REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR THE 4TH QUARTER 2020

January 6, 2021, Prague – In the last quarter of the last year, the price of gold was influenced mainly by two events – the election of the US President and the announcement of successful testing of the the COVID-19 vaccine.

Due to **the uncertainty surrounding the US election**, caused by the tightness of its outcome, the number of votes and the voting method (an unprecedented number of correspondence votes), the **gold** again came closer to a range of **USD 2,000** per ounce. Although the results were supposed to be known in the morning of November 4 (European time), there was speculation about the winner the following week. Joe Biden‘s victory is good news for gold and bad for cash. **A loose monetary policy is expected** to support the economy. By appointing former US Federal Reserve President Janet Yellen to his team, Joe Biden has only confirmed these considerations. In her previous role, Janet Yellen was a tough supporter of **printing new money** – the so-called quantitative easing policy. **Since 2008**, i.e. the outbreak of the financial crisis, to the present day, the **volume of US dollars** in the economy **has been increased by 75 %**!

Since 2008, the **debt of virtually all countries** has started to grow. Raising the debt was the only solution to the financial crisis. This growth in indebtedness has never ended and escalated even further to unimaginable proportions with the onset of the coronavirus pandemic. **The world‘s debt now stands at USD 277 trillion.** There is another paradox associated with this huge debt. A debt of more than **USD 17 trillion bears a negative return**, the creditor pays the borrower to lend him money. That‘s absurd, and it only points to the absolute loss of value of money across the world´s economies.

More **inflows of money** into economies will multiply **this debt**. It is already clear to everyone that **inflation will come**. Personally, I think it will unfortunately be more of a stagflation, inflation will be accompanied by stagnation of the economy associated with rising unemployment. Services, tourism and airlines, which are already solving big problems now, will be affected, and without the help and support of the state (i.e. further state indebtedness), no one would avert their bankruptcy.

From all of the above, it is clear that **gold will be the winner of the coming crisis**. And not just that. Analysts across the industry agree that we have at least **a ten-year commodity supercycle** ahead of us. 90% of the value of all companies is made up primarily by their virtual value – possible future gains, which will not come in a crisis. Only 10% of the value of the financial market consists of real assets, and these are commodities. Commodities will be dominated by gold.

Mainly **cash deposits in bank accounts** will be **most affected** by devaluation of money. Sadly, household and business savings deposited in bank accounts **are currently the highest in history**. Therefore, those who do not now start investing wisely in commodities, and in gold in particular, will soon feel, unfortunately on their own skin, an unreasonable state debt policy. The only solution to such a large debt is a huge and deliberate decline in the value of money. States have enormous power in their hands, which they will use without hesitation to fight their enormous debt.

If we correctly predicted that 2019 and 2020 would be the years of gold, and gold strengthened by **40 %** year on year during these two years, then we are now convinced that **this was just the beginning**. The real growth of gold is still ahead of us. This is also the case with forecasts of bankers who are not exactly advocates of gold, but conservative forecasts for **2021** are talking about **USD 3,000** per ounce, and the optimistic ones about the price of over **USD 5,000** per ounce in **2023**. Investors in gold definitely have something to look forward to.

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Precious metals in the 4th quarter 2020

	Gold	Silver	Platinum	Palladium
The highest price USD/oz	1,965.25	27.10	1,087.00	2,547.00
Date	06-11-2020	21-12-2020	04-12-2020	09-11-2020
The lowest price USD/oz	1,764.90	21.90	841.19	2,170.93
Date	30-11-2020	30-11-2020	29-10-2020	29-10-2020

Gold - At a time of US elections and uncertainty about the final results, gold strengthened to the level of USD 1,965 per troy ounce. At the end of November, after a series of news on successful testing of the vaccine on Covid-19, it briefly corrected its value to below USD 1,800 in order to strengthen again to USD 1,900. In the longer term, we consider a price below USD 2,000 to be a good buying opportunity.

Silver – The price of silver did not deviate significantly from the direction of the price of gold. At the time of the US election, it was USD 26 per ounce. It briefly exceeded the price of USD 27 / oz at the end of the year, when it jumped by a dollar per ounce for two days, and then its price fell again by one dollar. The reason for such an increase was the speculative purchase of one investment fund. For silver, these price fluctuations are more frequent and investing in them for a shorter period may be more risky than gold.

Platinum – The price of platinum moved above USD 1,000 per ounce at the end of the quarter. The reason for the price increase was the news on the successful testing of the vaccine and the associated expected recovery in the automotive industry, which is crucial for the use of platinum.

Palladium – This time, the price of palladium evolved slightly differently from the platinum price. Palladium recorded the lowest price on the same day as platinum (before the US election, when polls attributed a clear victory to Joe Biden), but then it strengthened to over USD 2,500 an ounce, for only a few consecutive days. During 10 trading days, palladium grew by 17%, which is a very significant movement in the long run. Such volatility suggests a clear risk of investment in this metal.

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