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Monthly MARKET REPORT September 2024

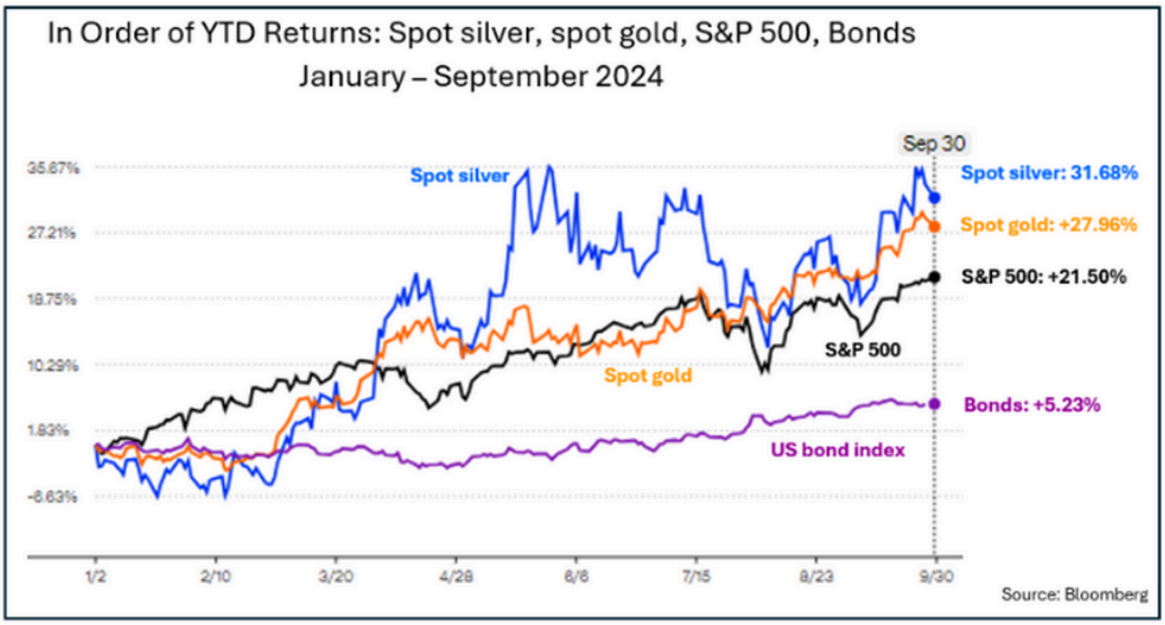


Silver Prices Gallop as Gold Prices Repeatedly Trade New Highs. Fed Confident on Jobs, Inflation.

The 50-basis-point cut by the Federal Reserve was the rising tide lifting asset classes in September. In precious metals:

Silver prices approached a 12-year high, touching **$33.021**; gold prices surged to record levels several times, with the highest trade at **$2,708,70**; platinum prices added **$48.50**, or **5.15%**, to $991.10 and palladium prices tacked on $37, or 3.84%, to $1,000.00. Meanwhile the S&P 500 settled at a record high (5,762.48) and bond prices jumped, with the Bloomberg Aggregate Index adding 1.34%.

As an aside, Saxo Bank says in the prior 10 Septembers to 2024, gold fell in all but one. This September, however, as geopolitical concerns in the Middle East intensified, gold prices gained 5.21% or, $131.80 to settle at $2,659.40. Silver prices added 7.94%, or $2.315, to close the month at $31.46.



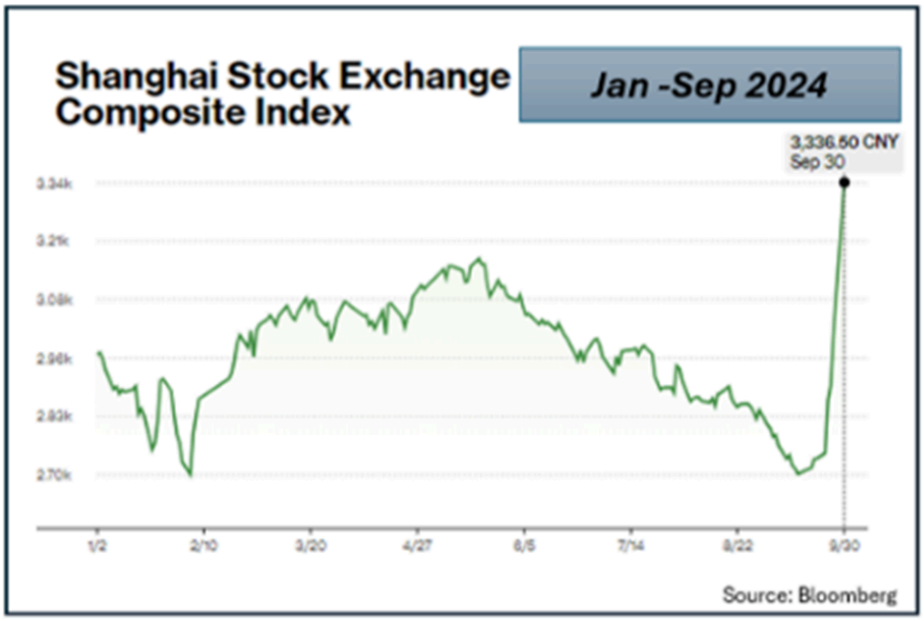
In Order of YTD Returns: Spot Silver, Spot Gold, S&P 500, Bonds, January-September 2024.
***Source**: Bloomberg*

About half of silver's demand is industrial. Some traders expect China's expansive stimulus measures (announced September 24) to jumpstart the world's second largest economy. Some think the combined US and Chinese actions might spark a wide-ranging recovery in manufacturing--stimulating demand for silver. For background, 2024 is the fourth year that analysts expect the grey metal to be in a supply deficit, where demand outstrips mining and recycling volumes.

Following the Fed's big move, FideliTrade customers with whom we spoke are more optimistic. This, combined with lofty prices, perhaps explains why some clients are not buying and others are selling. As a result, the supply of coins and small bars is plentiful, and premiums are muted.

Looking Ahead

- **The Chinese influence: The Chinese public bought gold this year for a haven as stocks and real estate prices were weak.** If the stimulus works (see the recent jump in Shanghai stocks below), will Chinese gold demand subside, particularly given the high price? Or will they buy gold jewelry instead of physical bars? Note that the central bank has not bought in four months.



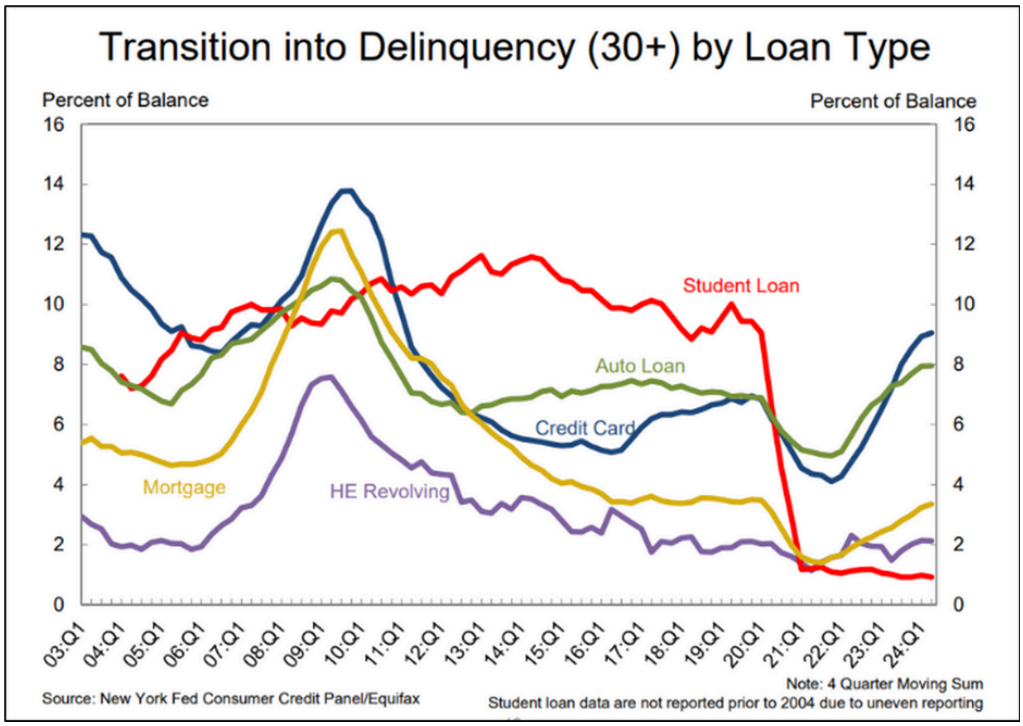
21.4% hockey-stick rally Sep 24-30 as stimulus measures were announced

Shanghai Stock Exchange Composite Index
Source: Bloomberg

October 9: The Federal Reserve releases its September meeting minutes, which should give us color on the decision to cut 50 basis points instead of 25. We may also get insight into why officials are leaning towards two more 25 basis point cuts in 2024 (one each in November and December) while in contrast, the market expects a total of seventy-five basis points of cuts before year end.

Varied Storms Ahead?

- **The dock workers strike could cost $3.8 to $4.5 billion a day**, JP Morgan estimates.
- **Commercial real estate: $2.2 trillion in loans mature by 2027** (source: Trepp). The Wall Street Journal says Fed action won't help some of the sector, hurting lenders
- **At the consumer level: The Federal Reserve Bank of New York reports that about 9.1% of credit card balances turned delinquent over the past year** (see upturn in blue line in chart below). At 8% of loan balances, auto loan delinquencies (green) are also on the rise. Both numbers sit at levels not seen since 2011, the aftermath of the Global Financial Crisis.



Transition into Delinquency

Source: *New York Fed Consumer Credit Panel/Equifax*

Election Day: Vice President Harris and former President Trump are running neck in neck in swing states. There is speculation that if the results are close, the declared loser might sue – throwing the election to the courts. If this happens, will we have a decision by January 20, 2025, inauguration day? Might this affect gold prices, or is political turmoil already baked into prices?

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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