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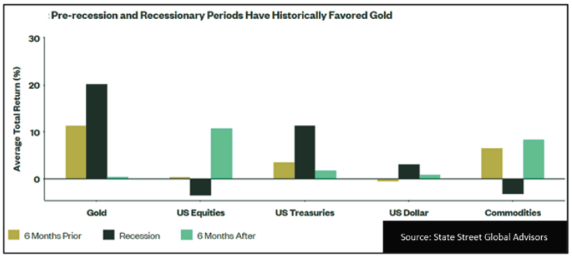
Monthly MARKET REPORT

June 2023

Precious metals prices fall; Fed delivers hawkish pause; Some pundits: recession odds falling

Following May's decline, precious metals prices dropped again in June despite economic and geopolitical stress. At home, the Federal Reserve held interest rates unchanged as it wants to assess the cumulative impact of an intense pace of 500bp of hikes started last March. There are concerns about a credit crunch, but consumer confidence is up. Chair Powell said the speed of interest rate hikes is less important now that we are "closer to the destination" of its policy goal of 2% inflation. (Current inflation is 4.05%, down from the COVID high of 9.06% in June 2022). Some analysts are now downplaying recession, but if we do enter one, gold has historically performed well (See chart).

June 2023 Returns	
Gold -2.66%	Platinum -9.46%
Silver -3.29%	Palladium -9.55%



Abroad, the Wagner Group – a private military company sometimes referred to as Vladimir Putin's private army - shocked with a weekend mutiny against the Russian president. Precious metals prices did not move significantly on this unsuccessful action.

JUNE HIGHLIGHTS: ALL FED

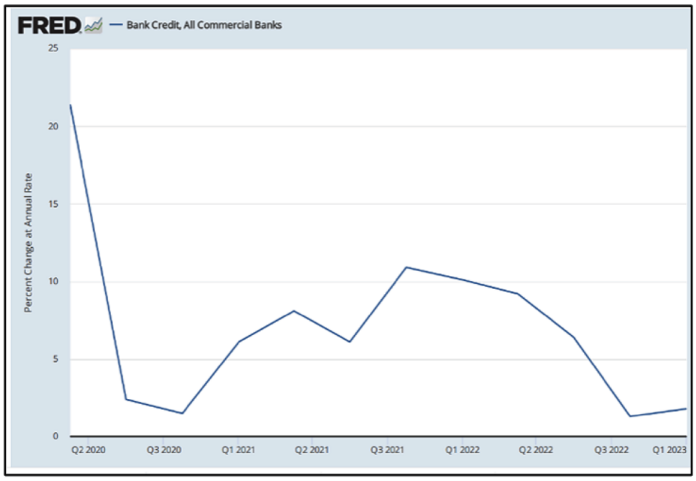
The month began on a bullish note. Perhaps some market participants anticipated a full Fed pivot; a pause followed by rate cuts would make non-interest bearing metals relatively more attractive. On June 1, gold prices rallied to $2000.70 (August COMEX futures), which turned out to be the month's high, and settled at $1995.50, up $13.40 (August COMEX) while silver prices rallied $0.40 to $24.205 (September COMEX futures). Silver prices peaked at $24.835 (September COMEX) on the 9th. On the 14th, the Fed indeed paused, but Chair Powell forecast 50 basis points more of tightening this year, followed by cuts in 2024 and 2025. Metals prices fell in the ensuing days, with economically-sensitive platinum and palladium taking big hits. Silver prices dropped as low as $22.34(September COMEX); gold prices dipped to $1,900.60 (August COMEX). Platinum prices slumped to $887.30 (July NYMEX) while palladium prices fell to $1204.05 (September NYMEX). Separately, with gold having just traded a nominal all-time high of $2085.40 (June COMEX) in early May, investor profit taking and producer selling could have been a factor in market imbalance. Finally, perhaps also contributing to some investors' shift away from hard assets in June was artificial intelligence. It is spurring more 'risk on' sentiment. The S&P 500 added 6.47% for the month, continuing its bull run.



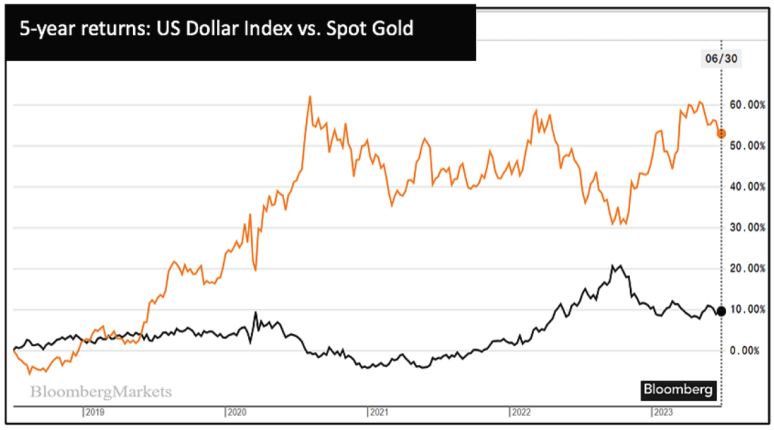
For the month, gold prices lost 2.66% to settle at $1929.40 (August Comex), silver prices lost 3.29% to settle at $22.81 (July COMEX), platinum prices lost 9.46% to close at $904.50 (July NYMEX), and palladium prices shed 9.55% to close at $1222.00 (September NYMEX).

LOOKING AHEAD

1. *The Federal Reserve Board* meets July 25-26 and does not meet again until September 19-20. In June, Chair Powell said July will be a 'live' meeting and that if the economy evolves as expected, the federal funds rate could be 5.6% by the end of the year (up from 5-5.25% currently), 4.6% at the end of next year, and 3.4% at the end of 2025. How might changes in credit availability impact their live decision?



2. *The greenback*: Some economists speak of the end of the bull market in the US dollar. Since mid-October, the US Dollar Index is off 9.2%. Will the dollar downtrend continue and if so, how will that impact the metals complex going forward?



3. *An inverted yield curve*: Two-year Treasury yields have been higher than the 10-year since early last July. Inversion can be an indicator of recession. The last time an inversion lasted longer was 1978-1980. How much longer will yields stay inverted today? What does it mean for our chances to avoid recession?

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. Services include expert witness opinions in precious metals cases.

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