FIDELITRADE® INCORPORATED

Monthly MARKET REPORT

September 2023

Precious metals prices sell off; Interest rates, oil prices and US dollar soar, fanning inflation concerns

A big jump in interest rates, particularly at the long end, sapped investor appetite for non-interest bearing precious metals in September. Gold prices lost 5.08% to $1,866.10 while silver prices shed 7.90% to $22.85 (both December COMEX futures). Platinum prices lost 6% to $915.90 (January NYMEX futures) and palladium prices held off for a gain of 3.08% to $1,256.00. At FideliTrade, we saw less buying in terms of total ounces, but we did see a lot of small activity. Premiums for Eagles are lower.

Precious Metals Returns in 2023
(LBMA Prices)

	September CME Prices	3rd Quarter CME Prices	Year thru 9/29 AM LBMA Prices*
Gold	-5.08%	-5.18%	3.21%
Silver	-7.90%	-2.08%	-3.63%
Platinum	-6.00%	-0.46%	-7.84%
Palladium	3.08%	1.70%	-27.53%

**Silver has only one LMBA Price a day*

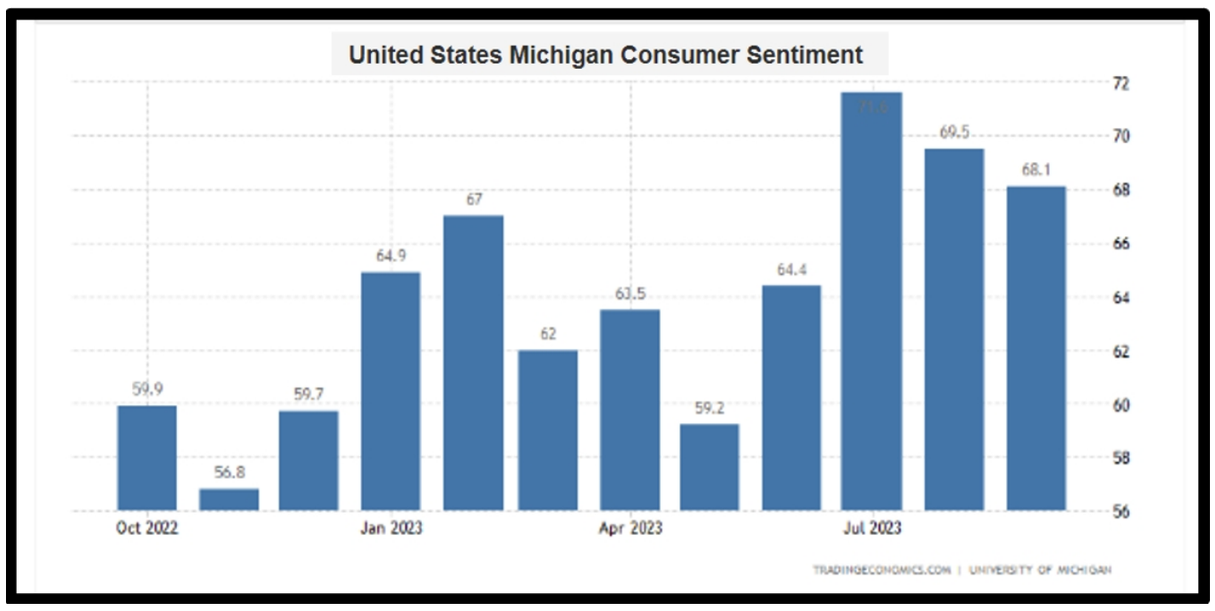
The US Dollar Index was a big beneficiary of the half-percent increase in 10 year Treasuries, as the greenback gained 2.46%. It appears that despite the Federal Reserve's pause on the 20th, its drumbeat of "higher for longer" interest rates is sinking in.



10-year Treasury yields moved 50 basis points higher in September and are 129 pb higher since April.

Inflation

The pace of inflation is much lower than the COVID high of 9.06% in June 2022, but the August rate of 3.67% is still far from the Fed's goal of 2%. Some more tightening and a restrictive stance for a longer period can be expected, per the Fed's Summary of Economic Projections. In short, Chair Jerome Powell says there is still a long way to go. But the path won't be easy.



Looking ahead

1.) The good news: Even though consumer sentiment has ticked down recently, it remains much stronger than last fall. However, there is a degree of uncertainty in the waters. Some important October dates: the 6th – Unemployment; the 11th – Producer Prices; the 12th – Consumer Prices; and the 13th – Michigan Consumer Sentiment.

2.) A government shutdown was averted at the last minute by Congress kicking the can down the road for less than a month. Will there be only bickering until just before November 17? It's hard to believe there aren't more problems to come out of Washington. And remember, separately, the debt ceiling suspension ends in January 2025.

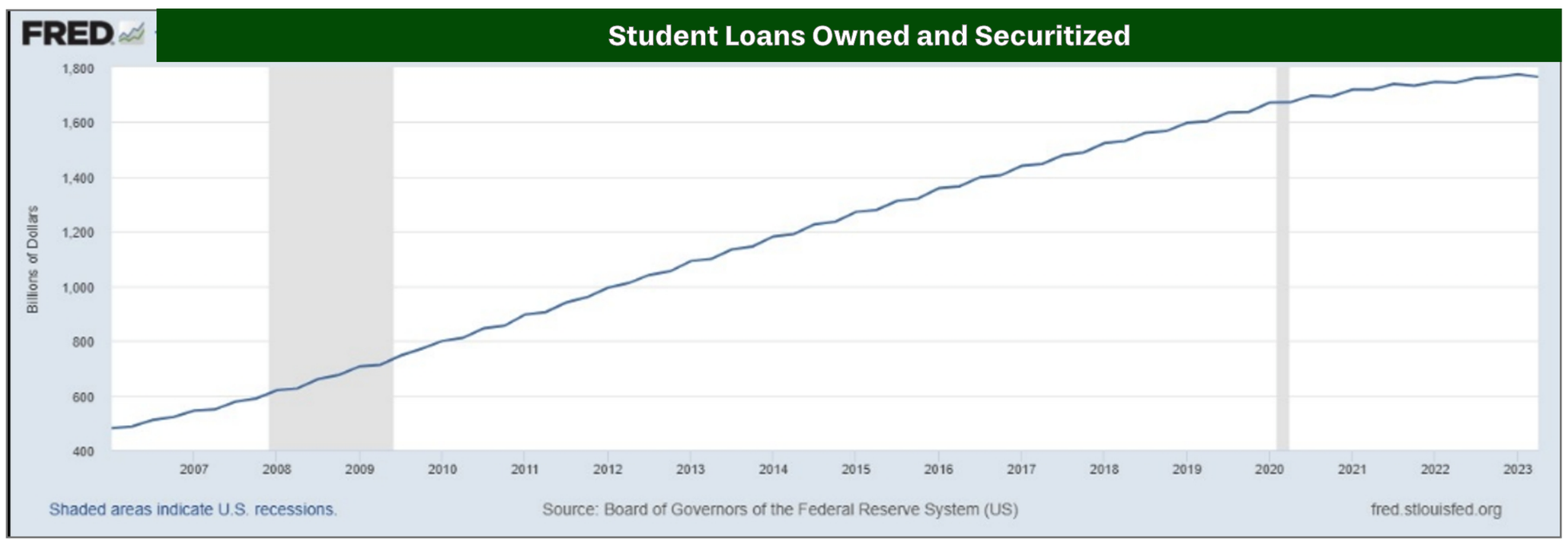


House Speaker
Kevin McCarthy

3.) Oil prices jumped nearly 10% in September; November NYMEX futures traded $95 and some analysts are talking about $100 oil again. Although we think about our gas tanks (for those of us who haven't yet converted to electric cars) when we think of higher oil prices, it could be that oil prices have a greater impact on the economy than just at the filling station. Oil is used to produce and transport many items, and higher prices could mean either lower supply or higher prices for these products – or both. How will this rally hamstring the Fed's battle against inflation? Will fourth quarter GDP be significantly impacted?

4.) The UAW labor action against 3 car companies is well under way. It has impacted platinum prices in the form of expected less demand. How long can the strikes last? How will it impact the economy and consumer sentiment?

5.) 44 million Americans restart student loan payments in October. Did you know that student loan debt totals $1.77 trillion? Annual interest payments are about $70 billion. Some investors are concerned pulling this money out of the economy could slow growth because there might be less discretionary spending. Another issue at the heart of consumer sentiment, the Fed's challenge, and the nation's GDP.



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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