



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR NOVEMBER 2018

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,,237.75	14.93	879.00	1,207.71
Date	01-11-2018	02-11-2018	07-11-2018	30-11-2018
Lowest price USD/oz	1,200.30	13.89	797.25	1,077.00
Date	12-11-2018	14-11-2018	30-11-2018	01-11-2018

3 December 2018, Prague – Following October, November was also a very favourable month for gold and other precious metals. Though, the gold lost the threshold of 1,240 USD per troy ounce, it did not fall under the psychological limit of USD 1,200 per troy ounce, i.e. nor for a short period of time. Remaining above the threshold of USD 1,230 and subsequently above USD 1,250 per ounce for a longer period of time shall be important for its further development.

The election in the US Congress reached a stalemate. The House of Representatives shall be led by the Democratic Party while the Republicans have the majority in the Senate. The current president, Donald Trump, was not defeated; however, the divided Congress shall mean difficult governance till the end of his mandate in 2020.

At the beginning of the month, **the Federal Reserve FED** held a meeting. Based on **general expectations, they left interest rates unchanged** in the range of 2.00–2.25% Subsequently, it resulted from the meeting minutes that the FED **is likely to move the rates to the range of 2.25–2.50%** in December, however, any further increase in 2019 is not clear at all. The market predicts the 79% probability of rising of interest rates in December, 50% in March, and the next step is already unlikely. The chance is not improved by the American president, Donald Trump, who has been criticising the FED for the correction of rates on every occasion. He is not led by the fact that the prices of loans for housing or studies are increasing, he cares mainly for investors because every increase of rates will have an impact on the stock market **which has already started to cool down**. In November, the Dow Jones index again touched the threshold of 24,000 points. It has not exceeded it yet, though, the decrease by almost 8% from the beginning of the month is not optimistic. If the FED increases the interest rates on its December meeting as expected, it will be a hard test even for the stock market.

The mutual development of the prices of platinum and palladium is worth mentioning. The difference between them is the highest since February 2001. The palladium exceeded the threshold of USD 1,200 per troy ounce for a short period of time, and at the same day (on 30 November), the platinum fell below the level of USD 800 per ounce. The decline in the price of platinum has the same reason – the automotive industry and a very low demand for diesel engines. The reports that the market expects a **surplus of platinum supplies** even in the next year did not support the price of **platinum**. This suggests that the **platinum mines in South Africa and Russia may be closed**. It is not worth mining below 800 USD per troy ounce in Russia, where the platinum is deposited at shallow depths compared to South Africa, either. African mines are unprofitable for a long time, and constant disputes between the owners and miners do not help the situation either.



The end of the month belonged to the meeting of G20 (the developed countries). During this meeting, **China and USA** agreed on the **90-day truce in the trade war which had an adverse impact on the financial markets**. As a result of this “conciliation”, the US dollar began to strengthen and so did Asian shares drawing their strength from possible optimistic development, mainly of Chinese industry. The price of gold has also been growing, mainly in non-dollar currencies. In the markets, there was general optimism. The question is how long this pleasant mood will last. We guess it may be till the first Twitter contribution of American president denying this deal.



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