FIDELITRADE® INCORPORATED

Monthly MARKET REPORT

August 2023

Silver prices lead metals' rally off August lows; the Fed, employment, and wages are top of mind

August was Jackson Hole month, putting interest rates more in focus than usual.

August 2023 Returns	
Gold -2.16%	Platinum +1.65%
Silver -0.64%	Palladium -4.47%
Based on most active CME contract	

Gold, silver and palladium prices declined in August while platinum prices posted a gain. Gold prices shed $43.30, or 2.16%, to settle the month at $1965.90 (December COMEX futures); silver prices lost $0.16, or 0.64%, to close at $24.81 (December COMEX). Platinum prices were the sole winner, adding $15.80, or 1.65%, to settle at $974.40 (October NYMEX). Palladium prices closed $1,218.50 (December NYMEX), down $57.00, or 4.47%.

1000 words? A picture can be worth much more, especially if it is of Jackson Hole, Wyoming on August 24-26. Ahead of the annual central bank conference, the gold, silver, and platinum markets posted big declines, formed bottoms, and began furious rallies that trended through the end of the month.



The rally leader was silver prices.



From its intramonth low on the 15th *($22.585, December COMEX)* to its intramonth high on the 30th *($25.425), silver prices rallied 12.57%.*

FideliTrade saw a step up in customer interest in the grey metal in August.

Why the drop and then the quick rebound in prices?

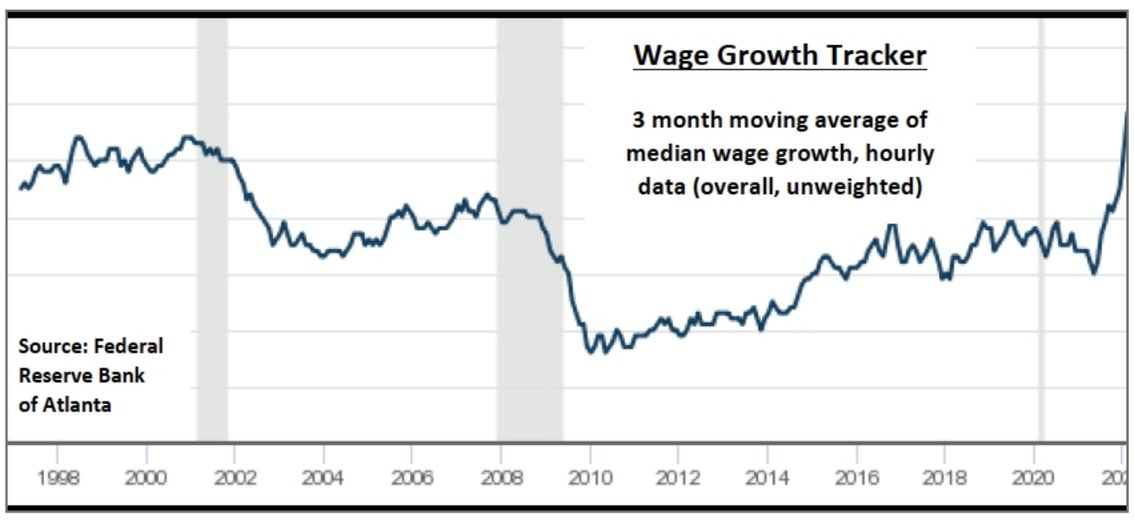
The selling in the precious metals markets that had begun at the end of July—fanned by strong GDP numbers—continued in August as early month economic indicators came in strong; interest rates were moving higher, as was the value of the dollar; and Jackson Hole was looming. In short, 'higher for longer' interest rates, which would make non-interest-bearing precious metals less attractive, was the expected messaging. However, Federal Reserve Board Chair Jerome Powell did not pull any surprise punches when he spoke on the 25th, economic reports later in August were softer (including continued easing of wage growth and payroll increases), and the greenback's re-tracement all combined to attract buyers to the markets in the latter part of August.

Looking Ahead

1. The 2024 election: Former President Trump, currently the runaway leading Republican candidate, is heading to trial in criminal and civil cases. Some recent surveys suggest Americans would prefer younger candidates; President Biden is 80 and Trump is 77.
2. On September 30, the federal government runs out of money: Congress needs to enact a short-term continuing resolution this month.
3. Debt ceiling: The federal government funding issue reminds us that Job One for the election winner will be to resolve the debt limit, since in January 2025 the suspension of the ceiling ends

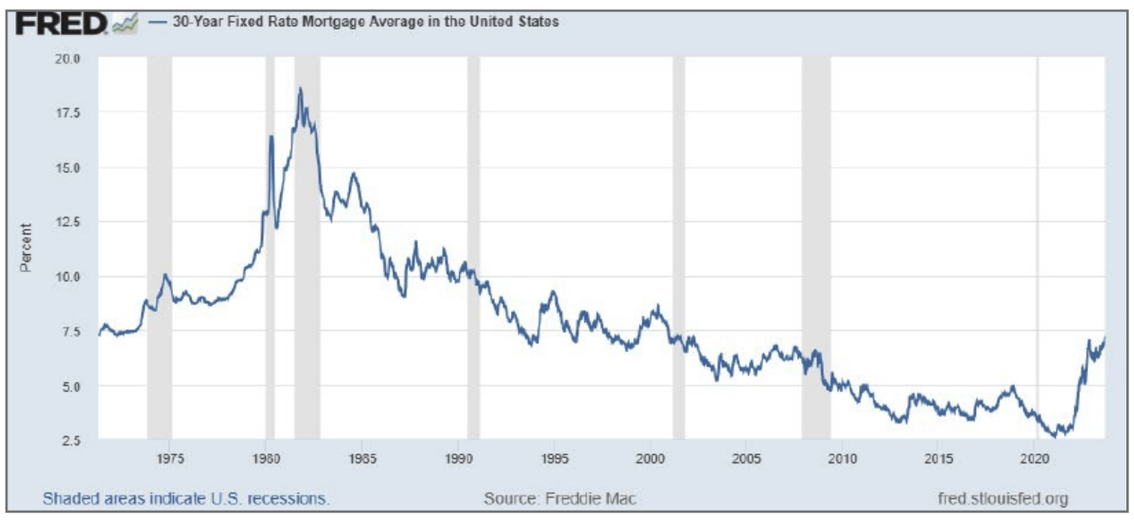
The Council on Foreign Relations says The U.S. has run an average deficit of $1 trillion every year since 2001; it spends that much more than it receives in taxes and other revenue. Will candidates develop a viable plan?

4. Wage growth: An important part of the puzzle for the Fed, the rate of increase is on the decline. We will continue to keep an eye on this trend.



5. Strikes: The United Autoworkers (UAW) voted to authorize a strike unless negotiators work out a wage agreement by September 14. Separately, American Airlines flight attendants authorized a strike, but their vote does not mean a strike is pending. What would strikes mean for the economy (including the supply chain) if they were to happen?

6. Mortgage rates: At a 20-year high, will they stifle demand for homes and slow economic growth, or will demand remain firm?



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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