




LONG-TERM  
MARKET FORCES  
THAT MAY  
POTENTIALLY LIFT  
GOLD



IF YOU ARE LOOKING TO  
TRADE GOLD FOR THE LONG  
TERM EITHER AS POSITION  
TRADER OR INVESTOR,  
THERE ARE SEVERAL  
SIGNIFICANT MOVEMENTS  
TAKING PLACE BEHIND  
THE SCENES THAT MAY  
PROVE SIGNIFICANT.

RIGHT NOW, WITH COMEX  
GOLD AT \$1,244.60, HAVING  
SLIPPED AFTER LAST  
WEEK'S FED RATE HIKE,  
GOLD HAS NOT FALLEN  
BELOW \$1,223, THE  
SUPPORT LEVEL WHICH TO  
DATE DEFINES ITS MOST  
CURRENT UPTREND.

# DUBAI'S ONECOIN - A GOLD-BACKED DIGITAL CURRENCY:

In Dubai, a new gold-backed digital currency is about to be launched.

OneGram, an Islamic financial services and tech company, is partnering with the Dubai-based gold trading platform GoldGuard to create redeemable digital tokens, each backed by one gram of gold. The significance of this particular currency is that it is compliant with Shariah Law, making it an attractive means of exchange for up to 1.8 billion Muslims worldwide.



What this means: if a large majority of Muslims decide to use OneCoin—the first of many Sharia-based currencies to come—then banks and dealers will have to buy a lot of physical gold for its backing.

This may exert upward pressure on the yellow metal's price.



## BRITAIN'S ROYAL MINT GOLD (RMG):

In the UK, Britain's Royal Mint is partnering with the CME Group, the US-based derivatives exchange, to launch Royal Mint Gold, or RMG's later this year. Similar to Dubai's new cryptocurrency, each RMG will be equivalent to one gram of gold.

What this means: like Dubai's OneCoin, this means that physical gold will have to be purchased to validate the issuing of these digital tokens.



# CHINA'S SURGING GOLD IMPORTS

Although China is already the world's biggest gold market, they are importing even more gold as investors seek to protect themselves from impending economic risks.

There's a two-prong maneuver taking place here:

- Chinese investors are bracing themselves out of concern over equity and bond markets, slowing property market, and bearish Yuan outlook, according to Haywood Cheung, president of the century-old Chinese Gold & Silver Exchange Society.
- The Chinese government is looking to advance the goals of its SCO (Shanghai Cooperation Organization) partners in strengthening their local economies, perhaps through bypassing the US Dollar as a reserve currency. This means that they will have to strengthen the Yuan by backing it with gold.

Later this year, 1,000 metric tons of gold are expected to arrive through Hong Kong and into the mainland. A notable increase from 2016's net purchase of 647 tons, China's import level marks its highest since 2013.



Gold bullion sales have dwarfed those of gold jewelry. The type of surge in consumption clearly indicates the level at which safe-haven demand has far surpassed that of accessories. In the first quarter alone, gold bar sales have climbed to more than 60% while jewelry sales have risen only 1.4% according to the China Gold Association.

Based on data from the Swiss Federal Customs Administration, Swiss gold imports have topped 100 tons from January to April. This follows a total import of 442 tons from the country in 2016, which is a 53% increase from the previous year.



Long-term fundamental indicators are often indirect, but they expose movements whose potential outcomes are based on economic factors.

Depending on your long-term outlook and financial goals, pay attention to how these fundamental drivers may change the price dynamics of the gold market.

Currently, gold's "technical" uptrend is defined by three support levels:

- 1st support: \$1,220 (May 10, 2017 closing price)
- 2nd support: \$1,200 (March 14, 2017 closing price)
- 3rd support: \$1,139 (December 22, 2016 closing price)

For the long-term gold bull, these support levels provide reasonably favorable entry prices, as they represent price levels at which buyers have placed their transactions. Bear in mind that these levels are not geared toward the short-term trader. They are levels which investors and position traders may find favorable for entering a long-term position.

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