



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR MARCH 2018

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,357.20	16.880	988.36	1,048.80
Date	27-03-2018	06-03-2018	01-03-2018	01-03-2018
Lowest price USD/oz	1,302.89	16.105	932.00	948.00
Date	01-03-2018	20-03-2018	28-03-2018	29-03-2018

4 April 2018, Prague – the volatility of precious metals observed in March was settled exactly in the order specified in the table above. Gold experienced the lowest price difference, 4.1%, it was followed by silver with 4.8%, then platinum with 6.0%, while palladium with 10.0% experienced the biggest difference between the maximum and minimum price.

The highlight of March was the fact that gold experienced its maximum and minimum exactly as the opposite of additional three metals observed, the maximum at the end of the month and the minimum at the beginning of the month. Gold responded most to the FED decision on increasing interest rates.

The **meeting of FED** with its decision to **increase interest rates** was the most important event of the last month. As expected, FED moved rates, namely by a quarter percent to the tariff section of 1.5 – 1.75%. The forecast of the development of the US economy sounded optimistic, however, this optimism did not reflected in the number of expected increases of rates. In 2018, FED expects only three increases, including the one in March. After this announcement, analysts immediately started to speculate regarding the reason of this careful procedure. The most of them have agreed that the main reason is the **fear of business war between China and USA**. Ironically, the fear of introducing customs and other protection measures can harm the US economy more than benefit it. Therefore, after the press conference of the new president of FED, Jerome Powell, the **gold**, insurance against uncertainty, **started to grow**, and the US bonds started to fall. **The price of gold reached the limit of 1,350 USD per ounce**. Our assumption of the mild correction and suitable moment of purchase before the FED meeting came true.

Other metals remained in the shadows of gold in March. Platinum kept on declining, which is given by poor prospects of its use in the automotive industry. Some automotive companies try to persuade their customers that diesel motors are not in retreat by spewing PR articles but they do not believe it themselves. Škoda Auto declared that they want to invest 2 billion EUR in the **development of electromobility** in the following 5 years, and in 2025, they want to have 10 models with electric engine. The end of diesel engines is closer than we can imagine, together with the gradual end of petrol-powered vehicles. The combustion engine will be generally replaced by the development of electromobility, without distinguishing if it is powered by petrol or diesel. Therefore, **we expect a decrease of both “catalyst” metals – platinum and palladium**.

The continuing low volatility of silver is also surprising. **This metal** is still looking for direction. One one hand, investors feel its potential as the second investment metal, but on the other hand, it is still perceived as an industrial metal. In this case, the market already relies on the fact that economy is at the top and maybe already beyond the point of peak, and after successful years, there will be a decline and the industry will stagnate. We recommend to **keep the metal and eventually to regularly purchase in smaller amounts**.

Central banks perceive the importance of their gold reserves more and more and they want to have them under their control. The National Bank of Hungary decided to move its gold reserves from London



back to the territory of Hungary. It concerns 3 tons of gold which are all gold reserves owned by Hungary. The National Bank of Hungary follows the Bank of Netherlands as well as the German Central Bank that announced the move of their gold reserves to their territory formerly. Central banks have bought more than 2,700 tonnes for the last three years. They keep more than 33,600 tons in their reserves, i.e. a fifth of all the gold mined. **The interest in gold is so big that Canada has doubled its mining.** The only central banks which decrease their gold reserves are the banks of Venezuela, Laos, Egypt as well as the Czech Republic.



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