



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR MAY 2017

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1 274,60	17,50	965,00	830,00
Date	31 May 2017	30 May 2017	26 May 2017	1 May 2017
Lowest price USD/oz	1 215,25	16,05	892,25	752,50
Date	9 May 2017	9 May 2017	4 May 2017	22 May 2017

2 June 2017, Prague - May continued the trend of **low volatility of the precious metals** observed. The minimum difference between the current highest and lowest price in the month was recorded in gold, i.e. 4.8%, 8.1% in platinum, 9.0% in silver and 10.0% in palladium.

The low volatility in May was given by **calming the political scene**, mainly in Europe. It was brought by the results of the second round of the French presidential election and relatively clear victory of Emmanuel Macron. In the US there is still **slight nervousness around Donald Trump** who is unpredictable. I am convinced that this unpredictability will be a dominant feature of his entire presidential mandate. It becomes evident from his statement regarding the budget being prepared for 2018 that **he wants to keep his promises** regarding strengthening of the US economy, and therefore, **he keeps on attacking the dollar**. In May, the US Dollar to Euro currency exchange rate dropped to the value 1.12 dollar per Euro, and there is a presumption that this weakening will continue.

The only subject that could speak to this trend is America's **FED** which is to announce in mid-June **if they increase their interest rates** or leave them at their actual value, slightly exceeding the border of 1%. All relevant economic data indicate that this slight increase of interest rates is on its way. Unemployment has been falling, inflation has been growing and so is the industrial production. The question is, however, whether the FED bucks the trend and the interest of the US president by increasing the rates. The most of analysts supports the view that the FED will slightly increase its rates in June again; however, it will be the last increase for a longer period of time.

The fact that some new statistics were published was also interesting in May. They show that **Chinese demand for gold has been growing. In April, China bought 171 tonnes of gold. It has been 727 tonnes since the beginning of the year, and it can be expected that the value of 2,000 tonnes will be exceeded this year.** The growth in demand from Asia will be a dominant factor which will have an impact on the growing price of gold in the following years. The wealthier Asia is, the higher the price of gold is. The statistics also show that **the place of mining is being moved – again to Asia**. In 1970, South Africa dominated gold mining – at that time, they mined 1,000 tonnes per year. Nowadays, the amount of gold mined in this area has dropped to only 160 tonnes. At present, the largest producer of gold is China, namely almost 500 tonnes of mined gold per year.

Another figure, which was published in May and that is also interesting, is **a change of gold content in soil excavated. There were 20 grammes of gold in the soil excavated 40 years ago.** The newest statistics show that **the current average amount of gold in the tonne excavated is close to 5 grammes and it keeps on falling**. This fact will also have an impact on the gold price in the future. As the amount of gold in the soil excavated is decreasing, **the total mining costs are increasing**. It is no secret that some mines, **mainly in South Africa, are to be closed mainly due to the unprofitable mining**.



In May, another event occurred that is not seemingly related to precious metals. It was a **hacker attack** when hundreds of thousands of computers were attacked by ransomware while paralysing the operation of some hospitals and industrial objects. The relation to precious metals can be found when we realize that nowadays, **the overwhelming majority of all monetary transactions are made electronically and real money**, i.e. coins and banknotes, **forms only 2% of the total funds in circulation. What would happen if the ransomware attacked computers of banks and financial institutions?** How would we do our shopping? Would the goods be exchanged for goods, and would the world be obliged to use universal currency which cannot be easily deleted – gold?



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