



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR MARCH 2019

1 April 2019, Prague – The price of precious metals is less and less responsive to various political events. The market seems to get used to unbelievable messes around Brexit and to contradictory statements by the US President, and it is increasingly influenced mainly by economic events.

In March, it was a cautious statement of the US Federal Reserve on **raising interest rates**. After the last meeting of the FED, **64% of analysts** expect that **the US will not raise interest rates before next January**, and some of them are even starting to **speak openly about their reduction**. While it seemed that interest rates are to be raised at least twice at the end of the last year. This situation is very dangerous for future economic development. **Low interest rates reduce the room for manoeuvre of central banks during the economic crisis**. It will not be possible to supply the economy with money so that interest rates in the bank will be equal to zero values. **In fact, the banks may be forced to use negative interest rates**.

The ECB has already set a deposit rate to **-0,4 %** and some banks (e.g. Saxo Bank) pass these negative interests to their clients, for the time being, in case of higher deposits. Paying interests for borrowing money to someone is unthinkable for ordinary citizens. It might be time for us to consider if having free money stored in banks is good. The money bears almost no interest at this moment and inflation starts to eat it away. And what about if one is to pay interest on letting it sit in the bank? If this is the case, we can expect great interest in assets where to save money quickly, which can be sold quickly if necessary while getting back paper money. Gold is certainly one of them as are the other precious metals.

Many large investors are convinced that this is the end of the economic cycle. There are more and more signs that a recession is imminent. In March, we witnessed the one of the most important signs – the yield curve of US ten-year bond dropped to the level of three-month bond yields. Important investment fund – **Global Macro Fund**, which generated profit for its clients in the amount of 41% last year, **recommends buying gold and selling shares**. Based on their statement, the current growth of stocks is temporary. There is no need to wait any longer. If investors want to **hedge against recession**, they should **increase the proportion of gold in their assets**. And it does not depend whether it is an investment company, small investor or family.

Precious metals in March 2019

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,324.70	15.65	876.50	1,617.00
Date	25-03-2019	21-03-2019	21-03-2019	21-03-2019
Lowest price USD/oz	1,280.94	14.96	811.85	1,333.00
Date	07-03-2019	29-03-2019	08-03-2019	28-03-2019

Gold – it experienced only a slight price movement around 1,300 per ounce. The yellow gold seems to have a rest while gaining strength after a hard climb from the last year. In the near future, the expected price



consolidation is around 1,330 USD. Then, the price starts to grow and investment analysts suppose that in June, the price will move around 1,360 USD while reaching the level of 1,400 USD per troy ounce by the end of the year.

Silver – it broke the lower limit of 15 USD per troy ounce. Movement of its price was also slow. It copies the development of gold.

Platinum – it saw record demand from ETF funds. The interest is driven mainly by high price of palladium and car makers say it could replace increasingly expensive palladium in catalysts.

Palladium – it exceeded another historical limit of 1,600 USD per troy ounce. However, it was followed by a sudden fall. It lost more than 20% of its value within one week and stopped at 1,300 USD. It was mainly caused by bad news from Chinese economy, mainly drop in sales of cars and reflections on the rapid onset of electro-mobility just in Asia. Based on this fact, executive vice-president of Goldmining Inc., Jeff Wright, said that they invest more into lithium mining than into palladium or platinum mining.



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