous recovery is expected as all the bad news is believed to be in the price.

Pd Range: $415 - $730
Average: $569

Palladium was dogged by poor sentiment over 2015 on the back of price-inelastic supply (with the possible exception of a hiatus in scrap return from collectors in the face of low prices) and concern over the Chinese economy, an increasingly important contributor to autocatalyst demand. Supply this year is expected to contract marginally in most regions, largely for operational reasons, while demand sees auto offtake rising, jewellery still falling (apart from in Europe) and a mixed pattern among other industrial sectors. Although the market has high inventories, it is entering a period of prolonged deep deficits. In early January, it is heavily oversold and trading at 66-month lows, down by 50% from the September 2014 highs. It is clearly arguable that all the bad news is more than priced in and a rebound followed by consolidation and a fresh bull market can easily be envisaged, although it could take the whole year to unwind the falls from early October 2015 to early January 2016.

Frederic PANIZZUTTI

MKS (Switzerland) S.A., Geneva

Au Range: $950 - $1,210 Average: $1,120

Gold declined by 10.30% in 2015. In H1 2016, we expect gold to weaken further on the back of a strengthening US dollar. Gold could break as low as $950.00/oz. Still, the ongoing geopolitical turmoil should provide a floor on the price of gold. As the price moves lower in the early part of 2016, we expect physical buying to increase further and the geographical shift in gold from the West to the East to gain momentum. As the Fed further tightens interest rates, the over inflated US stock market could face a significant downside correction. This should prompt gold to recover in the second half of the year, possibly moving as high as $1,210.00/oz. China and India will remain the main consumers. The official sector shall continue to be on the buying side. We anticipate gold to average $1,120 in 2016.

Ag Range: $12.00 - $18.00 Average: $14.52

Silver closed the year at $13.82/oz or almost 14% lower in 2015.

In a strong US dollar environment and with further gold weakness in Q1, we would expect silver to further decline in the first months of 2016, possibly as low as $12.00/oz. As we expect gold to recover in H2, silver is likely to increase gradually and outperform the yellow metal. Improving global growth should result in rising industrial demand, while the mining output is set to further decline as some larger mines are cutting back production. We expect the silver price to peak at $18.00/oz toward the end of the year and its 2016 price average to be $14.52/oz.

Pt Range: $750 - $1,200 Average: $972

Platinum declined by almost 28% in 2015, despite the supply deficit. Gold and silver are set to further decline in the first few months of the year and will likely drag down platinum as low as $750.00/oz. Further ETF redemption could weigh on the platinum price in the first half of the year. A price recovery among the four precious metals in the second half of the year will particularly benefit platinum, especially once investors and jewellery consumers start to gain confidence in the upside trend and purchase more platinum. This could push the platinum price as high as $1,200.00/oz toward the end of the year. The autocatalyst demand should be another positive factor as car demand is set to further increase with global growth recovery. We expect the platinum price to average $972.00/oz in 2016.

Pd Range: $400 - $720 Average: $599

Palladium underperformed the other precious metals as it declined by 31% in 2015, while all fundamentals had suggested the white metal would strengthen.

In the first half of 2016, palladium will likely continue to remain under pressure and trade in the shadow of gold. The strong US dollar and the lack of investment interest will contribute to lower palladium prices. As we move into the second half of the year, palladium should recover and enter into a bull trend supported by sound fundamentals. Better prospects for autocatalyst consumption in H2 combined with several years' supply deficit shall contribute to the price recovery. As platinum and palladium prices recover in the second half of the year, investors will gain interest, and we expect investment and speculative buying to push the palladium price as high as $720.00/oz. Our expected average for 2016 is $599.00/oz.

Thorsten PROETTEL

LBBW, Stuttgart

Au Range: $1,045 - $1,350 Average: $1,185

After three years of decline, there is a good chance for a comeback of gold in 2016. The downturn of global stock markets at the beginning of the year proves there are high uncertainties among investors. Besides that, higher interest rates in the US have lost their threat for precious metals. That story is already priced in and the Federal Reserve pronounced only modest further hikes.

Ag Range: $12.50 - $17.20 Average: $15.25

The Silver price will be influenced positively by the gold price this year.

On the other side, quotations will face the burden of ongoing discussion about presumably lower commodity demand in Asian markets. Silver thrifting in industrial applications will go on, but it will not have the impact as in past years due to lower prices. Investment should remain stable or even accelerate in times of economic uncertainty.

Pt Range: $710 - $1,130 Average: $950

The platinum market will face the same challenges in 2016 as it did last year, with a general oversupply and stagnant demand from the car industry. But diesel engines will not disappear despite diesel-gate. It is even possible that higher platinum loadings of catalytic converters are necessary to fulfil emission standards. Production will probably decrease, especially in South Africa, and as the price is already on a very low level, I expect a modest recovery. An element of uncertainty will be the future jewellery demand from China.

Pd Range: $410 - $690 Average: $630

Falling palladium prices in 2016 could be the result of a scenario where market participants assume dark clouds of a new recession in core car markets. Overall, it seems to be more realistic that 2016 will become a year of fearful but stable growth. In that case, palladium should cost more at the end of the year than now. Multi-year low crude oil prices have already led to a swing in US car demand, where bigger engines are popular again. That will lead to continued growth in palladium demand.

Hans-Guenter RITTER

Heraeus, Hanau

Au Range: $970 - $1,250 Average: $1,125

We remain cautiously optimistic for gold in 2016. Temporary price dips could spin the price below the magic $1,000/oz mark. Nevertheless, the bulk of the price corrections should now lie behind us. Scrap flows will continue to decrease and thus we expect a slight drop on the supply side. Despite minor interest rate adjustments in the US, reducing the attractiveness of holding gold, physical investors will remain in favour of gold. Currently, we are confronted with too many bad news stories to ignore gold to make us too bearish.

Ag Range: $12.50 - $17.00 Average: $15.25

A robust industrial demand, a soft landing in China and continued good buying interest from coin investors best describe silver. With the reduced mining of base metals and generally less silver recycling at low prices, silver supply will probably remain in physical deficit for yet another year.
In combination with the expectation of moderate interest rate hikes in the US, we thus see silver developing even slightly more favourably than gold.

Pt Range: $750 - $1,025 Average: $890

After one of the worst years for platinum, we still do not expect a turnaround in the sentiment for the white metal. In 2015, mine production has recovered to above the pre-strike levels of 2014. Given the low prices, mines continue to experience tough times and have to fight for survival. The dramatic fall of the South African rand boosts the revenues and buys time to consider future strategy. This in turn will delay any necessary cuts on the supply side. On the demand side, we will continue to see headwinds. The Volkswagen scandal and bans for diesel-powered cars in big cities are threatening demand. The introduction of EUR 6 should provide some support, given that the low price environment demand from the jewellery sector is disappointing and is not balancing lower demand in other sectors as it used to in previous years.

Pd Range: $425 - $625 Average: $550

Out of all metals, palladium has probably the best fundamentals. Prevailing supply deficits have been met in the past with above-ground stocks and increasing recycling. The good automotive demand is expected to continue. Supported by the weak oil price, consumers will be encouraged to buy bigger cars. With almost two-thirds of the consumption coming from this sector, it should lend strong support to demand. We thus think that the prices have little room to fall further and we are more positive for the price development during 2016.

Rohit SAVANT

CPM Group, New York

Au Range: $1,040 - $1,200
Average: $1,122

CPM Group expects 2016 to be another year of weak prices for the commodity sector as a whole. The good news is that the losses for gold are expected to be limited, as gold prices are perceived in the markets as already having experienced most of their downside moves. Prices may not be expected to rise sharply, but neither are prices expected to continue to decline as sharply as they have over the past three years. During 2016, lacklustre global growth and ongoing gold purchases by central banks should prevent prices from declining from recent levels, but these trends may prove insufficient to propel gold prices higher. On the upside, gold prices are expected to be capped as investment demand for the metal remains soft. Investors are expected to be buyers when prices soften or move sideways, but not necessarily when prices begin to rise. It will take a forceful upward move to get some investors back into the gold market. This is because investors do not see any real economic or financial crises sufficient to push gold sharply higher as likely to occur soon and thus they will be reluctant to buy gold in an environment in which prices are only rising moderately.

Ag Range: $13.00 - $15.50
Average: $14.45

It is expected that silver prices may well be near their bottom as of late 2015 and early 2016, but the initial upside potential for silver prices in 2016 also may be limited. On a short-term basis, silver prices might decline toward $13.00 over the course of the year, but they are unlikely to stay at that level for any extended period of time. On the upside, silver prices seem unlikely to rise above $15.50, which is around 10% higher than prices as this is being written. Prices are to a large extent influenced by how much metal investors purchase and what price they are willing to pay for it. The more aggressive shorter-term investors stayed away from silver and other commodity markets in 2015 and are expected to remain on the sidelines for much of 2016 as well, as their sentiment toward these markets continues to remain negative. It is important to note that while some investors harbour a negative sentiment toward the silver market, as a whole, investors have been net buyers of historically large volumes of the metal over the past several years, including 2015. This contrasts with the period between 1990 and 2005, when investors were net sellers of silver.

Pt Range: $800 - $1,010
Average: $898

During the first three quarters of the year, platinum prices are forecast to move mostly sideways, with limited downside or upside, at the relatively low levels that were seen at the end of 2015. Prices are expected to remain at depressed levels as investors keep away from the metal. Platinum is faced with the lethal combination of weakening fabrication demand and sufficient supply. Prices may begin to rise at a healthy rate during the fourth quarter of the year. This improvement in prices is expected on the basis of increased investor interest in the metal around this period in anticipation of supply side declines in 2017 and 2018. Typically, investors buy in anticipation of an event occurring.

Pd Range: $400 - $700
Average: $580

The fundamentals for palladium are positive, but there is no new positive development in the fundamentals that would help propel prices higher and counter the negative sentiment that presently surrounds the commodities markets. Furthermore, the industrial nature of palladium makes it vulnerable given the lacklustre global growth expectations.

Martin SQUIRES

BNP Paribas, London

Au Range: $900 - $1,175
Average: $960

BNP Paribas believes that gold's downward trend will remain in place throughout 2016, pressured by the slower global growth, strengthening US dollar and the associated expectation of three further US rate hikes this year. We are forecasting gold to average $960/oz in 2016. In the near term, however, there are transient positives for the metal, before the selling pressure re-exerts itself.

Gold this year is benefitting from the increased market equity volatility and economic uncertainty, arising from China's devaluation currency and EM FX volatility. The sharp downward move in oil prices and resource equities, and their associated spiking CDSs, is encouraging this buying interest under a safe haven motivation. Geopolitical tensions may have risen too, though these are no longer as influential as they once were. For gold to shine once again, BNPP believes it will require an inflationary environment to return, appreciating commodity prices and a re-acceleration in global growth. BNPP expects gold's 2016 range to be $900 to $1,175.

James STEEL

HSBC, New York

Au Range: $1,025 - $1,275 Average: $1,205

We are mildly bullish on gold prices for 2016. Western investor liquidation has weighed on gold, but price downswings have been met by EM demand. While economic growth in China and other EMs may be slowing, it is still strong by historical standards and we expect incomes to rise enough to support growing gold purchases. The long-awaited Fed rate hike may have finally "cleared the deck" and allowed gold to rally. During the last four Fed tightening cycles, gold prices tended to weaken going into a rate rise and rally afterwards. HSBC forex research expects a higher EUR-USD in 2016 of 1.20 by year-end in the aftermath of the Fed hike. This would further support gold and push it above $1,200/oz, we estimate. After steep declines, ETF and other investment demand should recover, and we expect central banks to remain good buyers as mine and scrap supply stay limited.

Ag Range: $13.25 - $16.75 Average: $15.90

Our positive price outlook is based on a likely easing in mine production after a decade of significant output increases. Further to the supply side, low prices are constricting scrap supplies. Industrial demand, which comprises half of total silver consumption, weakened in 2015, due mostly to lower China offtake. This component of demand should recover modestly in 2016. Low prices are stimulating coin and small bar demand, and may support jewellery offtake. Holdings in silver ETFs have been far steadier than in gold ETFs, and we look for gains this year. Like gold, silver is inversely correlated to the US dollar, and US dollar strength has been a prime reason for ongoing investor selling of silver. A weaker US dollar would likely buoy silver. Positions on the COMEX are still net long, but gross short positions are high, creating a possible short covering rally.

Pt Range: $815 - $1,105 Average: $1,005

We attribute much of platinum's poor price performance in 2015 to US dollar strength, sinking commodity prices, concerns over future diesel vehicle demand and weak jewellery offtake from China. On the demand side, better-than-expected rebound in mine production after the 2014 South African strike and steady recycling levels weighed on prices. Many of these factors may be reversed in 2016. Low prices have led to restructuring programmes and cost-cutting across the mining industry, which, over time, should constrain mine supply growth, tighten supply/demand balances and eventually support prices. The impact on prices of the emissions scandal appears overdone and tighter regulations should support platinum auto demand. Low prices and restocking may elicit greater jewellery demand in China. A weaker US dollar will help boost prices also. These factors may inspire some recovery in ETF demand and prompt short covering and fresh buying on the COMEX.

Pd Range: $425 - $720 Average: $655

Many of the same factors weighed on palladium prices. Ongoing strong auto demand, coupled with limited scope for mine production increases in most producing nations, sets the stage for higher prices in 2016. A key factor will be ETF demand, which saw substantial liquidation in 2015. Even modest investor accumulation would likely have a pronounced impact on prices and we think investors are unlikely to press prices too much lower after recent losses. There is also the potential for substantial short covering on the COMEX. Palladium should also be supported by a higher US dollar. Both PGMs face the likelihood of substantial production/consumption deficits in 2016, which should support prices.

Glyn STEVENS

INTL FCStone, London

Pt Range: $596 - $948 Average: $672

Pd Range: $382 - $588 Average: $448

From an economic point of view, much of the world is in a mess. The once great hope that is China is in turmoil. Europe is stagnating. Brazil is facing political and economic disaster. Commodity-rich Russia is racked by sanctions. The developing world is still struggling to develop. Hence, industrial metals such as platinum and palladium will continue to flounder along with sectors such as iron, steel, copper and aluminium. Despite overcapacity and decreased demand as global economies shrink, comprehensive supply cuts in any of these seem unlikely. Compounding this situation is a crude price ready to fall further – $20.00 per barrel does not seem so far-fetched as OPEC continues to pump at an alarming rate, the shale guys are not giving up and Iranian oil is returning to the global market. The US is the one bright spot on a gloomy global horizon and the dollar looks set to remain king. As interest rates rise, more and more investment cash will be drawn to the Greenback rather than flow into non-interest-bearing precious metals. Despite the recent platinum and palladium ETF liquidation, it will be a hard-sell to get investors to return. At the same time, PGM producers in South Africa and Russia will be protected as they turn their dollars into increasing amounts of local currency. The rand at 25.00 and rouble at 100.00 are distinct possibilities. Once again, PGMs seem set to rely on the US auto sector to support the market, but how many new cars can Americans realistically buy? Interest rate hikes will restrict credit availability and there must be a glut of used vehicles on the market following rapid growth in new car sales over the last few years. The VW 'scandal' has led to a negative perception of diesel in the US, only adding to platinum's woes, with cities such as London and Paris already mooting 'diesel-free zones'. Palladium should benefit from this, but significant forward purchases made by manufacturers in 2015 will temper any upside move. In addition, governments striving for cleaner air are set to put more pressure on automakers to pursue the hybrid and ultimately electric vehicle route. Overall, lower seems the path of least resistance for both platinum and palladium prices. The burning question is whether 2016 will prove to be the end of the current downward cycle?

Joni TEVES

UBS Limited, London

Au Range: $1,000 - $1,300
Average: $1,225

We maintain our constructive medium-to-long-term outlook for gold, expecting the market to find stability in the months ahead and stage a moderate recovery. While an environment of rising interest rates dampens the outlook for gold, the potential for US 10y yields to be capped and for equilibrium real interest rates to settle lower versus previous cycles – and arguably versus initial market expectations – suggests that gold has some room to recover. We continue to believe that the bulk of the adjustment has already occurred, and positioning is now quite lean. That net length has been cut back significantly, allowing investors to re-establish gold exposures at better levels and position against tail-risks amid broader macro uncertainty. But given expectations that the yield curve is likely to flatten, a key risk to our call is that gold becomes more sensitive to the shorter end of the curve, as lingering policy uncertainty reduces market participants' investment horizons. We therefore take into account risks stemming from potential changes in gold correlations.

Ag Range: $13.50 - $18.50
Average: $17.20

Our expectations for silver's price trajectory in the years ahead continue to be driven by our outlook on gold, as we assume the strong positive relationship between the two metals should stay intact. We maintain our view that silver should eventually outperform on a relative basis, and anticipate a decline in the gold:silver ratio from current levels. In 2015, silver was aided by the resilience of ETFs, robust physical demand and interest from short-term investors who – unlike many investors – may be attracted by silver's volatility, which may allow them to find opportunities to trade the range. That ETF holdings remain elevated suggests that the risk of a 'catch-up' relative to gold counterparts cannot be ruled out with certainty. But we think these risks are limited given the different composition of participants, with a large portion of silver ETFs held by retail investors. In addition, silver's lower absolute value relative to gold could also mean that silver ETFs form a much smaller part of investor portfolios, which will help holdings become more durable in the face of volatile prices.

Pt Range: $800 - $1,200
Average: $1,080

We remain constructive on platinum in the years ahead, with the view that fundamentals should eventually tighten. We think part of the 2015 weakness was momentum-driven and ultimately undeserved. Some of these influences should fade up ahead, and given the 30% price decline in 2015, platinum could play a bit of catch up. A lot of the supply-driven frustration had been expressed in 2015, which helps limit further downside. However, we believe there needs to be more convincing evidence that supply is heading in the right direction – further disappointments on this front would suggest volatility and could threaten our view. We also take into account downside risks due to a lower base. Potential headline risks out of South Africa in the first half of 2016 suggest that investors need to be more vigilant in the months ahead, especially as current positioning and sentiment make the market more vulnerable to upside catalysts. In addition to possible announcements from key producers, tensions around labour contract negotiations could also be important factors to watch out for.

Pd Range: $450 - $850
Average: $750

We think palladium fundamentals remain compelling, especially on the demand side. Despite concerns surrounding China's auto sector, recent data suggests that demand may be healthier than initially feared. The speculative cleanout in 2015 means that the market is now less crowded, putting palladium in a better position heading into 2016. Reports that the Gokhran has bought platinum and palladium this year, and the potential for this strategy to continue, should be palladium-supportive on two fronts: 1) the direct impact not only of purchases but also of the lack of selling on the global supply and demand; and 2) the influence on sentiment, particularly given this essentially confirms market consensus that Russian stockpiles have been exhausted. Palladium was resilient in H1 2015 and arguably some of the weakness in H2 was influenced by a strong downtrend in platinum. We would expect some of these effects to fade up ahead. In spite of our underlying constructive outlook, we acknowledge that the correction this year has been quite dramatic. Palladium's relatively poor liquidity also keeps it vulnerable to macro risks. There are also downside risks due to a lower base as well as risks to demand given lingering uncertainty in China and Emerging Markets.

Matthew TURNER

Macquarie Bank, London

Au Range: $1,025 - $1,250 Average: $1,144

Now we are in the brave new world of a Fed hiking cycle, it seems much the same as the old one – focusing on US jobs data, Fed speeches and the dollar. Our analysis shows that rate hike cycles are not necessarily bad news for gold, and although we have a hawkish view on the Fed, we think the reason rate rises are coming is that core inflation will pick up. This won't be obvious though until later in the year, and we think once a Q1 relief rally is over, gold could find itself in trouble again in Q2 before a stronger end to the year.

Ag Range: $12.00 - $18.60 Average: $15.30

Silver has suffered of late, and being a precious metal/base metal hybrid is no fun when both precious metals and base metals are on the rack. Upside support in 2015 should come from falling mine production and solar installations, downside from the general industrial malaise. Our firmer price forecast relies on investors remaining loyal to a metal that hasn't done much to deserve it.

Pt Range: $750 - $1,000 Average: $863

Platinum is not very hip anymore. In jewellery, autos and investment, the smart set have moved on. On the demand side, diesel sales growth is going to be low, both in cars and trucks, jewellery weak and investment lacking. On the supply side, the threat of more recycling hangs over the market. The best chance of upside comes from either a rally in gold, or more substantive signs of production cuts.

Pd Range: $430 - $690 Average: $594

How do you value a metal like palladium? Mostly mined as a by-product, with severely inelastic demand, palladium supply/demand imbalances can translate into savage price movements and the price could be anywhere from $450 or $900/oz, and indeed has been in the last 18 months. If investors keep selling, and we fear some loss of faith in the long-term case due to automotive technology advances, that band might look a lot wider. But we're actually pretty bullish, noting it has the most compelling demand story out there as car sales rebound and production stays weak.

Bhargava N VAIDYA

B.N. Vaidya & Associates, Mumbai

Au Range: $1,025 - $1,200 Average: $1,080

The global economic slowdown would be the prime reason for gold continuing to remain in negative territory. With the FED showing signs of an increase in US dollar rates, investment demand in gold will further reduce.

The supply of scrap is likely to remain at the same level even with a slight reduction in prices. There are no signs of significant demand or increase in physical gold in Asian countries.

India in particular may see some movement to paper products from physical due to a focused attempt by the government to reduce gold imports and consumption. The Indian government's hard work on sovereign bonds would drive demand to this sovereign paper in local markets. The only silver lining for gold here is that the Indian government is going slow on increasing the supply of paper gold.

Gold will retain it old straits of "store of value" and "a safe haven for investment". This will keep people interested in gold during any economic crisis or period of geopolitical tension. Gold will continue to be an important store of value in all portfolios.

Ag Range: $12.25 - $17.00 Average: $13.75

Commodity pack weakness will affect silver. A general slowdown in the economy will keep industrial demand for silver low. Fabrication demand for silver in silverware and jewellery is also reducing. The supply of silver mainly as a by-product will keep the price in negative territory.

Wolfgang WRZESNIOK-ROSSBACH

Degussa Goldhandel GmbH, Frankfurt

Au Range: $1,020 - $1,300 Average: $1,145

Being a presidential election year, we expect the flow of bullish economic data to quicken. In combination with possible rate hikes in the US, this may help keep a positive tone to the US dollar, further reducing the appetite of Anglo-Saxon investors for gold. The key issue is that although gold may initially perform rather sideways to slightly higher in US dollar terms, for investors in Europe and in Asia, the price is likely to remain strong, reflecting the weakness of their currencies. As such, we expect demand for physical gold in those regions to remain robust.

The above forecast is however only valid for a relatively orderly political and economic global environment. With many black swans waiting around the corner, such as a possible Brexit, a conceivable break-up of Spain, the Eurozone and even the EU, a catastrophic oil price with extreme implications on the economies of oil producing countries, more terror attacks, political uncertainty in Asia, the Middle East and Northern Africa, and bubbles in various markets, there are many situations – and none of them negative – that could result in much more volatile movements in the gold price.

Ag Range: $13.10 - $16.25 Average: $14.55

Silver is initially likely to mirror gold. However, growth in industrial demand due to positive US economic data, coupled with tight silver supply, is likely to support the price later in 2016. Indeed, such factors could lead to silver outperforming gold this year.

As almost half of silver mine production comes as a by-product of copper and zinc mines, and with the possibility of some mine closures in high-cost countries, the white metal could see a supply deficit.

Pt Range: $730 - $1,055 Average: $830

Platinum prices were especially hurt by the general softness in the commodities sector and, of course, the diesel engine emissions scandal last year did not help either. With both factors probably not making it to the headlines any more in the next months, we believe investor sentiment is likely to improve slightly and, as a result, prices could initially rise.

However, in the longer term, diesel technology, being the main consumer of platinum, will start to significantly lose market share against full electric or gasoline-hybrid drivetrains. At the same time, the fuel cell technology is not ready to act as the white knight coming to rescue the metal's supply and demand balance in the next five years.

As a result, the industry has to work hard on new applications and uses for platinum, preventing the price from falling back again significantly. What helps, at least to some extent, is that platinum prices are now below total mine production costs, so South African producers should eventually reduce supply.

Pd Range: $400 - $580 Average: $525

Along with its sister metal, platinum, palladium prices were adversely affected in 2015, with palladium losing nearly one-third of its value. However, positive auto sector sales, coupled with firm industrial demand, may help to stabilise prices this year. Palladium is expected to benefit from rising autocatalyst demand more than platinum, as the metal is heavily used in gasoline-fuelled cars that are of particular interest in the US and China markets, where car market growth is likely to be strongest. This should lead to a modest increase in demand for palladium – and by extension, its price.

2015 Forecast Survey Winners

Congratulations to the winning analysts in the 2015 Forecast Survey: Bernard Dahdah, who won first prize for gold, René Hochreiter, who won first prize for silver, and particularly to Glyn Stevens, who picked up the top prizes for both platinum and palladium. They each receive a 1 oz gold bar, which have been kindly donated by Metalor.

The aim of the survey is to predict the average, high and low price range for the year ahead in each metal as accurately as possible. The prediction closest to the average price wins (based on the average $ daily LBMA pm prices). In the event of a tie, the forecast range is taken into account.

Bernard Dahdah, Precious Metals Analyst, Commodities Research, Natixis.
It certainly paid to be bearish, with the prices of all four metals on the slide during 2015. Bernard was the most impressive in winning the gold prize with a winning forecast of $1,160, which was spot on the money, matching the actual average for the year.

René Hochreiter, Mining Analyst, Sieberana Research (Pty) Ltd.
As with last year, the silver forecast again produced the tightest finish, with two analysts (René Hochreiter and Bernard Dahdah) tied for first place with a forecast of $15.50 against an actual average price for the year of $15.68. However, René picked up the winning prize on account of predicting a narrower forecast range of $6 to Bernard's $8. Philip Klapwijk finished a narrow third with his forecast of $15.95. Snatching this latest prize moves Rene to joint top of the all-time leaderboard alongside Philip Klapwijk, who have each now bagged six first prizes, one ahead of Ross Norman.

Glyn Stevens, Head of Precious Metals Trading, INTL FCStone Ltd.
Out on his own to claim the prizes for both platinum and palladium was Glyn Stevens, who could have been called the winner several weeks ago. Glyn was the most bearish of all the analysts with his forecasts for both these metals and, as such, had plenty to spare over his rivals, even if the actual average prices turned out even lower than his grim predictions. Nevertheless, it was an impressive performance from Glyn, who took first prize for platinum with a forecast of $1,098 against an actual average price for the year of $1,053 as well as the palladium prize with his forecast of $738 against an actual average price of $691.63. What makes Glyn's performance even more impressive is that he only enters forecasts for the two PGM metals rather than all four.

For platinum, Peter Fertig finished runner-up with his forecast of $1,238, and David Jollie came in third with his forecast of $1,245. For palladium, Bernard Dahdah rounded off an excellent round of forecasting by finishing runner-up with his forecast of $775, and Peter Fertig came in third with $787.50.

Many thanks to all the forecast contributors and Metalor for the generous donation of the winning prizes.

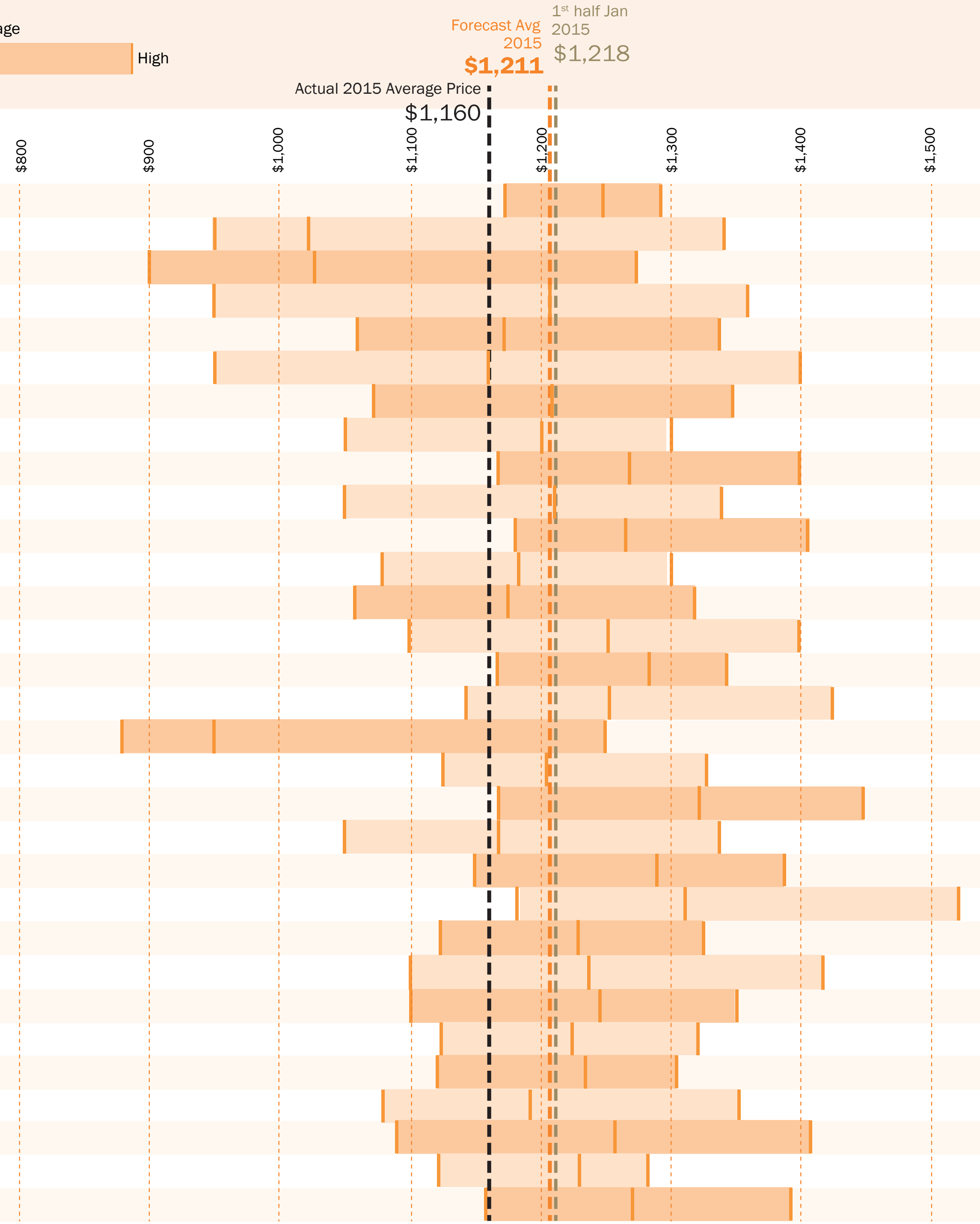
METALOR®

Metal	Actual Average Price in the 1st half Jan 2015*	Average Analysts' 2015 Forecast	Actual 2015 Average Price	Winning Forecast	2015 Winning Analyst	Company
Gold	$1,218	$1,211	$1,160	$1,160	Bernard Dahdah	Natixis
Silver	$16.41	$16.76	$15.68	$15.50	René Hochreiter	Sieberana Research (Pty) Ltd.
Platinum	$1,225	$1,294	$1,053	$1,098	Glyn Stevens	INTL FCStone Ltd.
Palladium	$796.20	$838.40	$691.63	$738.00	Glyn Stevens	INTL FCStone Ltd.

*2 - 15 January 2015 inclusive.

Au

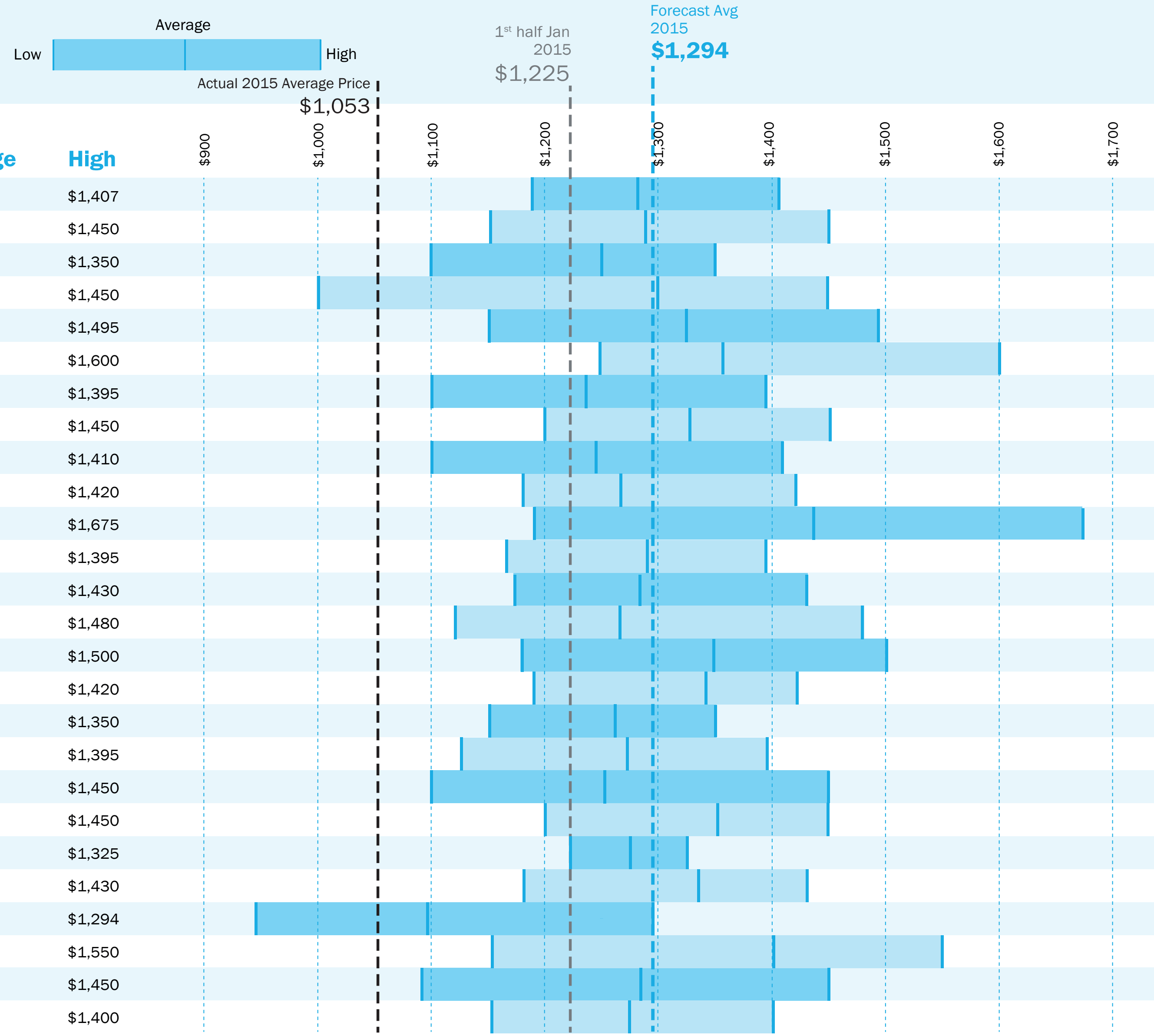
Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$1,172	**$1,252**	$1,292
Bhar, Robin Société Générale CIB	$950	**$1,025**	$1,340
Briggs, Stephen BNP Paribas	$900	**$1,030**	$1,275
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$950	**$1,210**	$1,360
Cooper, Suki Barclays	$1,060	**$1,170**	$1,340
Dahdah, Bernard Natixis	$950	**$1,160**	$1,400
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$1,075	**$1,216**	$1,350
Fritsch, Carsten Commerzbank	$1,050	**$1,200**	$1,300
Hochreiter, Rene Sieberana Research (Pty) Ltd.	$1,170	**$1,270**	$1,400
Jollie, David Dr Mitsui & Co Precious Metals, Inc.	$1,050	**$1,215**	$1,340
Jun, Ni ICBC	$1,180	**$1,268**	$1,405
Kavalis, Nikos Metals Focus	$1,080	**$1,185**	$1,300
Klapwijk, Philip Precious Metals Insights Limited	$1,060	**$1,173**	$1,320
Meir, Edward INTL Commodities	$1,100	**$1,253**	$1,400
Melek, Bart TD Securities	$1,168	**$1,283**	$1,345
Murenbeeld, Martin Dundee Capital Markets	$1,145	**$1,255**	$1,425
Myers, Adam Crédit Agricole	$880	**$950**	$1,250
Nagao, Eddie Sumitomo Corporation	$1,125	**$1,205**	$1,330
Norman, Ross Sharps Pixley	$1,170	**$1,321**	$1,450
O'Connell, Rhona Thomson Reuters GFMS	$1,050	**$1,170**	$1,340
Panizzutti, Frederic MKS Switzerland S.A.	$1,150	**$1,292**	$1,390
Proettel, Thorsten LBBW	$1,180	**$1,312**	$1,525
Richardt, Florian Heraeus	$1,125	**$1,230**	$1,325
Savant, Rohit CPM Group	$1,100	**$1,235**	$1,420
Snowdon, Nicholas Standard Chartered Bank	$1,100	**$1,245**	$1,350
Soni, Anita Credit Suisse	$1,125	**$1,225**	$1,325
Steel, James HSBC	$1,120	**$1,234**	$1,305
Teves, Joni UBS	$1,080	**$1,190**	$1,350
Turner, Matthew Macquarie Capital	$1,090	**$1,255**	$1,410
Vaidya, Bhargava B.N. Vaidya & Associates	$1,120	**$1,235**	$1,280
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$1,160	**$1,270**	$1,395
Averages	**$1,085**	**$1,211**	**$1,356**



Ag

Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$15.71	**$17.63**	$18.80
Bhar, Robin Société Générale CIB	$10.00	**$13.00**	$18.00
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$10.00	**$16.45**	$19.50
Cooper, Suki Barclays	$12.00	**$15.20**	$18.50
Dahdah, Bernard Natixis	$12.00	**$15.50**	$20.00
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$14.00	**$16.15**	$17.75
Fritsch, Carsten Commerzbank	$14.00	**$17.00**	$18.50
Hochreiter, Rene Sieberana Research (Pty) Ltd.	$12.50	**$15.50**	$18.50
Jollie, David Dr Mitsui & Co Precious Metals, Inc.	$13.70	**$16.70**	$19.00
Jun, Ni ICBC	$14.50	**$17.20**	$19.18
Kavalis, Nikos Metals Focus	$14.00	**$16.20**	$18.00
Klapwijk, Philip Precious Metals Insights Limited	$13.90	**$15.95**	$18.45
Meir, Edward INTL Commodities	$14.50	**$16.88**	$19.00
Melek, Bart TD Securities	$15.05	**$18.38**	$19.81
Myers, Adam Crédit Agricole	$13.00	**$15.00**	$18.00
Nagao, Eddie Sumitomo Corporation	$14.00	**$16.10**	$19.10
Norman, Ross Sharps Pixley	$14.50	**$18.56**	$21.75
O'Connell, Rhona Thomson Reuters GFMS	$14.15	**$16.50**	$20.00
Panizzutti, Frederic MKS Switzerland S.A.	$15.20	**$17.72**	$20.20
Proettel, Thorsten LBBW	$13.90	**$17.90**	$19.50
Profiti, Ralph Credit Suisse	$15.95	**$17.70**	$19.45
Richardt, Florian Heraeus	$14.20	**$17.00**	$18.70
Savant, Rohit CPM Group	$14.00	**$16.88**	$18.00
Snowdon, Nicholas Standard Chartered Bank	$15.00	**$17.20**	$18.00
Steel, James HSBC	$15.25	**$17.65**	$21.25
Teves, Joni UBS	$15.00	**$18.20**	$21.00
Turner, Matthew Macquarie Capital	$14.00	**$17.25**	$22.00
Vaidya, Bhargava B.N. Vaidya & Associates	$14.25	**$16.05**	$19.50
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$15.10	**$18.55**	$22.00
Averages	**$13.91**	**$16.76**	**$19.36**

Pt

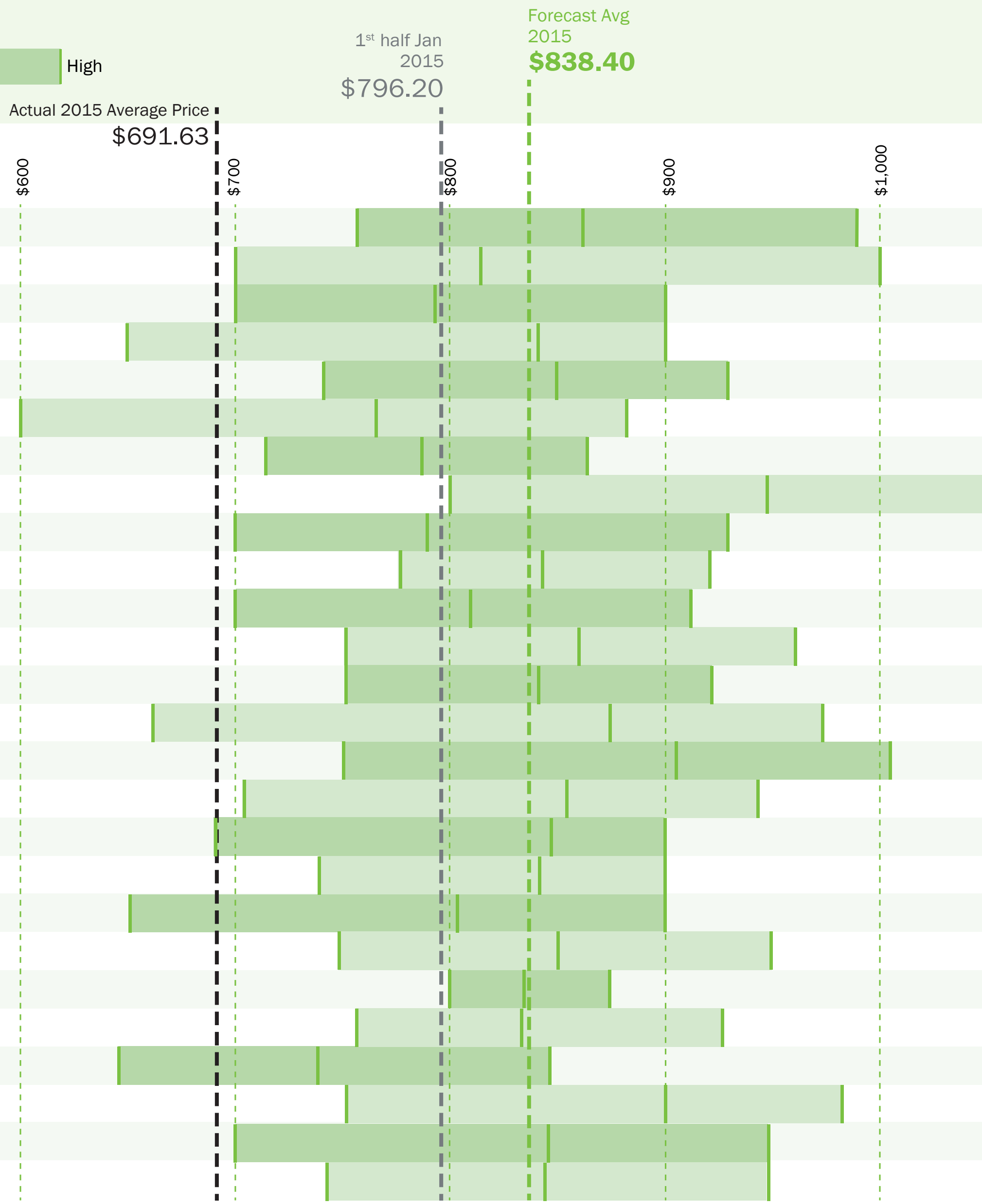


Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$1,193	**$1,282**	$1,407
Bhar, Robin Société Générale. CIB	$1,150	**$1,290**	$1,450
Briesemann, Daniel Commerzbank	$1,100	**$1,250**	$1,350
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$1,000	**$1,300**	$1,450
Cooper, Suki Barclays	$1,150	**$1,324**	$1,495
Dahdah, Bernard Natixis	$1,250	**$1,355**	$1,600
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$1,100	**$1,238**	$1,395
Hochreiter, Rene Sieberana Research (Pty) Ltd	$1,200	**$1,330**	$1,450
Jollie, David Dr Mitsui & Co Precious Metals, Inc.	$1,100	**$1,245**	$1,410
Klapwijk, Philip Precious Metals Insights Limited	$1,180	**$1,267**	$1,420
Melek, Bart TD Securities	$1,190	**$1,434**	$1,675
Nagao, Eddie Sumitomo Corporation	$1,165	**$1,290**	$1,395
Newman, Philip Metals Focus	$1,170	**$1,280**	$1,430
Norman, Ross Sharps Pixley	$1,120	**$1,268**	$1,480
O'Connell, Rhona Thomson Reuters GFMS	$1,180	**$1,350**	$1,500
Panizzutti, Frederic MKS Switzerland S.A.	$1,190	**$1,342**	$1,420
Proettel, Thorsten LBBW	$1,150	**$1,260**	$1,350
Richardt, Florian Heraeus	$1,125	**$1,270**	$1,395
Savant, Rohit CPM Group	$1,100	**$1,250**	$1,450
Snowdon, Nicholas Standard Chartered Bank	$1,200	**$1,350**	$1,450
Soni, Anita Credit Suisse	$1,225	**$1,275**	$1,325
Steel, James HSBC	$1,180	**$1,337**	$1,430
Stevens, Glyn INTL Commodities	$946	**$1,098**	$1,294
Teves, Joni UBS	$1,150	**$1,400**	$1,550
Turner, Matthew Macquarie Capital	$1,090	**$1,286**	$1,450
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$1,150	**$1,275**	$1,400
Averages	**$1,144**	**$1,294**	**$1,439**

Pd

Average

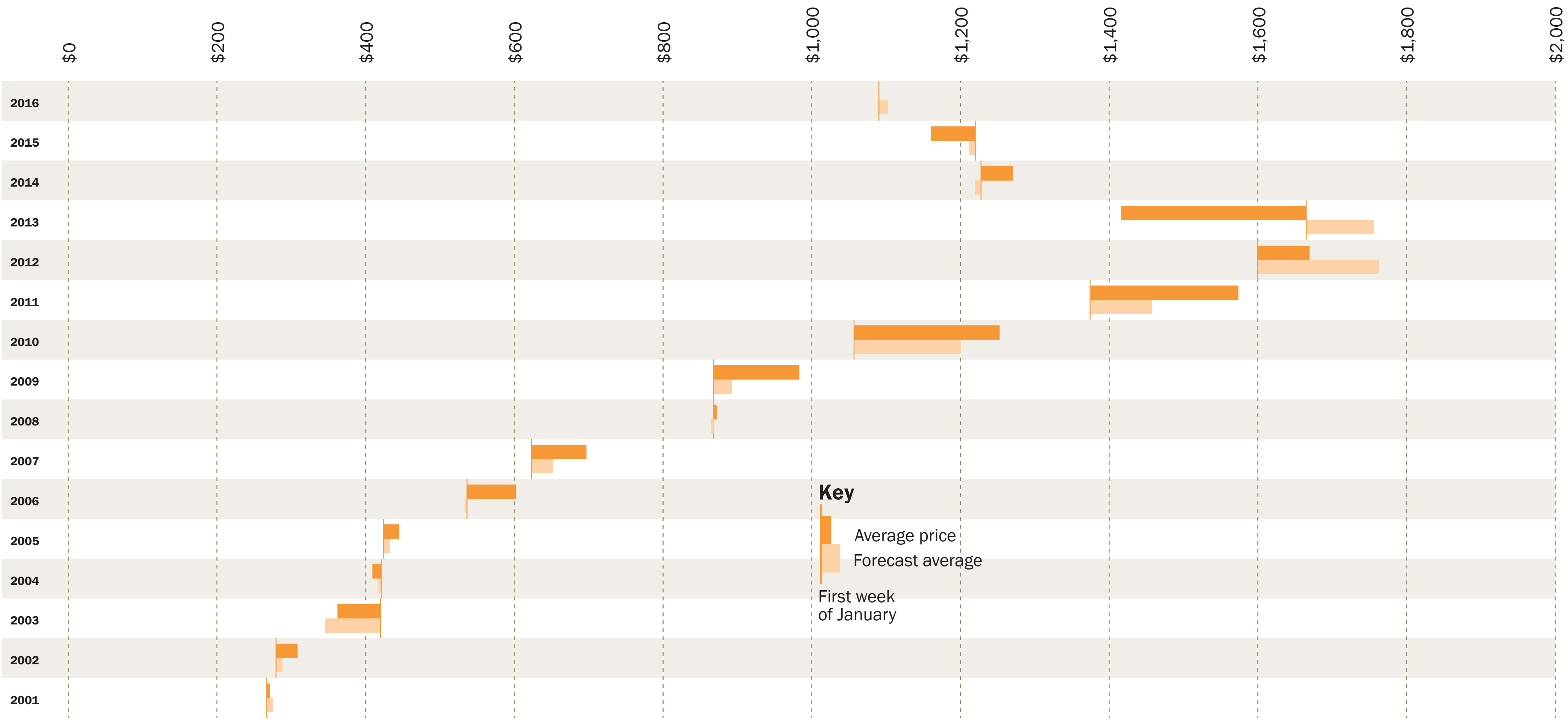
Low High



Name	Low	Average	High
Adams, William Fastmarkets Ltd.	$768.00	**$860.00**	$990.00
Bhar, Robin Société Générale CIB	$700.00	**$815.00**	$1,000 .00
Briesemann, Daniel Commerzbank	$700.00	**$790.00**	$900.00
Butler, Jonathan Mitsubishi Corporation International (Europe) Plc	$650.00	**$840.00**	$900.00
Cooper, Suki Barclays	$740.00	**$850.00**	$930.00
Dahdah, Bernard Natixis	$600.00	**$775.00**	$880.00
Fertig, Peter QCR Quantitative Commodity Research Ltd.	$715.00	**$787.50**	$865.00
Hochreiter, Rene Sieberana Research (Pty) Ltd.	$800.00	**$950.00**	$1,050 .00
Jollie, David Dr Mitsui & Co Precious Metals, Inc.	$700.00	**$790.00**	$930.00
Klapwijk, Philip Precious Metals Insights Limited	$775.00	**$841.00**	$920.00
Melek, Bart TD Securities	$700.00	**$811.00**	$912.00
Nagao, Eddie Sumitomo Corporation	$750.00	**$860.00**	$960.00
Newman, Philip Metals Focus	$750.00	**$840.00**	$920.00
Norman, Ross Sharps Pixley	$660.00	**$876.00**	$975.00
O'Connell, Rhona Thomson Reuters GFMS	$750.00	**$905.00**	$1,005 .00
Panizzutti, Frederic MKS Switzerland S.A.	$705.00	**$858.00**	$940.00
Proettel, Thorsten LBBW	$690.00	**$850.00**	$900.00
Richardt, Florian Heraeus	$740.00	**$840.00**	$900.00
Savant, Rohit CPM Group	$650.00	**$804.00**	$900.00
Snowdon, Nicholas Standard Chartered Bank	$750.00	**$850.00**	$950.00
Soni, Anita Credit Suisse	$800.00	**$838.00**	$875.00
Steel, James HSBC	$755.00	**$837.00**	$925.00
Stevens, Glyn INTL Commodities	$648.00	**$738.00**	$848.00
Teves, Joni UBS	$750.00	**$900.00**	$980.00
Turner, Matthew Macquarie Capital	$700.00	**$848.00**	$950.00
Wrzesniok-Rossbach, Wolfgang Degussa Goldhandel GmbH	$740.00	**$845.00**	$950.00
Averages	**$718.69**	**$838.40**	**$932.88**

Forecast 2001 - 2016
Review

Analysts' took a bearish view of gold in 2015, forecasting a price of $1,211 against an opening price in the first half of January, 2015 of $1,218. Whilst they correctly predicted the price direction they were not bearish enough with the actual price for the year outturning $58 lower than they had forecast at $1,160. Analysts are moderately bullish with their forecast for 2016, predicting a price of $1,103, 1.1% higher than the average price in the first half of January 2016 of $1,091.



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