



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR MAY 2019

1 June 2019, Prague – The well-known exchange rule says: “Sell in May and go away”. Professional dealers in securities should follow this rule. It is based on historical experience that after May, there is usually a decline on stock exchanges. At the end of May, this saying was fulfilled. The Dow Jones stock index fell to a limit of 24,500 points.

The trade war between the US and China begins to awaken again after a period of relative calm. These powers mutually impose duties again. By doing so, they raise investors’ **concerns about the slowing economy and a lack of confidence in the future economic performance of companies**. At the end of the month, the US President Donald Trump only made it worse by introducing **tariff barriers to the goods coming from Mexico**. The reason for these measures is the continued migration (despite the laboriously constructed wall) from the southern neighbour of the United States.

This development again enforced investors to move to safety, i.e. to gold, which **resulted in the growth of its price**. We can hardly assume that the next months will bring peace. There will be the US **presidential elections** next year. Donald Trump will certainly do the impossible for his re-election, and there will be no shortage of surprising steps and unexpected statement on his part.

The results of the European elections have brought some calm to Europe, though, probably only for a short time. In autumn, **Great Britain should start over to leave the EU**, however, it is not clear if it happens based on a certain agreement or so-called Hard Brexit, which would bring a chaos to all the economies of the old continent.

A political and economic uncertainty around the world is likely to remain the strongest argument for purchasing gold. The growing demand for gold confirms the fact that many investors prepare their saving and investment portfolios for this reality in advance. In the periods less favourable for other investments, gold can alleviate or entirely balance their decline. Therefore, the financial portfolio with the gold included is rightly described as an **all-weather portfolio**. Thanks to it, investors can secure their property and wealth.

Switzerland also follows Germany with the survey of popularity of individual forms of saving and investments. Gold is **the most favourite investment for 48% of the Swiss** and it placed right behind the property. **Every fifth Swiss plans to invest in precious metals**. The university from St. Gallen, which compiled the survey and published it at the end of May, states: “Low interest rates, faded attraction of classical forms of saving such as a saving account, economic and political uncertainties are hallmarks of the present days. Investors are increasingly relying on physical precious metals because this form of investment is an anti-inflationary and key reserve in times of crisis”. Almost 61% of the Swiss consider precious metals as a wise investment. The share of investment in precious metals makes up **more than 26%**. **The desire for safety, stability, wealth creation** and finally **profit** are important reasons for investing in precious metals.

The correctly prepared portfolio and purchases of gold in “calm” periods are more effective than purchases at the times when its prices begin to grow rapidly. **With IBIS InGold, it is possible to invest in gold even with small amounts** while gradually balancing and upgrading the portfolio.



Precious metals in May 2019

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,313.30	14.98	887.30	1,392.60
Date	31-05-2019	08-05-2019	01-05-2019	01-05-2019
Lowest price USD/oz	1,266.20	14.294	795.00	1,265.00
Date	02-05-2019	28-05-2019	23-05-2019	09-05-2019

Gold – There was no significant movement of gold price in April. Its decline was triggered by the EU and British Parliament decision calling for a postponement of so called Brexit. However, this problem has not been resolved, only delayed. Most US companies reported good results, which helped equity indices to overcome their historical highs. The dollar continued to strengthen and its index level exceeded 98 – the highest since May 2017. Strengthening dollar and US stocks push the price of gold down.

Silver – it reached its maximum and minimum month prices in the same days as gold. In case of this metal, the experts expect, contrary to gold, an increasing offer, which will be a by-product of increasing mining of gold, copper and zinc. However, they also predict a decline in demand for industrial silver, which should arise in relation to decreasing demand for mobile phones and other electronic devices in which more than 7,600 tons of silver is being consumed per year and to uncertainty about the development of Chinese economy which consumes more than 4,500 tonnes of metal per year.

Platinum – The sale of new cars in the first quarter in Europe declined by 3.2%, even by 6.7% in Italy, compared to the same period of the last year. Given that Italy still holds a relatively high proportion of diesel cars on the market (44% in total); this fall had a huge impact on the demand for platinum. The decline in the price of platinum was not so significant after this news because it was balanced by the “problem” on the part of offer. The two largest South African companies, which mine platinum, Impala and Anglo American Platinum, mentioned that their mining continues to be interrupted by blackouts.

Palladium – Car sales, this time from the US, spoke to the price of palladium as well. Stocks of unsold cars in the US were the highest since June 2017. The sale of cars in the US dropped by 2.5% year on year. The demand from the US automotive industry accounts for a quarter of total demand for palladium. The decline in demand for cars in the US as well as in China was due to decline in prices to 1,300 USD per troy ounce. The good news for metal is that the sales of petrol cars in Europe are rising where they replace vehicles with diesel engines.



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