



## REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR FEBRUARY 2019

1 March 2019, Prague – Last December and this January were the months when the gold was extremely successful. In February, the **gold approached another psychological threshold**; however, its growth was not so fast. From the perspective of long-term investors, it is good since if something goes up very quickly and abruptly, it can bring a rapid decline. But this is not the case for gold at this moment. In the past month, there was some inhibition of growth; though, the gold is still **in great shape in order to overcome other barriers** still waiting on its way to the maximum.

**The first** threshold in dollar price is the value of **1,350 USD per ounce**. In February, the gold approached this threshold. When on Friday on 15 February, U.S. President Donald Trump declared a state of emergency threatening the national safety, the only reason of this “wannabe” dramatic statement was the intention to gain money for building a wall on the borders with Mexico. Even if the statement was hysteric rather than realistic, markets and gold – as a traditional safe harbour in the times of uncertainty – responded to it and gold strengthened to 1,346 USD. Shortly after that, the situation calmed down, and gold began to slowly weaken to a limit of 1,330 USD. The reason for cooling the situation was also the fact that on 20 February, the FED published the minutes of its January meeting while confirming the assumption regarding **careful increasing interest rates** due to fears of economic slowdown. This clarification of the January statement helped shares that began to strengthen and the gold corrected its previous rapid price increase. The fact that no increase of interest rates has an impact on the price of shares is another proof of the fact that the **price of shares is not driven by success of firms** or the whole economy **but only by the huge surplus of cheap money** in the market.

The capital surplus leads to the fact that **investments are increasingly risky** because everyone is looking for at least some appreciation. And as we know, the higher the evaluation, the riskier investments. This is why everybody is afraid of withdrawing money pumped into the economy. Once its withdrawing starts, the flow of money from greedy investors into risky projects, which mostly work as Ponzi schemes – so called planes, will be stopped, and there will no longer be enough money to pay earlier investors involved. These **“miraculous projects” will start to fall apart**, the panic of savers that will try to find at least some safe harbour will grow significantly.

### Precious metals in February 2019

	Gold	Silver	Platinum	Palladium
<b>Highest price USD/oz</b>	1,346.70	16.22	878.00	1,570.44
<b>Date</b>	19-2-2019	20-2-2019	28-2-2019	26-2-2019
<b>Lowest price USD/oz</b>	1,302.25	15.48	778.00	1,310.00
<b>Date</b>	14-2-2019	14-2-2019	14-2-2019	4-2-2019



**Gold** – in February, it tested the psychological threshold of 1,300 USD per ounce; however, it did not drop below it. Its price subsequently started to grow while stopping just below 1,350 USD. On the other hand, it did not exceed this threshold either. At the moment of breaking the limit of 1,350 USD, the level of 1,365 USD that should pave the way to gold for further growth and price of 1,400 USD per ounce will be important.

**Silver** – in February, it followed the development of its stronger brother – gold – experiencing its maximum and minimum values at approximately the same days.

**Platinum** – at the end of February, the platinum finally strengthened, namely above the limit of 850 USD per ounce. However, the future is not optimistic for platinum. Diesel engines will see no renaissance.

**Palladium** – it (apart from gold) became the most interesting metal in February. It continued its graceful ride while easily exceeding the limit of 1,500 USD and not stopping at the level of 1,550 USD per ounce. The only problem of palladium is its very low liquidity in the market. One of the biggest players in financial markets – **Danish bank Saxo Bank ended trading with palladium at the beginning of February**. There are very few subjects on the market that would want to sell palladium and that is why **it is missing on the offer side**. The market with palladium is governed by a small group of producers trying to use skyrocketing prices while attacking the highest level and blocking the palladium. Once these big players decide to sell their supplies, the rapid fall of the palladium price can be expected.



Libor Křapka  
Chief Executive Officer of IBIS InGold®, a. s.



IBISInGold



ibisingold



@IBIS\_InGold



IBIS InGold