



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR DECEMBER 2018

03 January 2019 – If we had to choose the most interesting month of 2018 as for the trading in the commodity and stock exchanges, surely that would be December. Stock indices have experienced the worst month, in the last 80 years. Their decline was surpassed only by December 1930 when the Great Depression raged on. Investors are gradually getting rid of their stock investments. Miroslav Motejlek, the well-known Czech economic journalist and investor in stock markets, wrote on his Twitter account that he had already got rid of 80% of shares in his portfolio.

The Dow Jones Index in December broke through 22,000 points and fell to the lowest value in the last 16 months. Due to this “black December”, many equity funds resulted in a loss for the whole year 2018, see the equity fund of the Czech bank J&T Opportunity CZK with the loss of 5.81%.

At the end of December, investment of American pension funds, which had to buy stock to fulfil regulatory requirements on the balance of stocks and bonds in their portfolio, helped shares. The pension fund of the American bank Wells Fargo made a purchase in the volume of 64 billion USD in one day. It helped the shares and the Dow Jones Index exceeded the limit of 23,000 points. However, even such an investment could not get the “stock party” from last years started.

Many investors realize that shares really cannot rise indefinitely and therefore, they **start to diversify their portfolios** and reduce positions in shares more. The end of the cheap money decade with the USA and EU “printing” money in an effort to ramp up inflation while buying securities for this money is coming to its end. Its price was thus artificially increased and did not reflect reality. December’s meeting of the US Federal Reserve was another important signal for markets. They increased the interest rates despite open criticism of President Donald Trump. However, his following comments on the possible increasing of rates in 2019 were careful and optimistic estimates speak of three increases maximally and realists tend to expect only two.

Precious metals in December 2018:

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,285.70	15.52	816.00	1,284.00
Date	31-12-2018	31-12-2018	03-12-2018	31-12-2018
Lowest price USD/oz	1,226.00	14.33	778.00	1,188.00
Date	03-12-2018	03-12-2018	10-12-2018	07-12-2018



If we were to appoint only one risk which will have the biggest influence on the markets, this would be one name – Donald Trump. His unpredictability, unprecedented interference in the FED's policy, current crisis over budget, only due to financing the construction of the wall on the southern border of the US, and a risk of a continuing trade war with China and the EU are possible outbreaks which can result in an economic and political instability not only in the US but also all around the world. This will certainly work for gold. We think **that 2019 will be the year of gold.**

Precious metals in December 2018:

Gold – it has strengthened by almost 5% during the month. Many analysts predict that it had broken so called “bearish trend”, and as a result of its sharp strengthening in December, it entered into a growth phase. This is evidenced by increasing positions of investment funds which trade in securities the prices of which depend on the price of gold. The boundary of USD 1,250 per ounce was quickly overcome and the price approached USD 1,300 per ounce, which is another important psychological barrier which will pave the path for further growth.

Silver – it copied the development of gold. Its strengthening amounted to more than 8% and it exceeded the border of USD 15.50 per ounce. For 2019, we expect its strengthening which will not be so fast in the case of economic crisis because silver will be under the pressure of low demand from industry.

Platinum – the only precious metal which kept its downward trend even in December. The price of platinum is under the value of USD 800 per ounce now. It is caused by long-term low demand from car industry and weakening demand for platinum jewellery, mainly in Asia.

Palladium – it strengthened by 8% during December and its price is comparable to gold – it is traded below the amount of USD 1,300 per ounce. It is benefiting from rising demand from the automotive industry.



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