



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR APRIL 2018

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,365.95	17.37	955.00	1,059.00
Date	12-04-2018	19-04-2018	19-04-2018	19-04-2018
Lowest price USD/oz	1,309.95	16.16	899.00	893.85
Date	30-04-2018	30-04-2018	30-04-2018	06-04-2018

1 May 2018, Prague – In April, the smallest difference between the maximum and minimum price was experienced by gold, i.e. 4.2%, platinum 6.2%, silver 7.4%, and palladium with 18.5% was the most volatile metal once more. Nowadays, the low volatility is typical not only for precious metals, but it extends across the stock market and lasts more than a year. **The problem of long-term low volatility** consists in the fact that it inspires investors to a **false sense of security while central banks believe that they do the right thing**. But the low volatility can **cause a deep economic crisis**. At this moment, investors fearlessly invest milliards of dollars into shares and bonds because their prices are rising and almost do not fluctuate. When the market returns to the normal volatility, even the smaller drop will result in automatic sales which will start an avalanche on the stock market.

In April, the world of precious metals was significantly influenced mainly by two political events. The first one was a military intervention of USA, UK and France in Syria as retaliation to the use of chemical weapons. The price of gold, under the influence of sharp rhetoric of US President Donald Trump, who was threatening Russia, while American and Russian fighters seemed to meet in direct combat, experienced its maximum already a few days before this attack. Finally, the military response was not so sharp. Russia was warned against the intervention in time, and could withdraw its forces. It is good to note that the attack on Syria was realized overnight from Friday to Saturday with the stock market trading halted, and markets had enough time by Monday to assess the situation and avoid panic. It is clear from the attack timing that powers are afraid of the market reaction when even a small detonator may trigger a large explosion.

The second event was the meeting of top officials of both Korean states. Nearly friendly atmosphere of the meeting made us forget recent flights of North Korean missiles over the territory of Japan, and it seems that the „missile“ enemy becomes a friend of the West. Gold and other metals have responded to this reconciliation by falling to their several-week lows. However, this is only the beginning of a long journey, and analysts are not entirely convinced that Kim would give up its nuclear program so easily. It sounds like that North Korea is confident that when they have a functional nuclear weapon, the world must perceive them as another nuclear power, and it is better to talk than to attack each other.

It is good to mention the further extension of sanctions on the part of USA against people and companies connected with the Kremlin. Although the sanctions have not hit the biggest producer of palladium in the world, Norilsk Nickel, they were imposed on the aluminium producer, Rusal Company. However, they affected the price of palladium. The fear that the list will be extended to the company of Norilsk drove the price of palladium above the level of palladium equalling to 1,050 USD per ounce. Though, it was followed by quick calming and the price at the end of the month fell under the level of USD 900. In the short term, the fear from the shortage of palladium can have an impact on its price, however, in the long term; we see its price by 500 USD per ounce.



The biggest trader with precious metals in Great Britain, Sharps Pixley, announced to increase the sale of gold by 253 % year-on-year. In March, the company sold physical gold for more than 12 million USD – i.e. almost 300 kg of pure gold. The reason of this massive growth is mainly a growing concern about worsening geopolitical situation as well as a concern of the UK inhabitants about approaching Brexit. The number one in saving into investment gold and silver in the Czech Republic and Europe, **IBIS InGold, is also experiencing growing interest in investment into physical precious metals**, mainly gold. **The amount of the monthly saving negotiated was increased by 46% compared to the previous year and it is moving towards CZK 6,600** in average while the clients can save already from CZK 100.

In May, the world of precious metals will closely monitor events around Iran, Federal Open Market Committee (FOMC) meeting in USA and the Bank of England meeting. There will be further discussions regarding the implementation of duties and protective measures on the part of USA. There has been speculation that these measures will also affect Europe in addition to China, and it could be another step leading towards the trade war, the World against USA.



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