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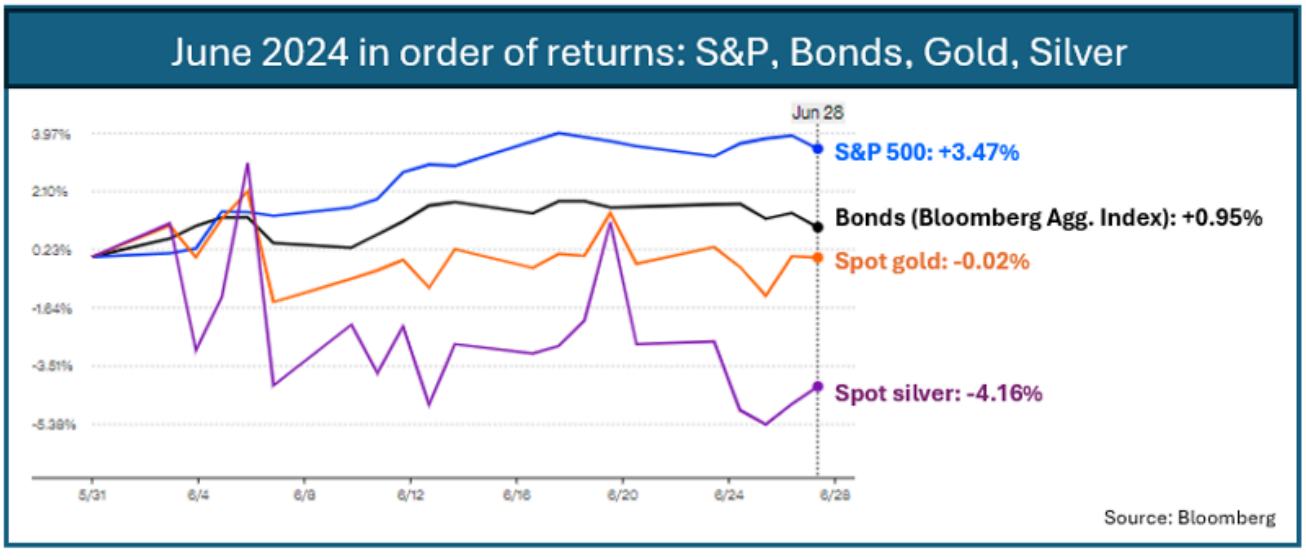
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Monthly MARKET REPORT *June 2024*



Fed easing…? See you in September

Gold and silver prices ended a 3-month-long rally in June as the market struggled with the Chinese central bank going quiet in gold and US data that pushed hopes of a single Fed rate cut later into 2024.



June 2024 in Order of Returns: S&P, Bonds, Gold, Silver

***Source**: Bloomberg*

Coin premiums remain muted as precious metals owners – particularly of silver – offloaded holdings to take advantage of higher prices.

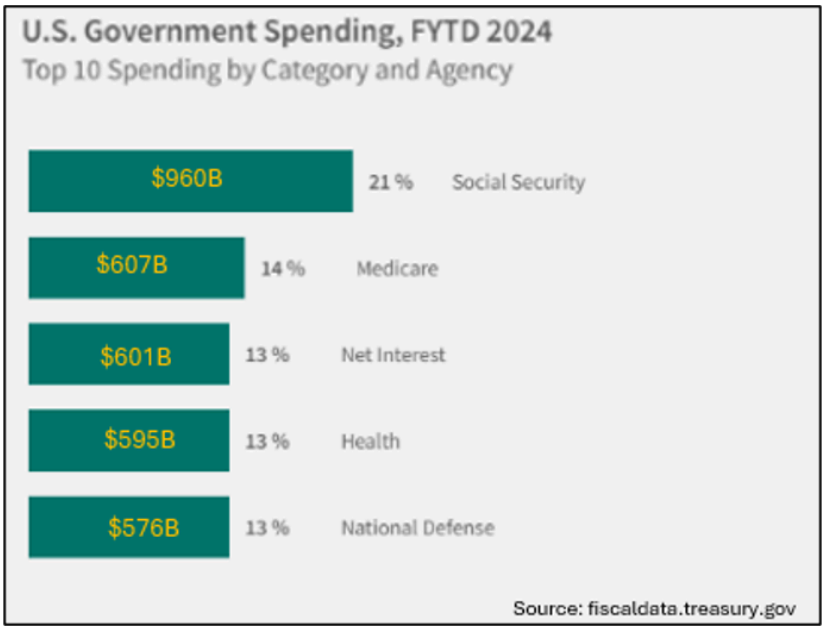
Early June brought soft economic numbers, spurring investor hopes for Fed easing. On the 7th, gold prices first traded the month's high (**$2,406.70**[1]) and later its low (**$2,304.20**). The big selloff was driven by double-barreled news that China's central bank did not buy in May (having bought the last 18-months) and higher than expected growth in US non-farm payrolls.

Gold prices shed 2.76% that day while more volatile silver prices – which rallied more sharply than gold in May - fell **6.12%**. Later in June, weak housing and jobs data re-sparked easing hopes and demand for gold and silver rose. Perhaps buyers thought the Fed would abandon Chair Powell's messaging in his recent press conference that the central bank was still on hold.

On the 20th, gold prices traded up to $2,379.50 and silver prices up to $31.17 but the rally faltered a day later. Gold prices settled nearly unchanged for June at **$2,339.60** Silver prices settled at **$29.56** for a loss of **3.92%.**

Looking Ahead

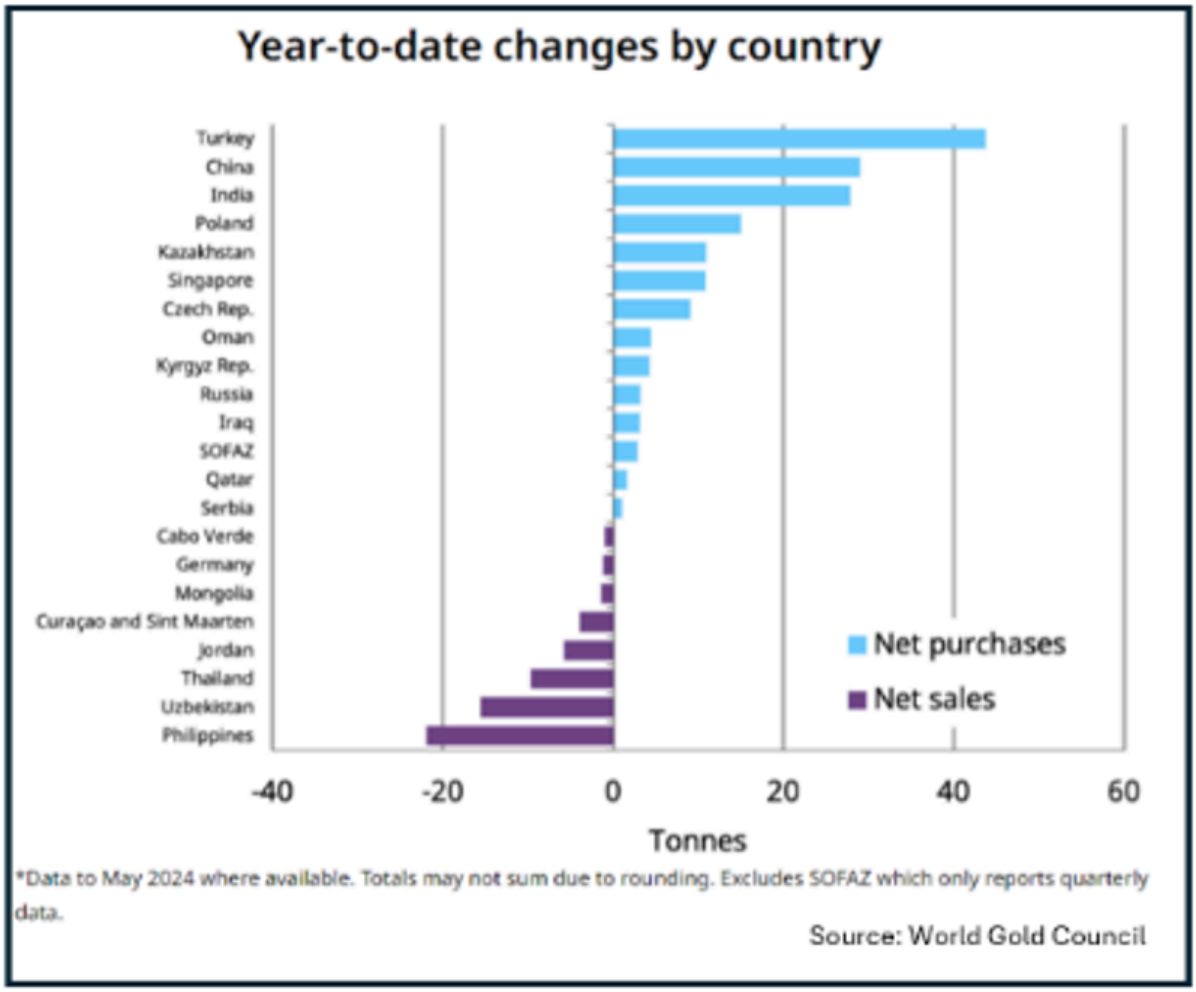
- **Bank of America grabbed the headlines with its 12-18 month forecast for $3,000.00 gold.** The prediction is based on continued central bank buying, Fed interest rate cuts, and buying by non-commercial participants. The bank suggests a crisis in the Treasury market due to increasing government debt is not impossible. Could a big three handle on the gold price be in the cards?
- **Do you know how much the US government is spending? $4.9 trillion thus far in fiscal 2024 (which started in October 2023).** Below are the biggest categories. Note that net interest is the third biggest obligation after Social Security and Medicare.



U.S Government Spending, FYTD 2024

Source: fiscaldata.treasury.gov

- **The Fed's June 'dot plot' points to a 25 basis-point cut this year, 100 basis points next year, and 100 basis points in 2026.** Do you think inflation will come down enough for the Fed to cut this much and according to this timeline?
- **Is China pausing its gold purchases or does a quiet May mean a full stop? Gold comprises 4.9% of China's reserves.** It owns 2,264.3 tonnes and ranks 7th in gold owned after the US, Germany, the IMF, Italy, France, and the Russian Federation.
    - **Most of China's gold was purchased at much lower prices than today's markets.** A pause is the sensible conclusion. But other central banks bought in May: **Poland** (10 tonnes); **Turkey** (6); **India** (4); and the **Czech Republic** (3). The largest seller was **Kazahkstan** (11). Here are the gold reserve changes by country for 2024 through May:



Year-to-date Changes by Country

Source: World Gold Council

- **The US dollar: there has been talk of de-dollarization, or using other currencies than the greenback for trade and transactions - which would theoretically cut demand for the dollar.** But Goldman Sachs says the dollar should be "stronger for longer" because the economy is strong, the Fed does not want to cut too early, and if there is a unified government after the November election, it could implement new fiscal expansionary measures. The bank also does not see an easy replacement for the US dollar.

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[1] Prices are CME most active contracts unless otherwise indicated.

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. The information contained in this article is for educational and informational purposes only.

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