



MKS GROUP PRECIOUS METALS PRICES FORECASTS

YEAR 2014



MKS GROUP - 2013 PRECIOUS METALS FORECASTS REVIEW

MKS GROUP 2013 FORECAST vs. LONDON FIXING						
2013	FCST LOW MKS	FCST HIGH MKS	FCST AVERAGE MKS	LOW FIX	HIGH FIX	AVERAGE FIX
XAU	1580.00	1880.00	1753.00	1192.00	1693.75	1411.22
XAG	27.00	39.00	34.00	18.61	32.23	23.79
XPT	1520.00	1750.00	1640.00	1317.00	1736.00	1486.72
XPD	630.00	810.00	740.00	643.00	774.00	725.05

2013 PRECIOUS METALS PERFORMANCE						
2013	FIX 02 JAN 2013	FIX 31 DEC 2013	2013 % PERFORMANCE	LOW FIX	HIGH FIX	AVERAGE FIX
XAU	1681.50	1201.50	-28.55	1192.00	1693.75	1411.22
XAG	30.87	19.50	-36.83	18.61	32.23	23.79
XPT	1559.00	1358.00	-12.89	1317.00	1736.00	1486.72
XPD	707.00	711.00	0.57	643.00	774.00	725.05

MKS GROUP - 2014 FORECASTS SUMMARY

MKS GROUP PRECIOUS METALS FCST SUMMARY				
2014	FIXING REFERENCE 02.01.2014	FCST LOW FIXING MKS	FCST HIGH FIXING MKS	FCST AVERAGE FIXING MKS
XAU	1219.75	1120.00	1350.00	1262.00
XAG	19.94	17.50	23.00	19.50
XPT	1387.00	1350.00	1530.00	1467.00
XPD	723.00	690.00	880.00	765.00



MKS GROUP 2014 FORECASTS

GOLD

2014 FCST

LOW 2014:	1120.00	USD/OZ
HIGH 2014:	1350.00	USD/OZ
AVERAGE 2014:	1262.00	USD/OZ

On December 31st, gold closed at 1201.50 USD/oz, declining 28% in 2013.

The price drop in Q2 2013 prompted strong physical demand with large volumes moving from West to East; we expect this trend to continue in 2014. Chinese gold demand should in part compensate for the expected moderate gold imports into India. The market will no doubt focus on US QE tapering, but with the financial crisis finding some solid ground, a low interest rate environment and the USD likely strengthening in H2, we are less optimistic this year. We expect gold to strengthen in H1 on the back of physical demand, but with limited upside potential; 1350 USD/oz the target.

In Q4 gold shall weaken on the back of higher US interest rates talks and signs of global growth recovery. We shall keep an eye on the Central Bank agreement due for renewal in September; the official sector has been a net buyer for several years, the agreement may possibly not to be renewed or the signatories may decide to reduce the selling quotas.

SILVER

2014 FCST

LOW 2014:	17.50	USD/OZ
HIGH 2014:	23.00	USD/OZ
AVERAGE 2014:	19.50	USD/OZ

Silver closed 11 USD/oz, or 36 % lower at 19.50, after trading in a wide range of 13.6 USD in 2013. Despite the sharp price decline, silver ETFs, unlike gold, have seen over 13 million ounces of additional inflow. While the expected gold price decline and selling towards the end of the year could result in investors partially switching to silver, we still believe significant liquidation risk lies with large ETF positions if silver price action fails to convince investors.

We expect silver to top at 23 USD/oz this year and its price average to be 19.50 USD/oz. We would not be surprised to see more volatility in silver and erratic trading from time to time.



PLATINUM

2014 FCST

LOW 2014:	1350.00	USD/OZ
HIGH 2014:	1530.00	USD/OZ
AVERAGE 2014:	1467.00	USD/OZ

Fundamentals for Platinum remain positive. The expected global growth recovery toward the end of the year shall result in increased vehicle production and greater platinum demand for catalysts.

We also take into consideration the ongoing union battles in South Africa, with several short dated strikes expected throughout the year. Platinum ETFs could benefit from gold ETF outflows as a matter of diversification and repositioning. We expect platinum to trade as high as 1530 USD/oz.

PALLADIUM

2014 FCST

LOW 2014:	690.00	USD/OZ
HIGH 2014:	880.00	USD/OZ
AVERAGE 2014:	765.00	USD/OZ

Palladium has again out-performed the other precious metals this year (+0.57%) with a close at 711.00 USD/oz; 4 USD/oz higher than the opening price on January 2nd 2013 despite trading in a wide 131 USD/oz range throughout the year. We expect palladium to perform well in 2014 on the back of increased gasoline vehicle production as the global economy is expected to recover in Q4. The demand for palladium will remain industrial driven and investment interest is set to remain marginal. We expect the palladium price average to be 765.00 USD/oz in 2014.

MKS GROUP
Frederic Panizzutti
Senior Vice President

Email: fpanizzu@mks.ch
www.mks.ch
www.pamp.com

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.