



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR JULY 2017

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1 271.40	16.905	946.60	899.35
Date	28 Jul 2017	31 Jul 2017	31 Jul 2017	31 Jul 2017
Lowest price USD/oz	1 204.55	15.170	888.40	830.50
Date	10 Jul 2017	10 Jul 2017	11 Jul 2017	10 Jul 2017

1 August 2017, Prague - **In July, the most volatile precious metal was silver.** This discontinued a series of the months in which the greatest span between the minimum and maximum price within the month among the screened metals had palladium. In July, the difference between the minimum and the maximum price of silver reached more than 11% for silver, 8.2% for palladium, 6.5% for platinum and 5.5% for gold. The high **silver** volatility was caused by the fact that, **the situation in July was similar to the situation of gold in June: "SOMEBODY"** on the Japanese exchange ordered a **major volume of silver to be sold** in a single moment, **concretely the sale was reached the value of 450 million dollars**, which made the price drop by more than 6%, which means from 16.22 USD/oz down to 15.25 USD/oz. The order was placed at **3:10 of our time zone**, which means that **it happened again at the time when only the only opened market is Asia** and this time is the least suitable for sale because the market has low volatility. The price did increase again within 15 minutes, but it got fixed under 16 USD/oz. It is really interesting what took place during the past two months on the commodity exchanges and not only there. **The sale of 56 tons of gold in the least suitable moment, and now another sale of silver in the least suitable moment.** Evidently, it is **not the so-called „fat finger“**, placing an order mistakenly by „misclicking“ – rather **it seems to be a market manipulation made by big investment funds – eventually, there are also speculations on manipulation by China**, which wants to make cheap purchases now. We will learn what was the real reason of these strange sales a few years later if we learn this at all.

An event which is always the number-one event for precious metals is **the session of the American central bankers.** In July, this session was held as late as the end of the month, on 26 July. As expected, **FED left the interest rates at the present level** – i.e. in the range of 1 - 1.25%. Its statement following the session was very prudent, especially with regard to the matter of the so-called Quantitative Tightening, which is the opposite of Quantitative Easing, which was pursued very intensively by FED in the past years. Quantitative Tightening is purchasing the sold obligations – the aim is to withdraw money from the economy. Contrary to expectations, in the session held in July FED **did not promise any concrete volumes or dates** on which FED will start to carry out these purchases. This weakened the American dollar, which is about 1.18 to euro now and it is near to break the value of 1.2. **The weaker dollar is exactly what the American president Donald Trump** wants to reach (he promised it a year ago to his voters). The weaker dollar means a help to the American producers. It will help not only the exporters, whose products will be less expensive abroad, but also domestic producers because the prices of foreign competitors will not be so favourable as they were at the time when the dollar was strong.

For smaller **precious metal investors in other currencies than the American dollar**, it is **an opportunity which may not come again.** Market manipulation with the aim to decrease the price so that the big funds or even state banks can purchase at favourable prices as well as weakening of the American dollar towards almost



all currencies – these are main reasons why the EUR and CZK prices are the best in the past years. **In the case of the Czech crown, this effect is multiplied by end of interventions performed by the Czech National Bank (ČNB). This situation however may not last forever.** China and Russia may terminate purchases of precious metals (especially gold). The European Central Bank may not like to see the EUR getting strong to the level when especially the German products will not be able to compete on the American market, which will make the European Central Bank start to take measures with the aim to weaken euro. China, whose state program counts with a double-digit growth of economy, will have to respond to it, which **may start another spiral of currency devaluation of important world currencies**, which may become another **currency war**. **As generally known, devaluation of currency always means a devaluation of precious metals, especially gold, which has been the best means for preservation of real value for centuries.**



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