



REPORT ON THE GLOBAL PRECIOUS METALS MARKET OCTOBER 2017

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,306.40	17.5500	949.60	1,012.00
Date	2017-10-16	2017-10-18	2017-10-13	2017-10-16
Lowest price USD/oz	1,260.30	16.3175	903.00	906.30
Date	2017-10-6	2017-10-6	2017-10-6	2017-10-3

November 1st, 2017, Prague – In October, the **volatility** of the precious metals observed was **extremely low**. The lowest difference between the maximum and minimum price recorded in this month could be seen in gold, i.e. only 3.6%, platinum 5.1%, silver 7.5%, and the only palladium crossed the double-digit threshold and the difference of its lowest and highest spot prices amounted to 1.6%. Interestingly, the highest and lowest prices were recorded within a relatively short space of time in the first half of the month.

The world of precious metals in October was full of interesting events. The **palladium** continued its graceful ride when it **doubled its value within two years**. It was a more expensive metal than the platinum throughout the month of October and its historical maximum limit of 1,075 USD per troy ounce from February 2001 is no longer far away. The reason is **extreme demand from the automotive industry**, especially from China, which has already been mentioned several times.

At the beginning of the month, the **world of precious metals was shocked by China**. Its official press agency New China cited the Vice-President of the Chinese Gold Association, Chang Jung-tchao, who said that the **official verified gold reserves of China had amounted to 12,100 tons at the end of 2016**. If it is true, China became the biggest holder of gold reserves in the world while skipping the so far leading United States by almost 4,000 tons (United States officially own 8,133 tons). China has referred to its gold reserves in the volume of 1,842 tons so far. Jung-tchao further said that **in 2016, there was almost 70,000 tons of yellow metal traded in China and by 2020**; it is supposed that this volume shall exceed **100,000 tons**. These values include any stock exchange transactions as well as out-of-stock exchange trades, i.e. both paper and physical gold.

The **statement of Wolfgang Schäuble**, the outgoing **German finance minister**, should not be left without the attention. In the interview for the British newspapers (The Financial Times), he said that **the world must prepare for another economic crisis**. He sees the **greatest risk in the growing volume of money** pumped into the economy by central banks. Another risk is **accumulation of outstanding bank loans** which is the main risk for euro area banks, mainly in Italy and Spain. In Schäuble's opinion, the countries as well as the firms should prepare for another crisis which shall be, in his opinion, much worse than the previous one. Some firms have already done so. **The major European carmaker** has already given an internal order to its individual brands of its concern to start with creating a financial reserve **in the amount of 30% of profit beginning from the 4th quarter of 2017**. The finance thus deferred should serve as a protective pillow for the case of upcoming financial crisis.

However, the European Central Bank still acts so as not to hear the warning of the finance minister of the strongest economy of Europe. Though, they decreased the volume of purchased bonds to the half but they **prolonged this programme to September 2018**. Thus, the influx of money into the economy of the old continent shall continue while the risk of what the German finance minister said keeps on growing. "You can



lead a horse to water, but you can't make it drink."

So the month for the market of precious metals started in the same way as it ended – again with a shock. This time, the world of producers, sellers and investors in investment gold was frightened by the event in Canada where a young man bought an ounce of investment gold certified by the prestigious Royal Canadian Mint (RCM) in the branch of the **Royal Bank of Canada** (RBC). Subsequently, he wanted to verify its authenticity by a famous goldsmith. He unpacked the ingot and broke it in two halves for reasons of better assessment. Unfortunately, he found out that the pure gold – declared for this ounce – should not behave in this way. The subsequent acid test proved that the ingot **does not include any precious metal** and its value is not 1,680 Canadian Dollars for which it was sold by RBC, but it declines towards zero. The bank took the ingot back only after the intervention of media contacted by the damaged man and forwarded it to the Canadian mint for further assessment.

The gold has always been falsified, it is no news. However, there were individual cases in the past when ingots with higher weight in grammes were hollowed out and their golden interior was replaced by other metal – most often, by wolfram that has a similar density. This procedure would be worth in bigger ingots. The case from Canada is new in that the ingot of relatively small weight was falsified which leads to speculation that there must be more of such ingots. Since the falsifying person had to invest in the manufacture of a die the manufacture of which is not so difficult in modern times of 3D print, and mainly in package manufacture technology. The airtight packaging is the cause that investors must have more of such ingots because only a few of them break the package and control the gold. Unfortunately, we have **news also from the Czech Republic** where in one shop of the precious metal producer, a gold troy ingot from Australian refinery in Perth was caught during its repurchase which behaved in the same way as the ingot from the Canadian mint upon the acid test.

Following those incidents, the foresight of the **Swiss Refinery PAMP**, which has been, as the only one in the world, **producing the investment gold protected by the technology VERISCAN™** for two years, must be appreciated. **Thus, the investors may non-destructively make themselves sure to have real pure gold** by means of a scanner or application in their mobile phones.



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