FIDELITRADE INCORPORATED

Monthly MARKET REPORT

May Flowers

Gold Prices Hit New High, Then Slump as Banking, Debt Ceiling Crises Recede; Fed's Next Move, Recession Odds in Focus

The cost of holding precious metals caught up to owners in May as high interest rates and high prices cut enthusiasm for the hard assets. The Treasury had addressed the banking crisis, the equity market seemingly never doubted that the debt ceiling debacle would be put to bed, and geopolitical uncertainty seemed to take at least a momentary back seat.

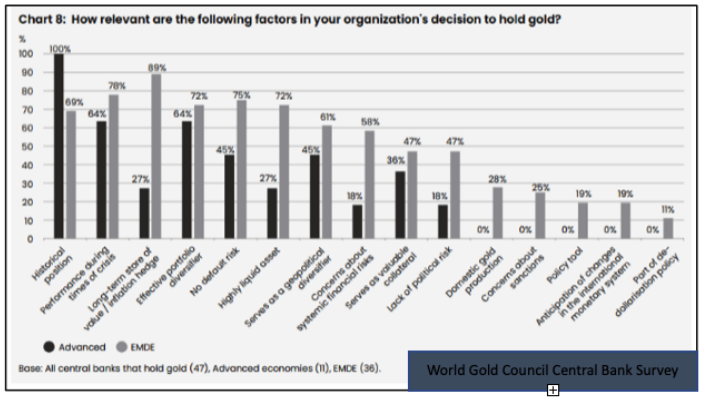
May 2023 Returns	
Gold -1.76%	Platinum -8.36%
Silver -6.50%	Palladium -11.03%

MAY HIGHLIGHTS: IN LIKE A LION, OUT LIKE A LAMB; CENTRAL BANK SURVEY

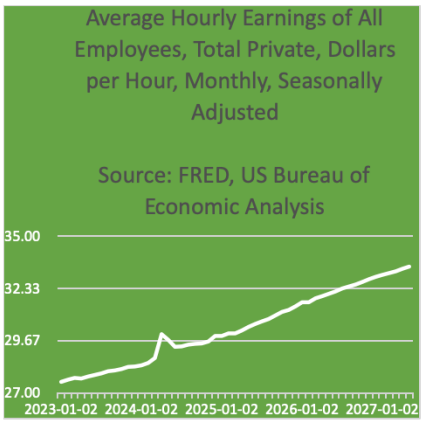
Treasury Secretary Yellen pushed hard for a debt ceiling agreement With spillover concern from April's banking crisis and fears of severe economic damage should there be a US default (early on, sides were far apart), gold prices traded an all-time nominal high of $2085.40 (COMEX June futures) on May 4. But investment turned to the dollar as US interest rates gyrated higher and faith grew that Washington would not dare breach the debt ceiling. The US Dollar Index gained 2.80% throughout May, pushing the yellow metal price into a month-long downdraft with a low of $1931.00 (COMEX June) on the 30th. Gold prices closed May at $1963.90 for a loss of 1.76%. The other metals followed suit: silver prices soared to $26.435 (COMEX July) on the 5th, swooned to $22.785 on the 26th, and closed May at $23.585 for a decline of 6.50%. Platinum prices shed more, 8.36% to settle at $999.00 (July NYMEX), and palladium prices fell the most, losing 11.03% to close May at $1359.00 (September NYMEX). May's results follow modest gains in April (gold up 0.65% and silver 3.59%) and outsized gains in March (gold up over 7% and silver up over 14%). Recently the World Gold Council released their central bank survey. Developed and emerging/developing countries listed why they own gold. Long-term store of value and performance during times of crisis, diversification, no default risk, and liquidity ranked highly. Separately, 70% think gold reserves will increase in the next 12 months.



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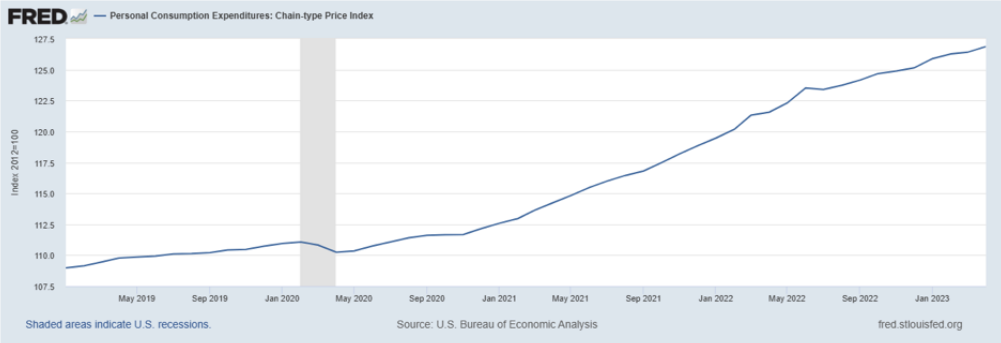
World Gold Council Central Bank Survey



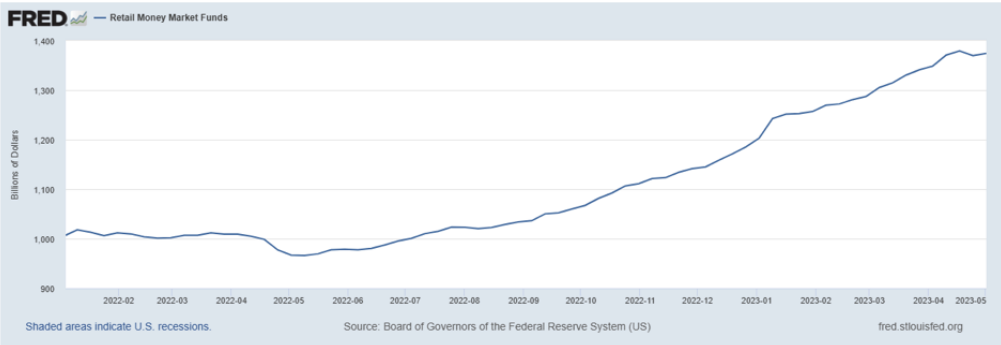
LOOKING AHEAD

The Federal Reserve Board meets June 13-14. Spiraling higher wages are making the Fed's inflation fight difficult, although they are recently moderating.

The next Personal Consumption Expenditures Index (PCE) comes out June 30 – this index of inflation is also challenging to the Fed.



Flows into money market funds have increased dramatically as investors seek low risk and high liquidity. How long will this trend continue? What might it mean for equity and precious metals markets?



Will de-dollarization take hold in India, China, Brazil, Saudi Arabia following the Russian sanctions? US-China tensions: Taiwan's independence, increased sanctions on semiconductors, and the downing of a Chinese spy balloon are some of the reasons for a challenging relationship between the superpowers.

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ABOUT THE AUTHOR

Jennifer Ropiak is a precious metals market specialist with over 30 years' experience, including 20 years of trading (15 at Morgan Stanley). In 2014, Jennifer launched Trusted Partner Metals, an independent consultancy whose clients span the metals industry including market development organizations, exchanges, blockchain startups, debt advisors, wholesalers and retailers. She also provides expert witness services.