



Minerals Market Outlook



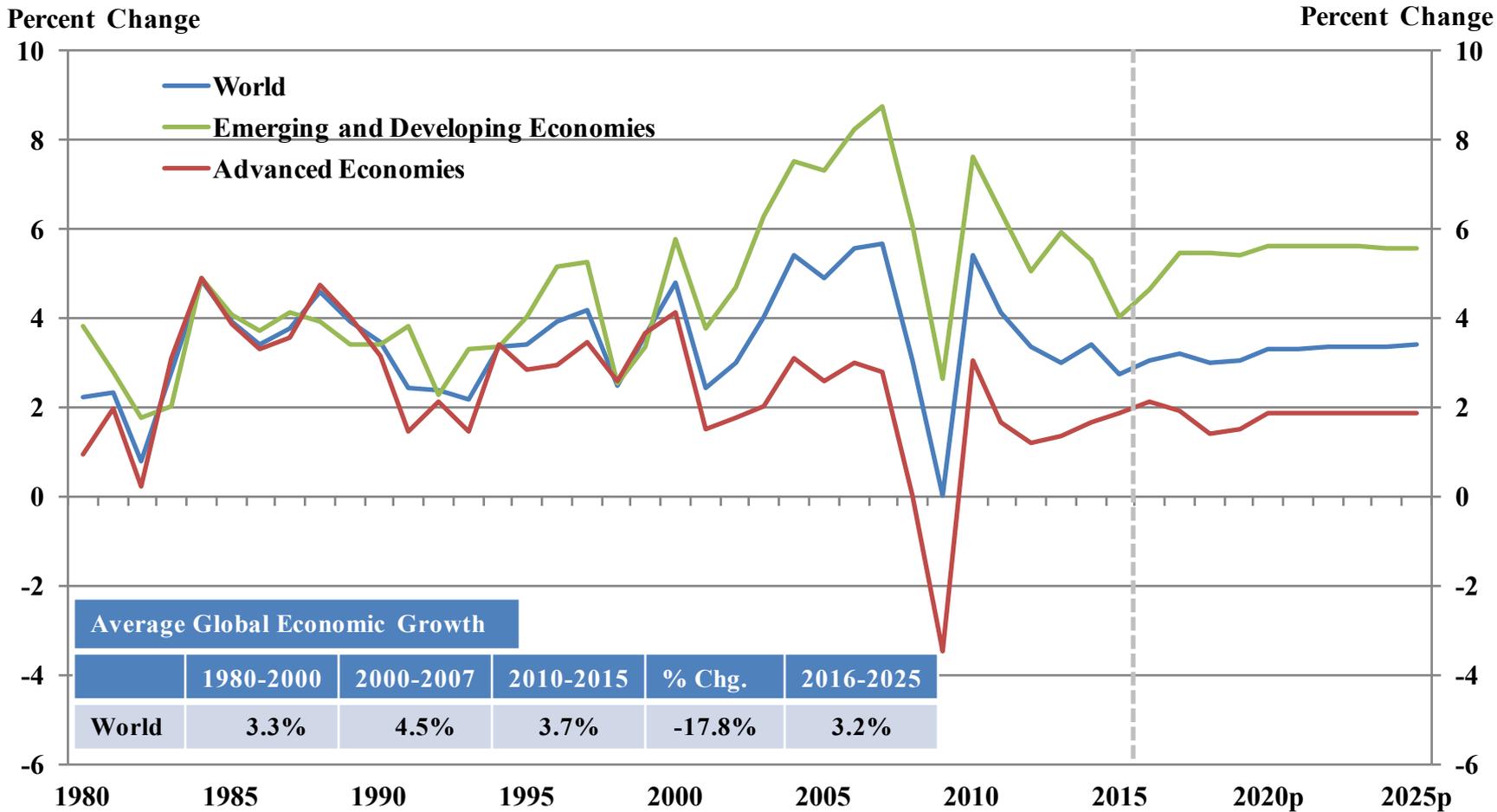
CPM Group

Mexico Mining Day
PDAC
Jeffrey Christian
Managing Partner
8 March 2016

The Global Economy

Global Growth Continues To Muddle Through

Real Gross Domestic Product
Annual, Projected Through 2025

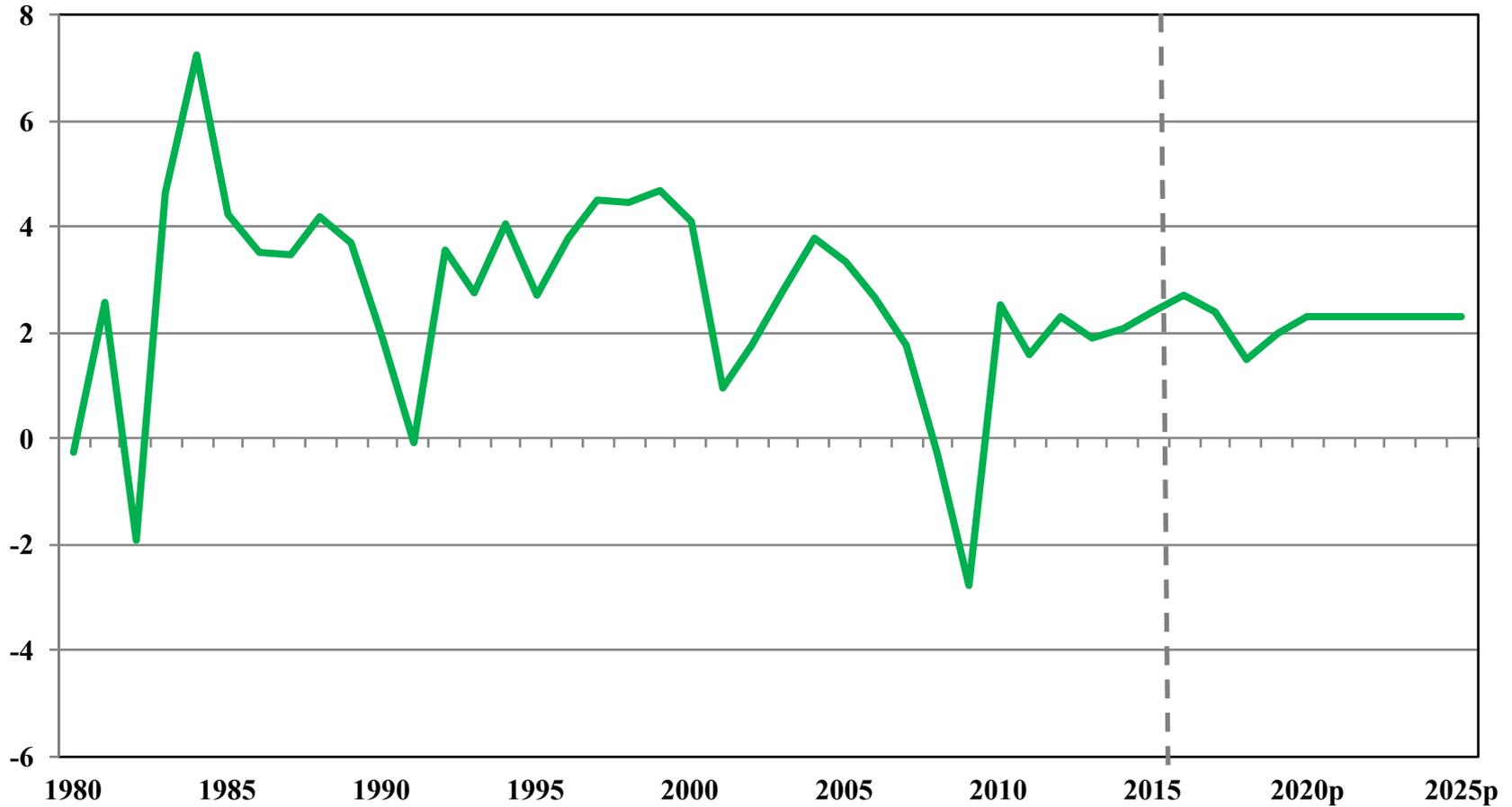


U.S. Real GDP

Real Gross Domestic Product in Select Advanced Economies

Annual, Projected Through 2025

Percent Change



Chinese Real Gross Domestic Product

Real Gross Domestic Product in Select Advanced Economies

Annual, Projected Through 2025

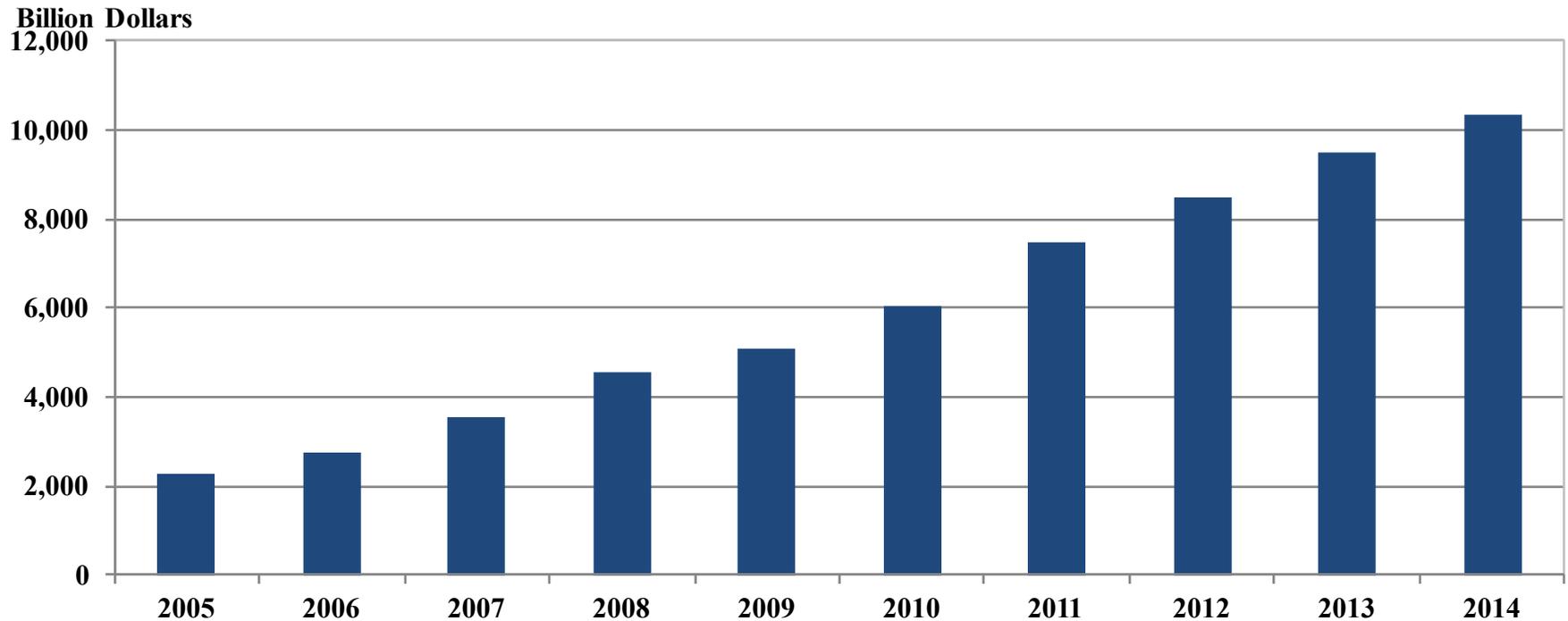
Percent Change



China's Economy Is Not Collapsing

2015's 6.9% real Chinese GDP growth is greater in value than 2007's 14% growth.

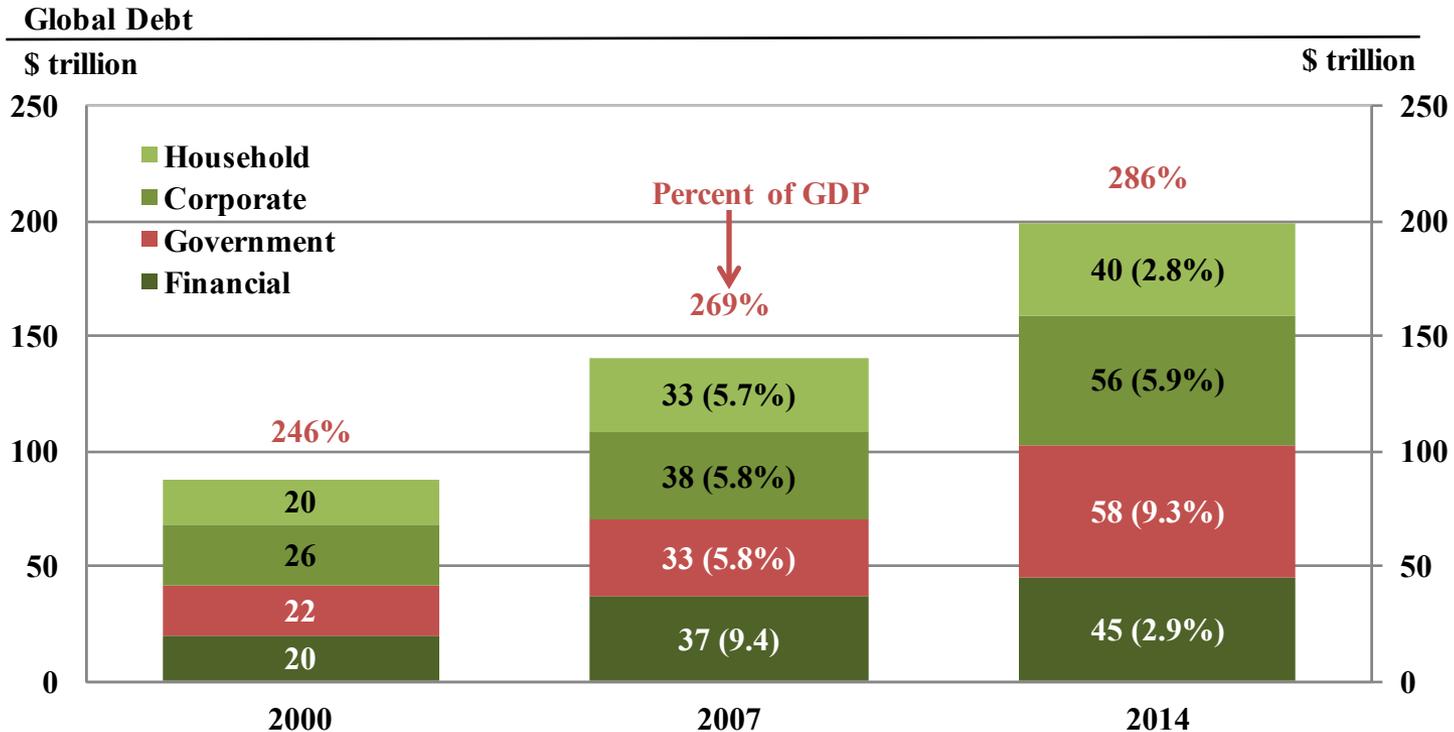
Chinese Gross Domestic Product



Source: World Bank

Little Wiggle Room To Manage Economic Problems

- One of the primary long-term issues within much of the global economy, but particularly the advanced economies, is the **lack of tools available to central banks and governments to weather another recession.**

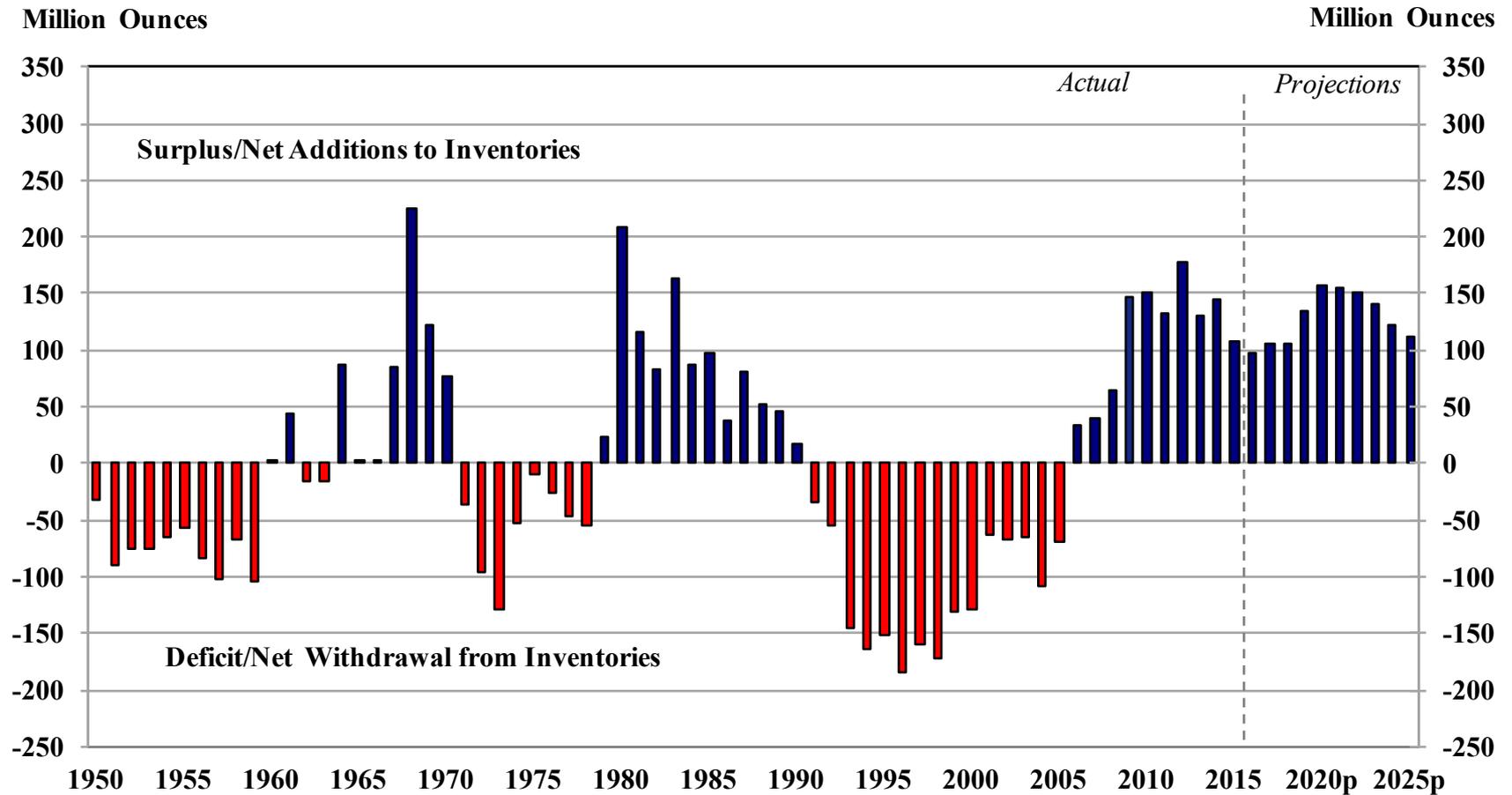


Note: (%) is CAGR from previous data point.

Silver

Long-Term Silver Market Balance

Silver Surplus and Deficit, Base Case



Silver Medium -Term Price Projections

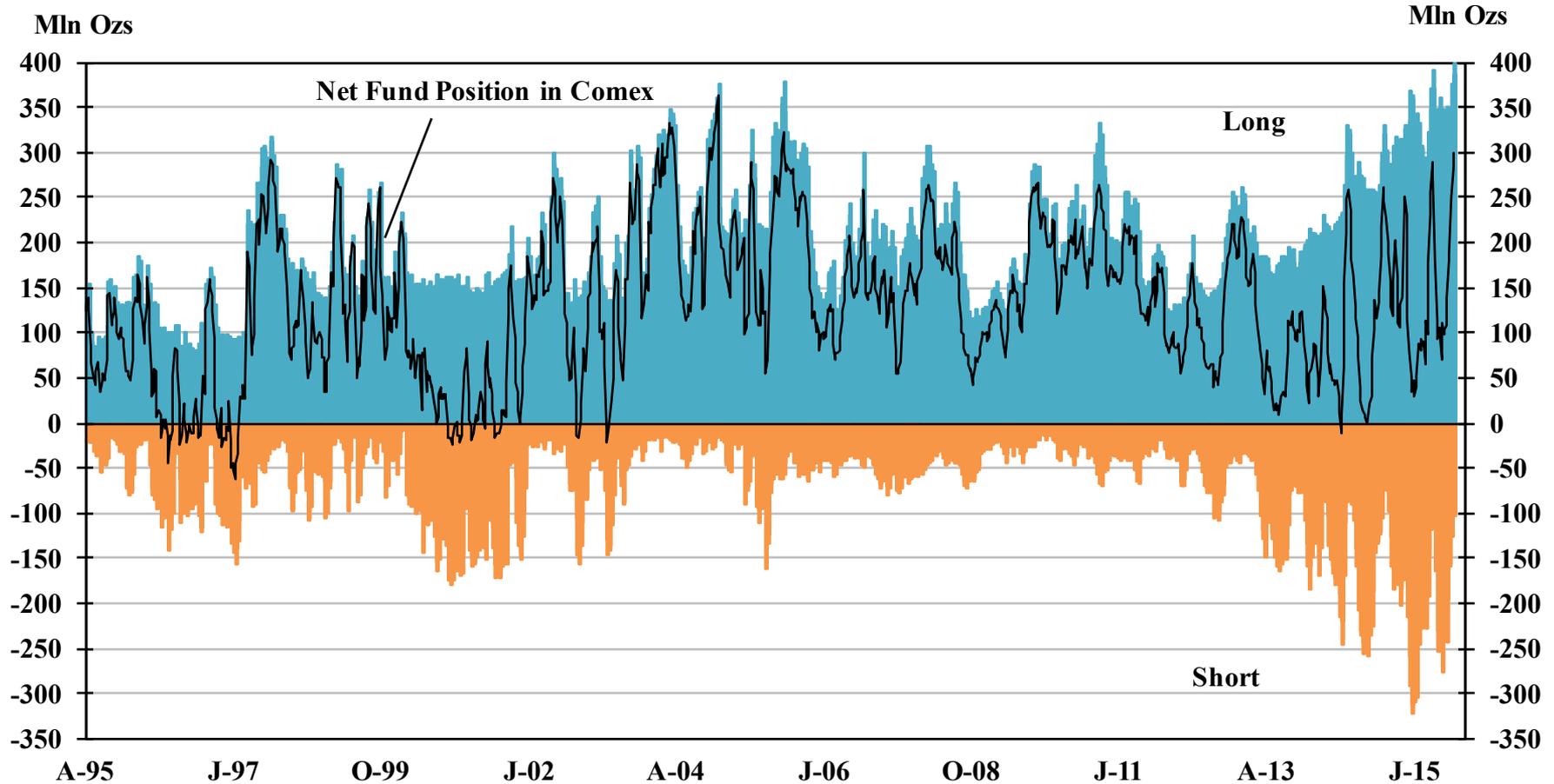
Quarterly, through Q4 2017



Silver Comex: Institutional Investor Holdings

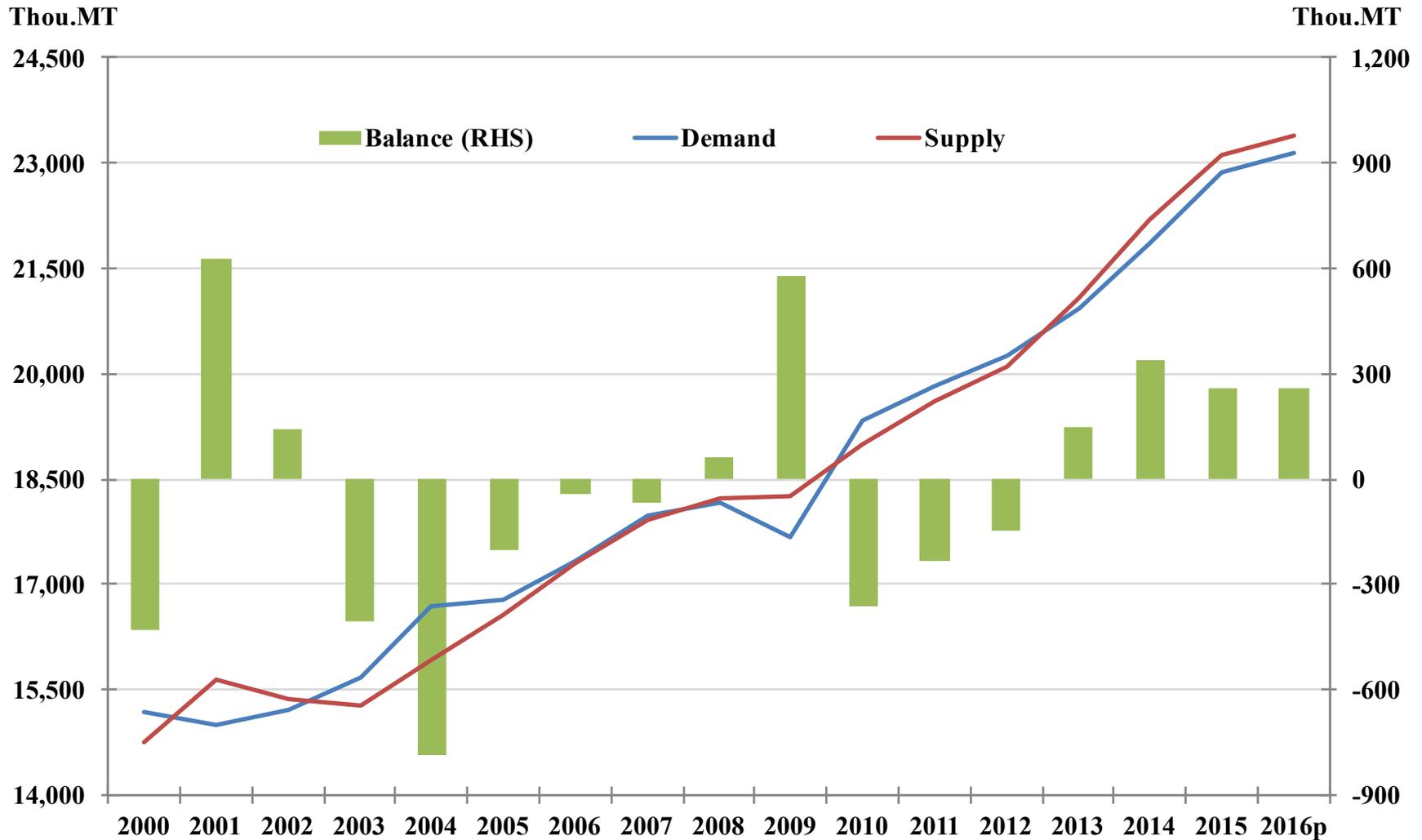
Non-Commercial Gross Long and Short Silver Positions

Comex Futures & Options. Weekly Data, Through 23 February 2016



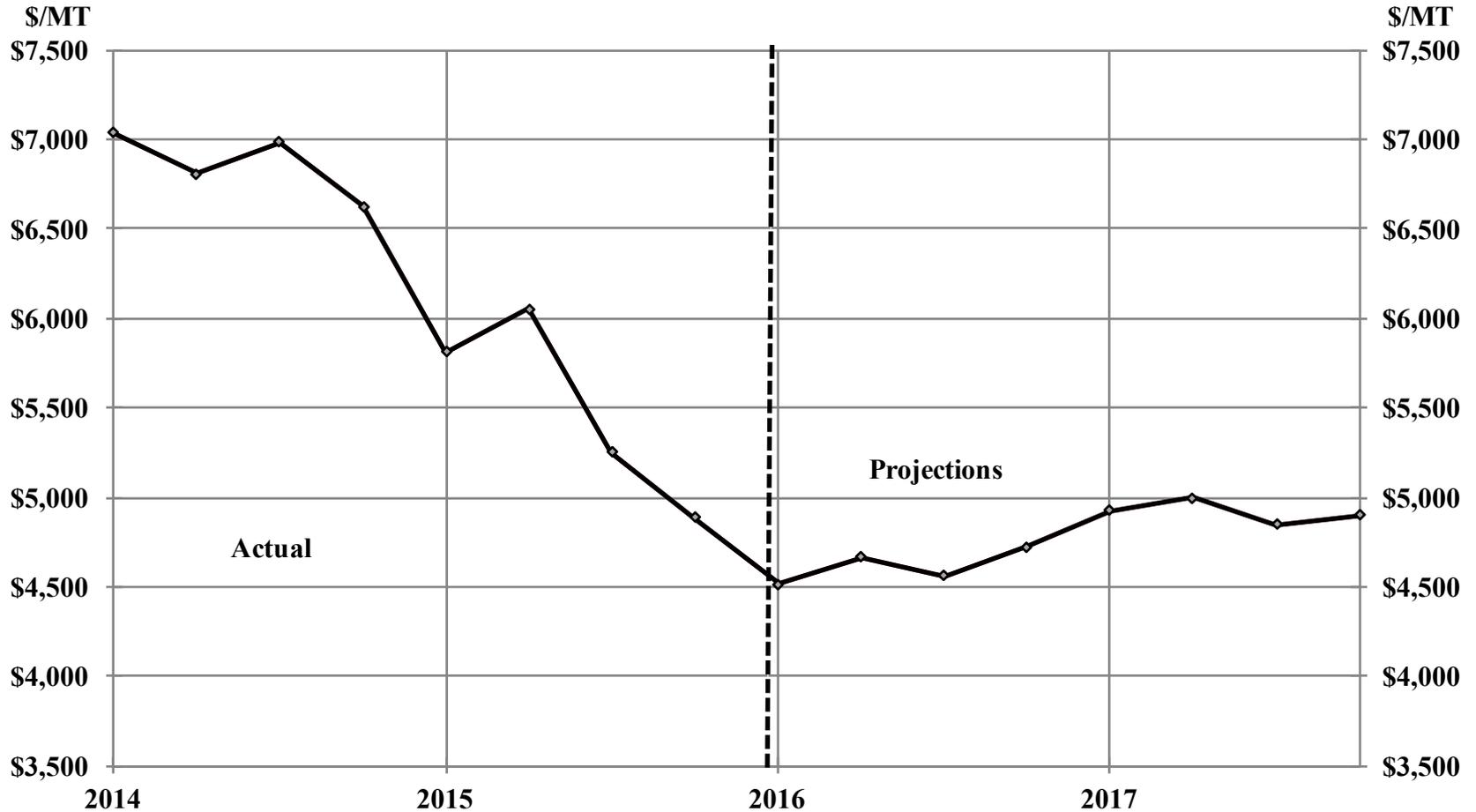
Copper

World Copper Supply and Demand Balance



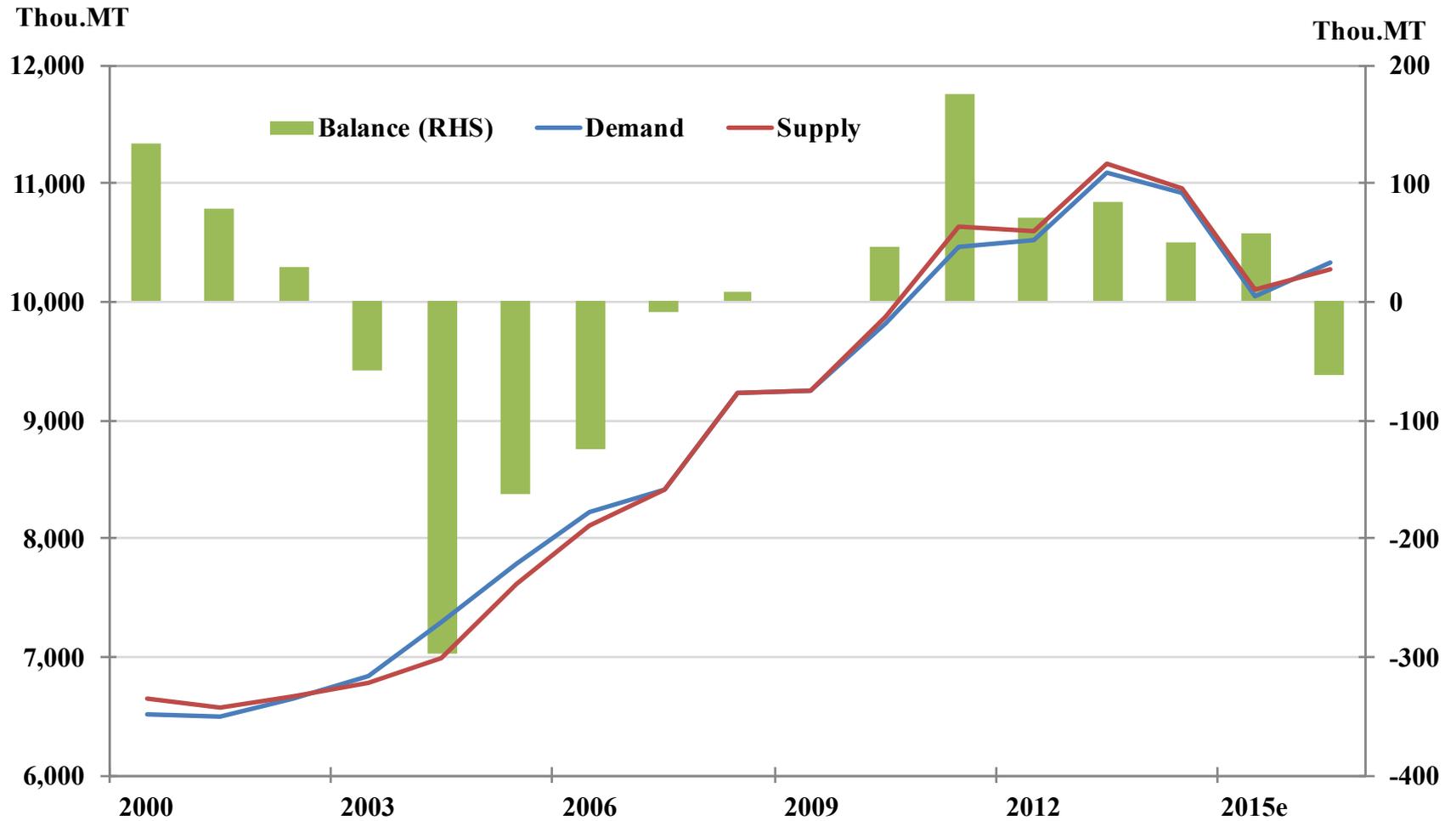
Copper Quarterly Average Price Projections

Quarterly, through Q4 2017

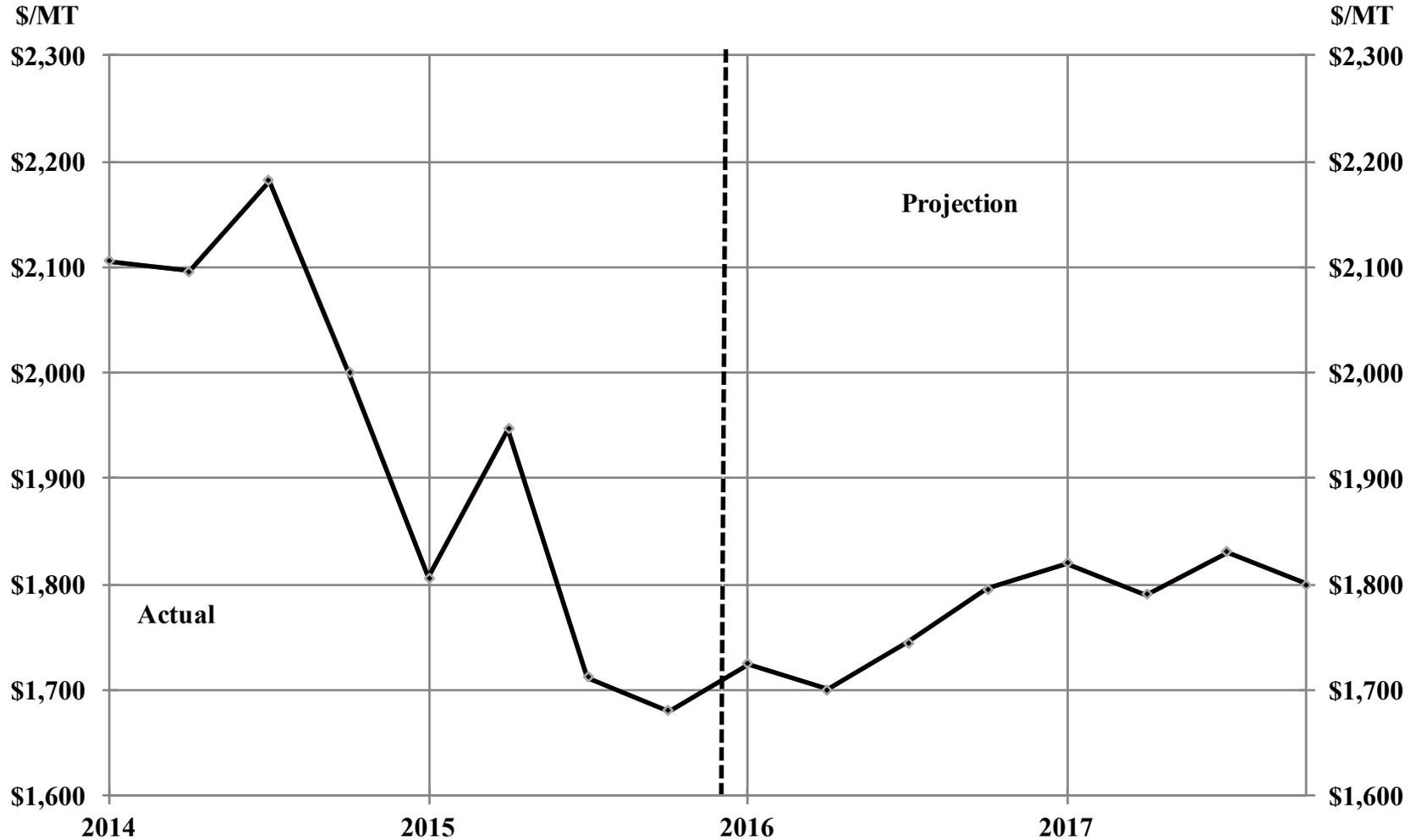


Lead

World Lead Supply and Demand Balance

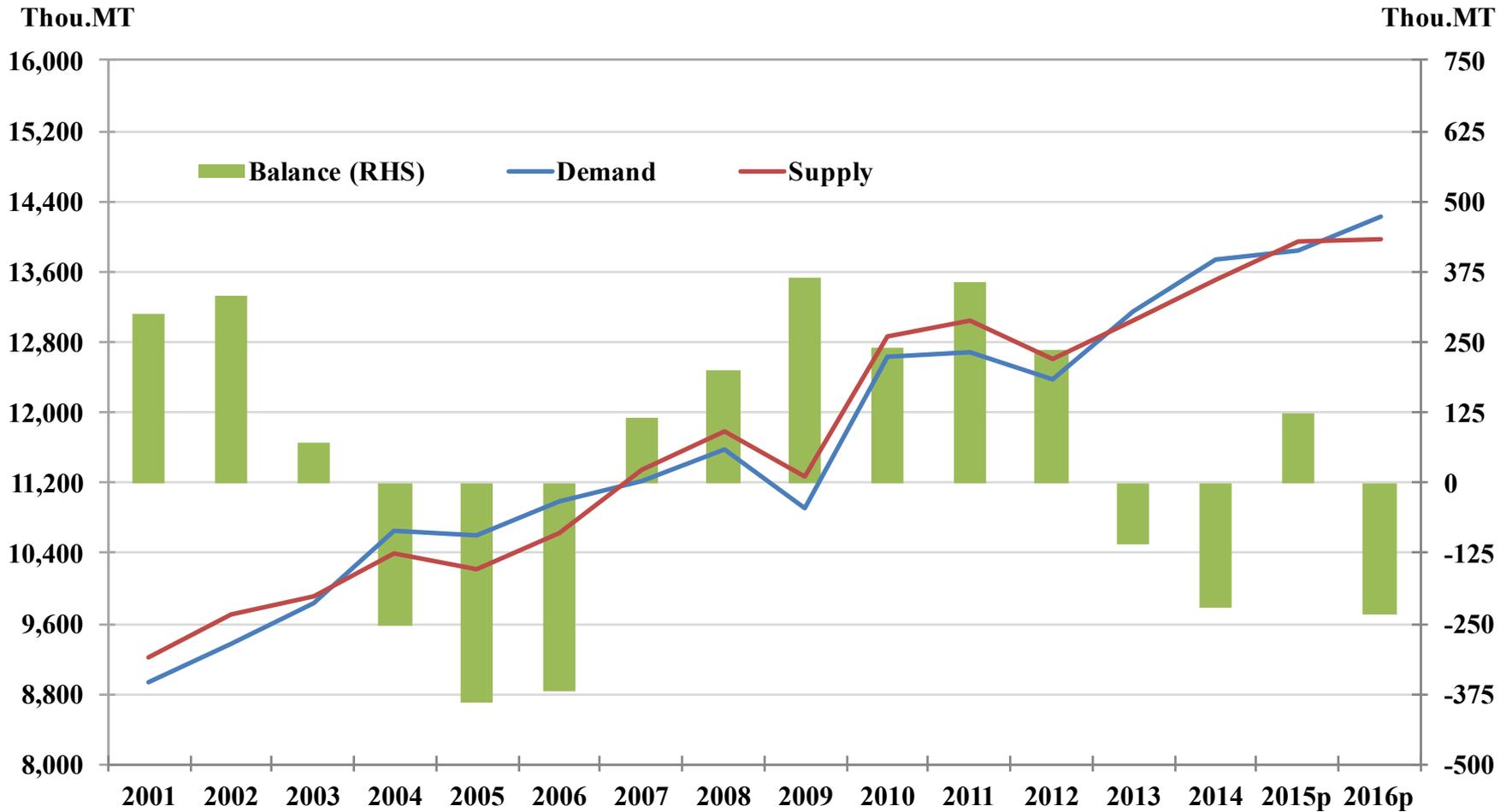


Lead Quarterly Average Price Projections

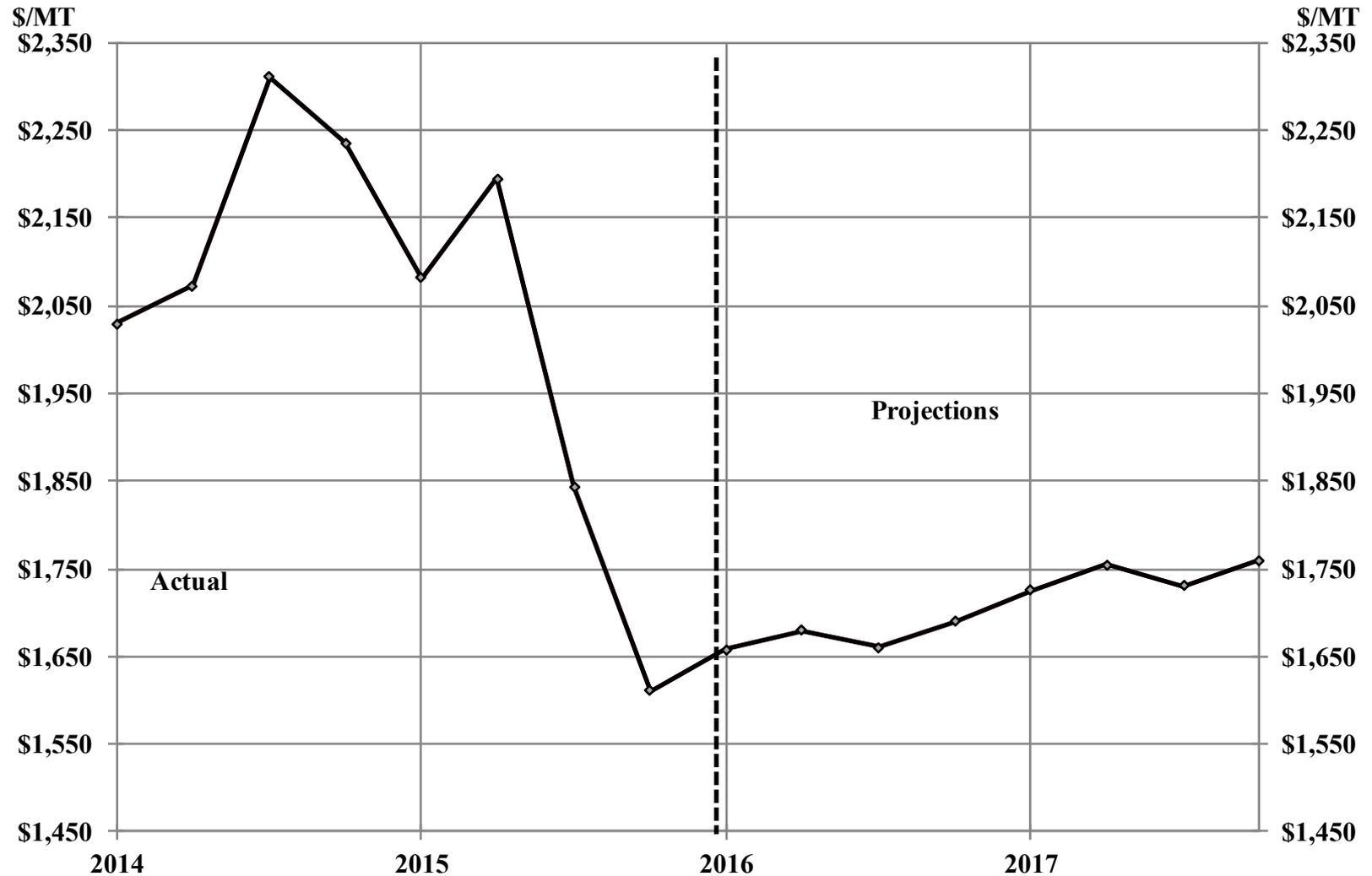


Zinc

World Zinc Supply and Demand Balance



Zinc Quarterly Average Price Projections

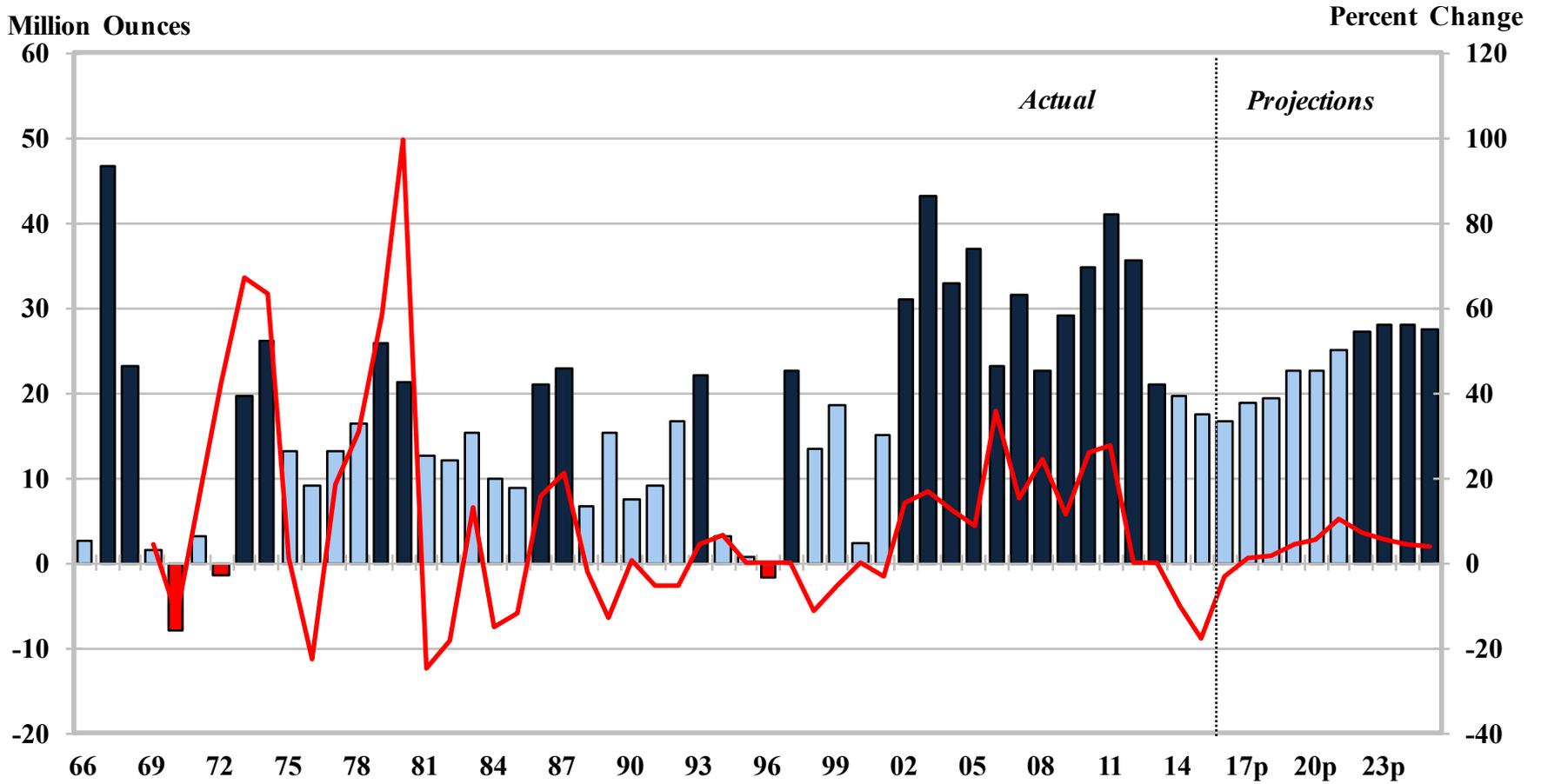


Gold

Investor Complacency Weighing On Gold Investment Demand

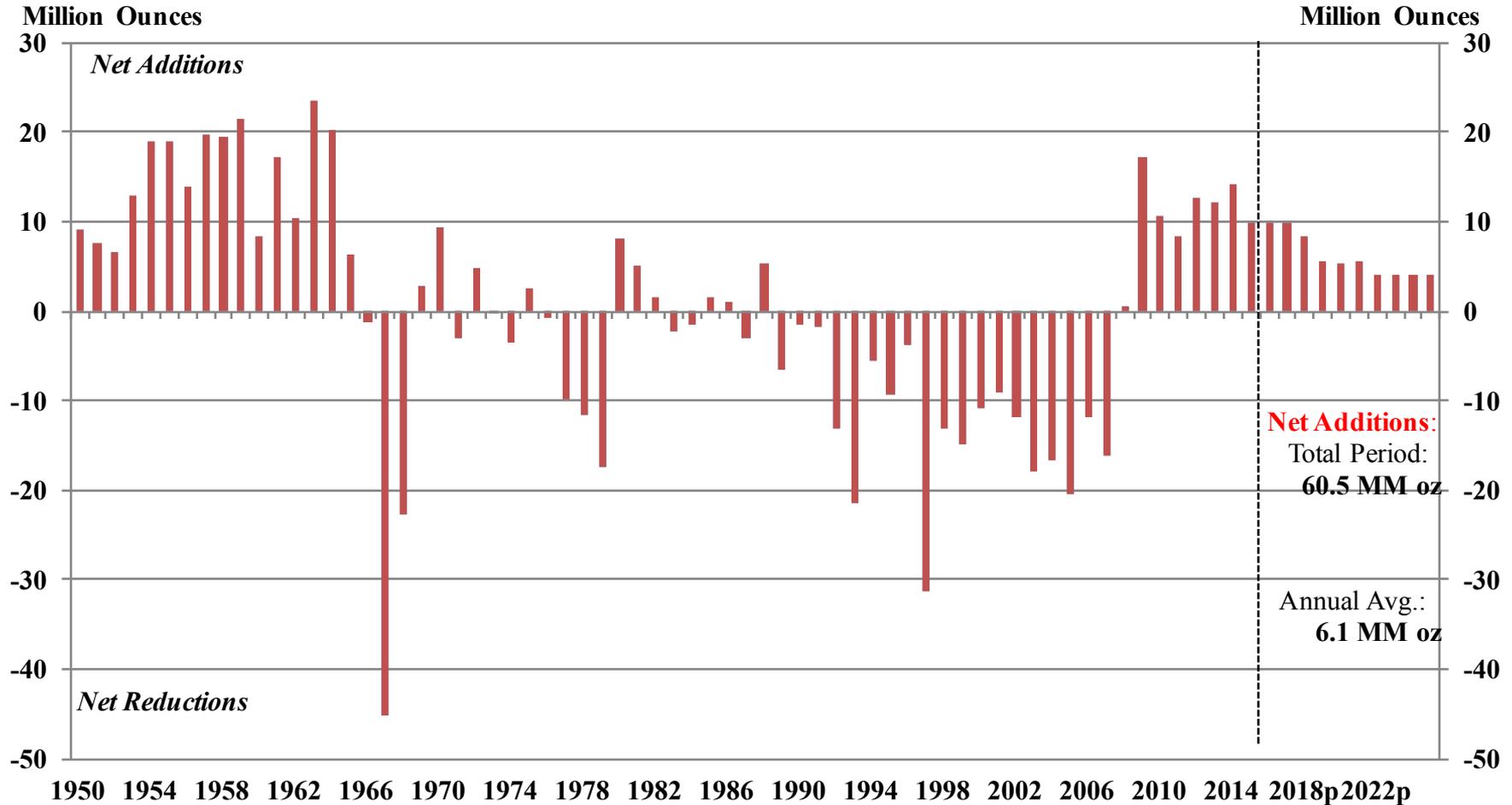
Investment Demand's Effect on Gold Prices

Annual, Projected through 2025



Central Banks Are Expected To Remain Net Buyers of Gold

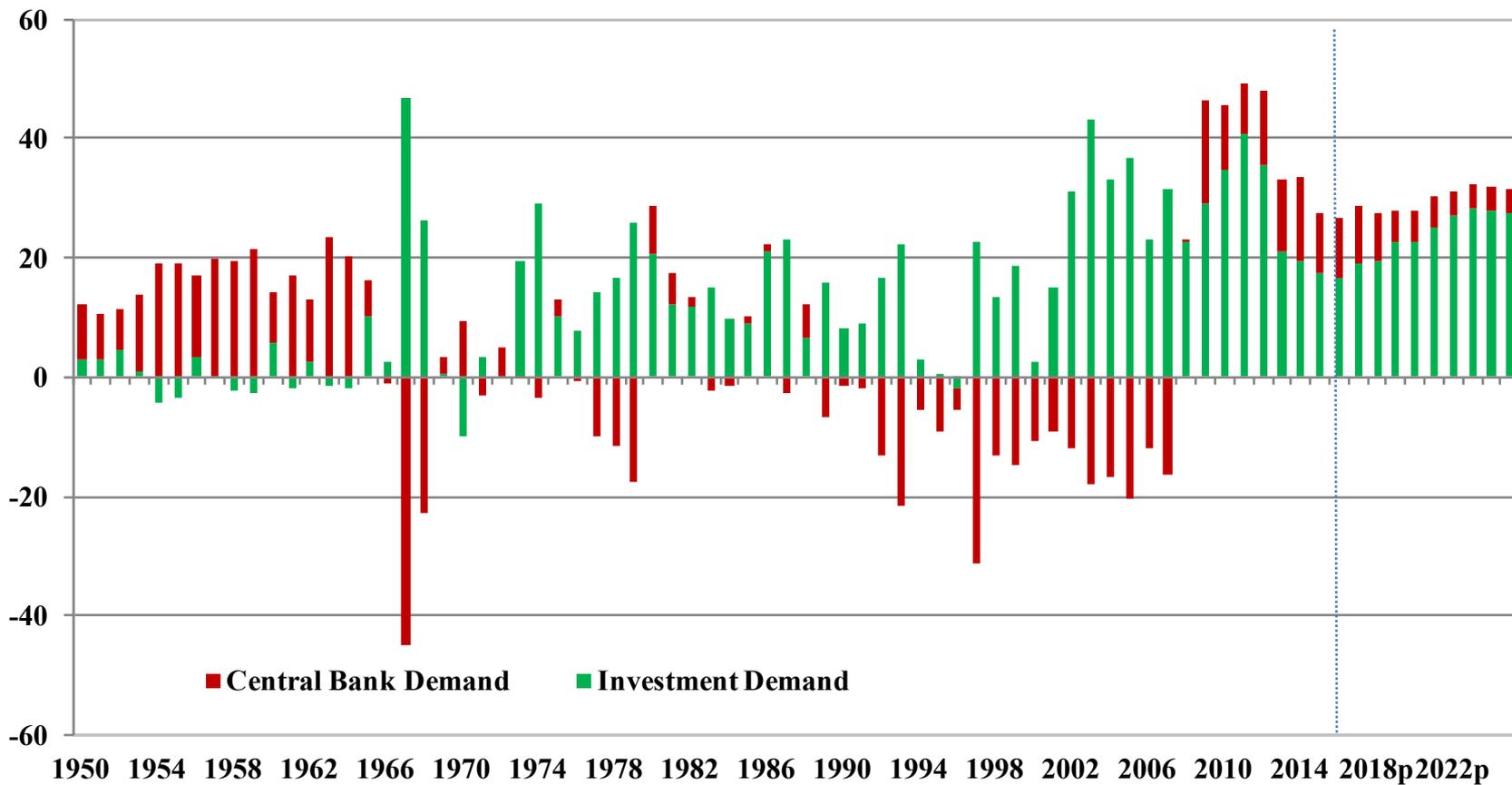
Official Transactions: Net Central Bank Gold Purchases and Sales



Total Stock Demand For Gold: Private and Official

Gold Stock Demand

Million Oz



Gold Medium -Term Price Projections



Research-Driven Research and Consulting

Thank You.

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Perspective Flies Out The Window

This month's report has two articles up front. The first concerns the volatility that has roiled all financial markets, and some governments, over the past month. Much of the volatility originated in changes the Chinese government and People's Bank of China (PBOC) initiated, beginning in July but becoming more apparent in August. Many of these changes will bear long-term positive fruit. The shift to a new world paradigm, for financial and monetary markets caught a lot of investors by surprise, however. Furthermore, the changes and the market reactions spawned an obscene amount of totally preposterous and over-sized fears in global commodities, equities, fixed income, and currency markets.

The first article deals with precious metals markets over the past month, and where they are likely to head.

The second article focuses on the immediate and long-term implications for gold markets and prices of a major shift in the PBOC's posture toward gold.

After falling sharply in July and early August, precious metals prices recovered by the end of the month. Gold prices had the strongest recovery, finishing the month at \$1,132, up from \$1,085.30 on 5 August, the lowest settlement price since February 2010, and up from \$1,094.90 on 31 July 2015. Other precious metals prices were also up from the lows that they reached during the first few days of August, but silver and palladium remained below their settlement prices at the end of July while platinum rose 2.0% over the course of August to \$1,010.50 from the end of July.

The rebound in gold prices, primarily, reflected investors covering previously established short positions. There was some increase in fresh long demand, but most of the buying seemed to be from investors buying back their short positions. Total open interest on the Comex gold futures market dropped -7.4% from the low of gold prices on 24 July to 1 September.

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Gold Long-Term Outlook

A comprehensive study of the global gold market including projections through 2025 of gold supply by mine and scrap, demand by end-use, official transactions, investment demand, and prices.

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