



## **PRESS RELEASE**

# **Real Assets to Star in 2017 as Trump and Weak Supply Drives Demand**

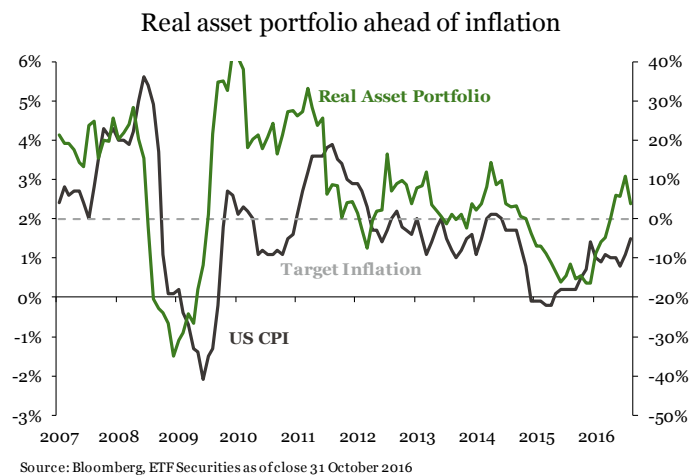
- 2017 Outlook: ETF Securities targets
  - Fair value for gold to be \$1440 USD
  - \$23 USD for silver
  - Oil to trade above \$55 USD by end for 2017
  - USD to strengthen, post-Brexit Sterling/euro weakness to reverse
  - Real Assets in demand

**LONDON, 29<sup>th</sup> November 2016:** President Donald Trump's commitment to infrastructure investments means real assets are set to outperform in 2017, according to ETF Securities, one of the world's leading independent providers of Exchange Traded Products (ETPs).

Real assets - assets such as commodities, real estate, land and infrastructure assets - will be supported by the President's US\$1tn commitment to rebuild the United States infrastructure, and are likely to outperform in 2017.

"Subject to the President developing a team of credible policymakers, refraining from irrational policy outbursts, and being able to deliver on his election promises in a politically toxic environment, real assets in general are likely to benefit from his vow to rebuild the US. Despite varied fundamental drivers, demand from emerging markets, particularly China, is likely to be a continued source of commodities consumption, and substantial cutbacks to capital expenditure budgets will restrain supply. The resulting fundamental tightening in underlying conditions should keep the commodity complex well supported in coming years," says James Butterfill, Head of Research and Investment Strategy at ETF Securities.

ETF Securities notes that real assets such as commodities, real estate or infrastructure tend to outperform traditional portfolios in a rising inflation and low interest rate environment, and expects investor appetite to increase as a result.



ETFS expects precious metals and oil to strengthen in 2017, with gold's fair value at US\$1440/oz (currently trading around US\$1300/oz), and silver's fair value at US\$23/oz (currently trading at US\$19/oz). The ending of China's "speculative frenzy" on industrial metals will likely weaken prices in the near term. Prices should however rebound in the longer run as infrastructure spending boosts demand for industrial metals.

"In the short-term, gold and silver prices are likely to come under pressure as we approach the rate hike, but we believe that the Fed will remain behind the curve and inflation will rise faster than the central bank will raise rates, keeping real rates very low, which is gold and silver price positive," says James.

"The US\$1trn of investment cuts in the oil and gas industry since the start of the oil price crash will start to bite into supply in 2017. As sustained cuts to production eat into elevated inventories, oil prices are likely to trade above US\$55/bbl," he adds.

ETFS expects Sterling's Euro weakness to start to reverse as the Euro weakens if the ECB stays its current stimulatory course. USD is likely to continue to strengthen if the US Federal Reserve can get in front of potential inflation pressure that is developing in the US. The safehaven trade that has benefitted the Swiss Franc is likely to continue as many EU members are facing major elections in 2017. As greater sense of stability in Europe gains momentum afterwards, this safehaven trade is likely to unwind.

"2017 looks like a year of more populism and more volatility, and inflationary policies as a result. The current Trump bump in equities and risk on assets may well be short-lived but his presidency looks most positive for real assets, such as commodities, infrastructure or real estate," concludes James.

The 2017 Outlook also sets out:

- The illiquidity mirage: concerns over bond market illiquidity are overdone: electronic trading, as well as the use of buy-side inventories as a source of liquidity, are becoming more prevalent in corporate bond trading. This may have changed the nature of liquidity but there is no clear evidence that liquidity has deteriorated.
- Separating the signal from the noise among ETP flows: Analysing ETP flows help identify opportunities for investing in 2017.
- Lithium: a new precious metal? How demand for batteries for electric vehicles will change appetite for lithium.

**-ENDS-**

## **Notes to Editors**

### **ETF Securities – The intelligent alternative**

The ETF Securities Group is one of the world's leading innovators of Exchange Traded Products (ETPs) and provides specialist investment solutions to investors around the world, enabling them to intelligently build and diversify their portfolios.

We are pioneers in specialist investments, having developed the world's first gold exchange traded product. Today we offer one of the most innovative ranges of specialist ETPs covering commodities, FX, equities and fixed income. Using that pioneering spirit, our unrivalled expertise and by working with best-in-class third parties, we seek out the most interesting investment opportunities and make them accessible to investors as the *intelligent alternative*.

### **About ETF Securities Triannual Outlook series**

Our triannual multi-asset outlooks are a collection of short articles, focusing on the issues that we believe are top-of-mind for investors. We offer our expertise and insight into foreign exchange, equities, commodities and fixed income, which is tied together under the umbrella of our global macroeconomic outlook

To learn more about ETF Securities go to: [www.etfsecurities.com](http://www.etfsecurities.com)

**For further information, please contact Mark Beers, Sharpe Financial Communications on:**

T: +31 +31 (0)6 37 231 292

E: [mark.beers@sharpefinancial.com](mailto:mark.beers@sharpefinancial.com)

**Important Information**

This communication has been issued and approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by ETF Securities (UK) Limited (“**ETFS UK**”) which is authorised and regulated by the United Kingdom Financial Conduct Authority (the “**FCA**”).

The information contained in this communication is for your general information only. Nothing in this communication amounts to, and nothing in this communication should be construed as, investment advice, an offer for sale or a solicitation or an offer to buy securities and should not be used as the basis for any investment decision. Historical performance is not an indication of future performance and any investments may go down in value.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

This communication may contain independent market commentary prepared by ETFS UK based on publicly available information. Although ETFS UK endeavours to ensure the accuracy of the content in this communication, ETFS UK does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this communication make no warranties or representation of any kind relating to such data. Where ETFS UK has expressed its own opinions related to product or market activity, these views may change. Neither ETFS UK, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents.

ETFS UK is required by the FCA to clarify that it is not acting for you in any way in relation to the investment or investment activity to which this communication relates. In particular, ETFS UK will not provide any investment services to you and or advise you on the merits of, or make any recommendation to you in relation to, the terms of any transaction. No representative of ETFS UK is authorised to behave in any way which would lead you to believe otherwise. ETFS UK is not, therefore, responsible for providing you with the protections afforded to its clients and you should seek your own independent legal, investment and tax or other advice as you see fit.