FIDELITRADE INCORPORATED

Monthly MARKET REPORT

February 2023

Increase in Jobs and Decline in Stocks

Metals declined sharply in February as Fed guidance became more hawkish amid strong inflation data and an unexpected strengthening of the jobs market. Gold shed 5.2% to finish around $1,830 and silver plunged 11.5%– its worst monthly performance in 2.5 years. Platinum fell 5.8% and palladium crashed to finish 13.% in the red, wiping away over half of its value since peaking above $3,000 a year ago.

Continuing prevalent inflation and a strong January jobs report dictated markets in February. Job creation nearly tripled estimates in January, and unemployment fell to a 50 year low of 3.4%. Later in the month, CPI showed inflation was still running strong after a promising dip the month before. The Fed's tone changed, and a 2023 Fed pivot seemed less likely, sending metals tumbling. Additionally, treasury yields jumped in February with the 10-year yields hitting a 4-month high on the revised Fed guidance, further putting downward pressure on gold.

Stocks had the same reaction to an increasingly hawkish Fed as metals did. Each of the of major indices declined in February, with the Dow performing worst, falling 4.2% for the month and turning negative for the year. The S&P 500 fell 2.6% and the Nasdaq dipped 1.1%. Inflation remains key to precious metals' success in the coming months. Unlike previous years, gold and silver are poised to find success if inflation cools off in the coming months since the Fed's projected response to it has overtaken actual inflation as the driving force of these haven assets. A loosening jobs market coupled with falling prices could benefit metals immensely as we begin to see the effects of Fed rate hikes over the past 12 months.