



REPORT ON THE GLOBAL PRECIOUS METALS MARKET NOVEMBER 2017

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,299.84	17.40	960.20	1,034.28
Date	27-11-2017	17-11-2017	28-11-2017	29-11-2017
Lowest price USD/oz	1,265.60	16.41	916.15	974.00
Date	03-11-2017	30-11-2017	03-11-2017	15-11-2017

December 1st, 2017, Prague – **November** was the month of a **very low volatility** of the metals observed. The lowest difference between the maximum and minimum price could be seen in gold, namely 2.7%, platinum 4.8%, silver 6.0%, and the most volatile metal was palladium with 6.1% (if we can speak of volatility at all). The low volatility is given by the fact that no unexpected events occurred on the market. The third business week in November was as usually virtually paralyzed by the biggest American holiday – **Thanksgiving Day**. In the USA, the life almost stops thanks to this traditional family holiday, millions of people take their journey and stock exchange transactions go sideways. This is the main course of low volatility in November.

However, **the end of the month was not so calm**. With brokers and speculators coming back to work, commodity markets started to move again, and the **three metals observed** recorded their peaks in the last week of the month. This time, silver “went against the tide”, which by contrary reached its maximum at the end of the month. However, it was not caused by any difference from other precious metals, but by the fact that the sale of silver was stronger compared to other metals.

Share trading had a **huge impact** on the price of precious metals in November. Speculators with shares keep on going on the train to the station “whoa”. **Stock indices record their peaks**. Dow Jones exceeded the limit of 24,200 points. Even such a supporter of shares like Goldman Sachs **warns** against this **dangerous growth not reflecting economic reality**. The long-term stocks and bonds growth trend has driven market valuations to the highest level since 1900. The bank thinks that this situation is unsustainable and it shall have a very hard impact on investors sooner or later. The stocks and bonds were similarly expensive only in the twenties and fifties of this century. The exact words of the bank were as follows: **“All good things must come to an end, a bear – i.e. a falling market will certainly return.”** They recommend to investors to shorten the **maturity of the assets hold** while being **prepared for leaving these markets as fast as possible**. The only result of this escape for precious metals shall be as follows. **Investors shall transfer their funds to a safer harbour – to gold**. This situation occurred in the history of financial markets on several occasions, and there is no reason why it could not occur again. It shall result in a very steep increase in prices of all precious metals, with the gold reaching the highest value.

In November, we experienced a slight increase in the **interest in investment in platinum** on the Czech market. The reason was that there were several PR articles in the press and on news websites that platinum was relatively cheap at that time and it was good to buy it. Similar articles occurred there several years ago when silver fell below 20 USD per ounce while encouraging to its purchase. At this moment, silver is traded under 14 USD per ounce, and there was no increase as promised in the articles. The reason of gold decrease was a demand of firms manufacturing solar panels. The initial boom was overcome, and there are no indications that the demand should return. The same can also happen to platinum. **It is always necessary to ask for a reason of the decline**. A coincidence? Anomaly that can be utilized? We believe that it is not the case



for platinum. Its decline is given mainly by **low demand on the part of the automotive industry** where production of diesel engines, which are being replaced by petrol engines, is in decline. This ratio change is confirmed by the fact that there has been a relatively significant palladium price increase. Though we do not recommend to buy it either. As we have already mentioned for several times – the automotive industry faces an unexpected change – a replacement of combustion engines for a different drive mechanism, resulting in the utilization of palladium and platinum in catalysts. Even as for the investments in precious metals, it is true that – it is not good to be guided by first impressions, it is good to be well informed.

In December, we expect higher volatility on the market, especially in case of gold. The reason is an **expected increase in interests** on the part of the American FED as well as the fact that gold belongs to assets that have experienced **an increase in their value since the beginning of the year**, which is always **a reason for managers of huge funds to sell these assets** at the end of the year. They want to sell profit assets before the end of the year because their yearly bonuses, which form an essential part of their incomes, are based on the fund profit, and they do not want to lose them. This process is repeated every year – to sell in December and to buy again in January.



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