Second Quarter
2021 MARKET UPDATE

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Gold

Gold up 3.69%

Silver

Silver up 7%

Platinum

Platinum down 10.34%

Palladium

Palladium up 3.43%

MARKET UPDATE

2021 SECOND QUARTER

In the second quarter of 2021, gold prices staged a powerful rally to breach $1900, but the specter of inflation-quelling higher interest rates shrunk the quarterly move to a 3.69% gain. Gold prices added $63 to close June at $1,770/oz. Silver prices featured a similar upside burst, touching $28.75 in the second quarter. For the quarter, silver prices ultimately added $1.71, or 7.00%, to settle at $26.13. Meanwhile, palladium prices rallied above $3000.00 but retraced from record levels to settle at $2745.00, for a gain of $91 or 3.43%. Platinum prices were alone in the red, losing $125 or 10.34% to close the quarter at $1084.00. Against this backdrop, the S&P500 added 8.17%.

As a reminder, 2021 began with 3 straight months of declines in the gold price as interest rates rose and the yield curve steepened on the back of concern over President Biden's multi trillion-dollar stimulus plan. At the beginning of April, gold prices were floundering, dipping to $1,706.00. But April featured a declining dollar (the US Dollar Index lost 2.09%) and both a drop in US Treasury yields (the 10-year slipped 9 basis points to 1.65%) and a modest flattening of the yield curve (the 2-year/10-year difference came in 3 bp). This set up the gold price for a test of $1,800.00. On the 1st we learned of India's record demand for gold in March of 160 tons. Chinese demand would also be strong in April. The World Gold Council reported central bank buying was increasing. On the 7th, the March FOMC meeting minutes indicated that the Fed remained dovish. Federal Reserve Chair Jerome Powell stressed that inflation would be transitory. On the 13th, medical experts recommended a pause on the Johnson & Johnson vaccine while bitcoin traded $63K, which would be the cryptocurrency's high for the foreseeable future. By midmonth, gold prices had traded up to $1,770.00, and by the 22nd they



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hit the month's high of $1,798.00. Strong economic data and the declaration that the J&J vaccine was declared safe by experts pulled gold prices down by month's end. In April, gold prices added $62, or 3.63% to close the month at $1,769.00. Silver prices added $1.48, or 6.06%, to settle at $25.90. Palladium prices continued to rally on the back of Norilsk production problems announced in mid-March. In April, palladium prices roared $281, or 10.49% to $2,935.00 after trading as high as $3008.00. In contrast, platinum prices slumped $106.00 or 8.77% to $1,197.00.

In May, precious metals fans who do not see bitcoin as a viable store of value likely enjoyed the month's price action. The cryptocurrency fell by over 1/3 while gold, silver and palladium prices touched their quarterly highs. May also saw the pandemic return to the front page with the rapid expansion of the virus in India: on the 3rd cases numbered nearly 20 million after 12 days in a row of 300K in new cases. Meanwhile, Japan struggled with low vaccine rates. On the economic front in the US, weak jobless claims announced on the 7th reinforced in some investors' minds the Fed messaging of low interest rates for an extended period. The Colonial Pipeline cyberattack also occurred the 7th. Gold prices moved up to $1843.00, a level not seen since February. By the 14th, there were more than 24 million coronavirus infections in India. Back in the US, the 18th brought news that consumer prices had risen at the fastest pace in over a decade, reigniting inflation concerns. Silver prices touched $28.75, the high for the month and quarter. On the 19th, Fed meeting minutes indicated tapering could be on the table sooner than expected. Gold prices hit $1,888.00. Prices continued their general upward trajectory for the rest of the month, touching $1913.00 on the 26th as the dollar remained weak—the US dollar Index fell 1.37% in May—and bitcoin, which some consider an alternative store of value, lost over half of its value when it dipped below $31,000.00. In May, the 10-year Treasury yield fell to 1.58%, a decline of 7bp while the yield curve continued to flatten. For the month, gold prices tacked on $137.00, or 7.7%, to settle at $1,906.00. Silver prices ended the month at $28.16, a rise of $2.26 or 8.73%. Palladium prices saw a new all-time high of $3,017 on May 3 but for the month declined on profit taking, losing $90 or 3.07% to close the month at $2,845.00. Platinum prices lost just $6 to close at $1,191.00.

Perhaps partially on the back of investors fleeing from crypto to gold, the yellow metal touched the quarter's high of $1,916.00 on June 1. Subsequently, the final month of the quarter featured a harsh selloff. [Grab your reader's attention with a great quote from the document or use this space to emphasize a key point. To place this text box anywhere on the page, just drag it.]

Over a 6-day period, from the high of $1,903.00 on the 11th to the low of $1,761.00 on the 18th, prices dropped $142. A revitalized US dollar (the US Dollar Index gained 2.68% in June), strong jobs data, and news that 11 out of 18 Fed officials projected at least two quarter-point interest rate increases for 2023 weighed on gold prices. Additionally, in a sharp reversal from March's news, Indian gold imports were down sharply in May, 85% below 2019 levels, as the country battled Covid. After trading as low as $1,751.00 on the 29th, gold prices closed the month of June at $1,770.00 for a loss of $136.00 or 7.14%. It was the largest monthly decline since 2016. Silver prices settled at $26.13, a decline of $2.03 or 7.21%. In the PGMs, palladium prices ended at $2,745 for a loss of $100.00 or 3.45% and platinum prices closed Q2 2021 at $1084, a decline of $107 or 8.98%.

Top Performer!



Silver rose 7%!

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