REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR JANUARY 2017

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,220.30	17.625	1,008.45	800.00
Date	23 Jan 2017	31 Jan 2017	24 Jan 2017	24 Jan 2017
Lowest price USD/oz	1,146.30	15.850	900.00	671.95
Date	3 Jan 2017	2 Jan 2017	2 Jan 2017	2 Jan 2017

The first month of the new year started well for precious metals. The four **metals observed had been growing throughout the month.** The lowest values in USD were recorded at the very beginning and the highest values at the end of the month. The smallest fluctuation was seen in gold. The difference between the highest and the lowest spot price reached 6.5% for gold, 11.1% for silver, 12.0% for platinum, and palladium with 19.0% was the most volatile metal.

January was full of expectations with regard to **Donald Trump's behaviour** as US President. His inaugural speech and following steps prove mainly **his unpredictability. This also entails uncertainty in financial markets** because the financial markets are not fond of unpredictability. At the very beginning of his mandate, Trump broke one of taboos – a president does not comment on financial markets. However, Trump has declared that he **wants a weaker dollar** because a weaker currency will encourage domestic exporters, and this is how he wants to fulfil his promises and his campaign slogan – Make America Great Again. **Paradoxically**, several days after this declaration, **the index Dow Jones**, which consists of shares of 30 most traded US companies, **reached historical value of 20,000 points. Has Trump managed to boost US economy during 5 days in a way that shares of their top firms have soared to maximum?** Of course not. The gap between the real economic situation and the situation on the stock market keeps on widening. **The stock market is moving away from the real economy by leaps and bounds.** This development began with the decision to pump money into the economy by purchasing bonds and securities, and as it happens, it continues to live its own life.

A weaker dollar, after which Trump calls, means logically **more expensive gold and other commodities. However, FED**, which has been strengthening the dollar **by raising interest rates** as promised, **will prevent the dollar's depreciation.** Well informed sources from the White House claim that a collision of Trump and Janet Yellen (Chair of the Board of Governors of the Federal Reserve System) is coming. As a result of rhetoric, which should help with weakening the dollar, gold and other precious metals have been growing. The growth had been also strengthened by an increased **demand for gold from China**, when **in December**, **more than 160 tonnes of gold** was imported in this country. For comparison – in November, it was only less than 31 tonnes. Such an increase in December import was caused by New Year's Eve celebrations, which take place in China in January, and a traditional present at this occasion is a golden jewel or ingot. **442 tonnes** were imported to China – for commercial purposes – **over the past year.** In **2015**, it was "only" **288 tonnes**. As wider groups within the population get richer, the import of gold to China is growing, and there is no reason why growth in wealth of the most populous country in the world should be stopped. However, we will not know any time soon how much gold has been imported by China for the needs of its national bank, which diversifies its reserves.

China affects not only the price of gold. In January, it was also the price of **palladium**. When the data on **increasing car sales** in China had been published, the price of palladium, which is used in catalytic converters of cars with petrol engines, started to grow, and the data from automotive industry have the greatest impact on the price of this metal at the moment.

While FED started to gradually increase interest rates at the end of the year, **ECB** is not doing so. At their January session, they **prolonged purchases of bonds -** i.e. actual printing of money, and they **have retained negative interest rates**. The reaction of European banks was swift. The first bank that responded to it was **Danish SAXO Bank**, which decided to transfer costs associated with holding money to clients and to impose **a negative interest equalling to 0.4% on all deposits above EUR 250,000**, which the clients have saved there, **from 1 March**. It means that **clients shall pay for providing their own money to the bank. What is the actual value of cash when neither banks want it?**

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