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Monthly MARKET REPORT *February 2024*

February 2024

Investors leap to believe Fed (for now) while geopolitics support the gold price

Jennifer Ropiak is a precious metals market specialist with over 30 years of experience, including 20 years of trading (15 at Morgan Stanley).

Investor realization that rate cuts won't start until later 2024--which caused interest rates to jump–

February 2024 Precious Metal Settlements & Returns (CME data)	
Gold $2,054.70, -0.61%	Platinum $884.00, -5.21%
Silver $22,885, -2.16%	Palladium $947.00, -5.58%

--and new highs in equities sparked by the artificial intelligence frenzy likely contributed to investor disinterest in precious metals in February. Coin premiums remain subdued. Gold prices slipped a modest **$12.70** to settle at **$2,054.70**. Silver prices fell **$0.50** to **$22.885.**

Price declines might have been more meaningful in gold were it not for geopolitical strife.

Ongoing ineffectiveness in Washington (government shutdowns loom), and upcoming elections around the world, including, of course, in the US. There is no end in sight for the Ukrainian war (entering its third year) or the Israel-Hamas conflict (4 months old). Additionally, Moscow's wargaming with tactical nuclear weapons has become public. As has their goal to develop a nuclear weapon to destroy satellites. Perhaps central banks, who have been strong buyers in 2022 and 2023, bought when prices retraced this month.

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Overall hawkish Fed-speak and generally robust economic data convinced investors early in the month that perhaps the Fed was serious about not rushing to cut the Federal Funds rate too quickly.

Many pundits pushed expectations for cuts to the summer and suggested three cuts instead of up to six.

Minutes from the Fed's January meeting highlighted concern about persistent inflation, and the risk of cutting rates prematurely. January's core PCE of +0.4% (released at month end) and CPI +0.2% higher than expected (released February 13) makes the caution appear warranted. Remember, in the 1970's and 1980's then Chair Paul Volcker eased too soon in his famous fight against inflation. He then had to navigate not one but two painful recessions. Presumably, the Fed won't want to repeat that error.

Investor acknowledgement of the need to pause took yields higher in February, as did worry over a pending record 10-year auction.

Yet on the 7th, the Treasury smoothly sold $42B 10-year notes at 4.093%, as the yield looked attractive on a historical basis. But the 13th brought the CPI report and the 10-year touched 4.31% (marking a gigantic 44 bp jump from the 1st). This is when gold prices traded their February low of $1,996.40. Silver prices hit their low of $22.19 the next day. Silver prices, however, soared as high as $23.765 two days later, a 7.00% bounce. Gold price moves were more moderate.

1. All precious metals prices are the most actively traded CME contract price unless otherwise indicated.

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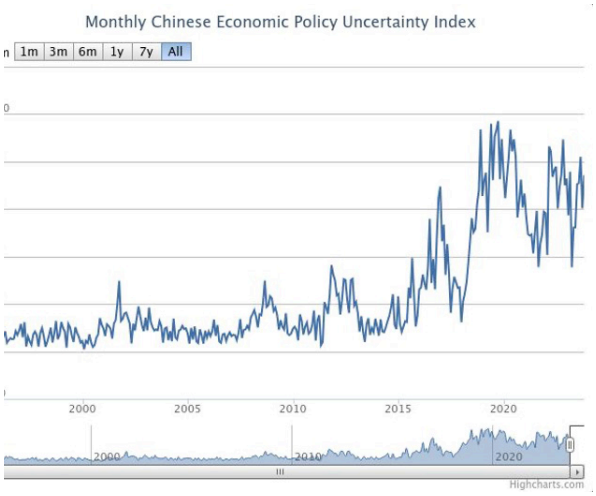
Looking Ahead

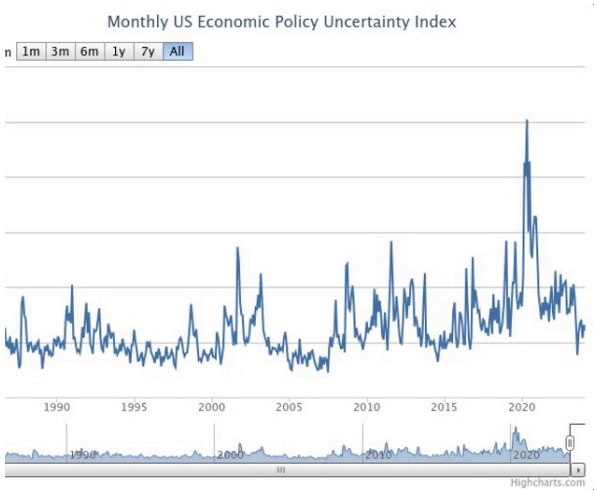
Fed Chair Powell testifies before Congress March 6-7. The Fed meets March 19-20. Stay tuned!

Although we may not think often about them, retail Chinese investors have been having a tough go of it over the past several years. Their real estate market is in trouble and stocks are down 27% from their September 2021 highs.compared to big gains in the US.

The underperformance may be due to the greater degree of uncertainty there compared to here:







Jennifer Ropiak, CAIA is a precious metals market specialist with over 30 years of 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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2. For the US, the Economic Policy Uncertainty Index is derived by quantifying newspaper coverage of policy-related economic uncertainty, the number of federal tax code provisions set to expire, disagreement among economic forecasters, and utilization of the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters.