FIDELITRADE® INCORPORATED Trusted Bullion Services... Straight from the Source

Monthly MARKET REPORT *January 2025*

Pre-tariff moves show COMEX contracts are not 'paper;' Customers continue to sell

Key Points:

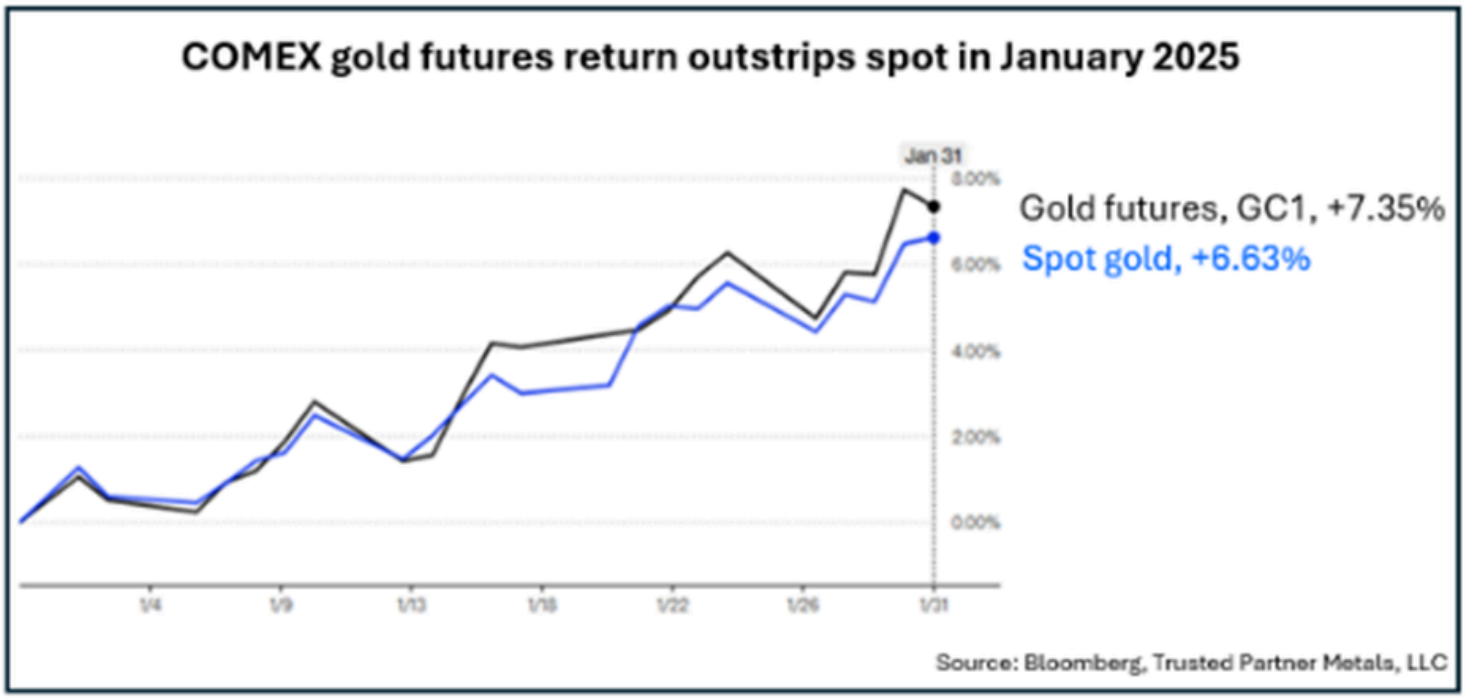
- Gold and silver prices surged in January due to tariffs, inflation fears, and U.S. debt concerns, with gold hitting a record high.
- U.S. tariffs disrupted the gold market, creating arbitrage opportunities and making certain coins and silver bars 25% more expensive.
- Uncertainty remains about tariffs, Fed rate cuts, and the U.S. debt limit, which could further impact precious metals prices.



Gold and silver prices rallied in January against the backdrop of stress from White House tariff threats, inflation worries, and US debt concerns. Also supportive: a pause in the rise of longer-term yields and the dollar. Gold prices added $169, or 6.34% to $2835.001, after setting a record high of $2,862.90. Silver prices rose $3.025, or 10.35%, to $32.265. FideliTrade customers continue to sell to take profits or access cash. Or both.

US tariffs have upended business as usual in the precious metals markets, particularly in gold. Market participants pushed COMEX gold prices higher than gold prices elsewhere in the world, sometimes

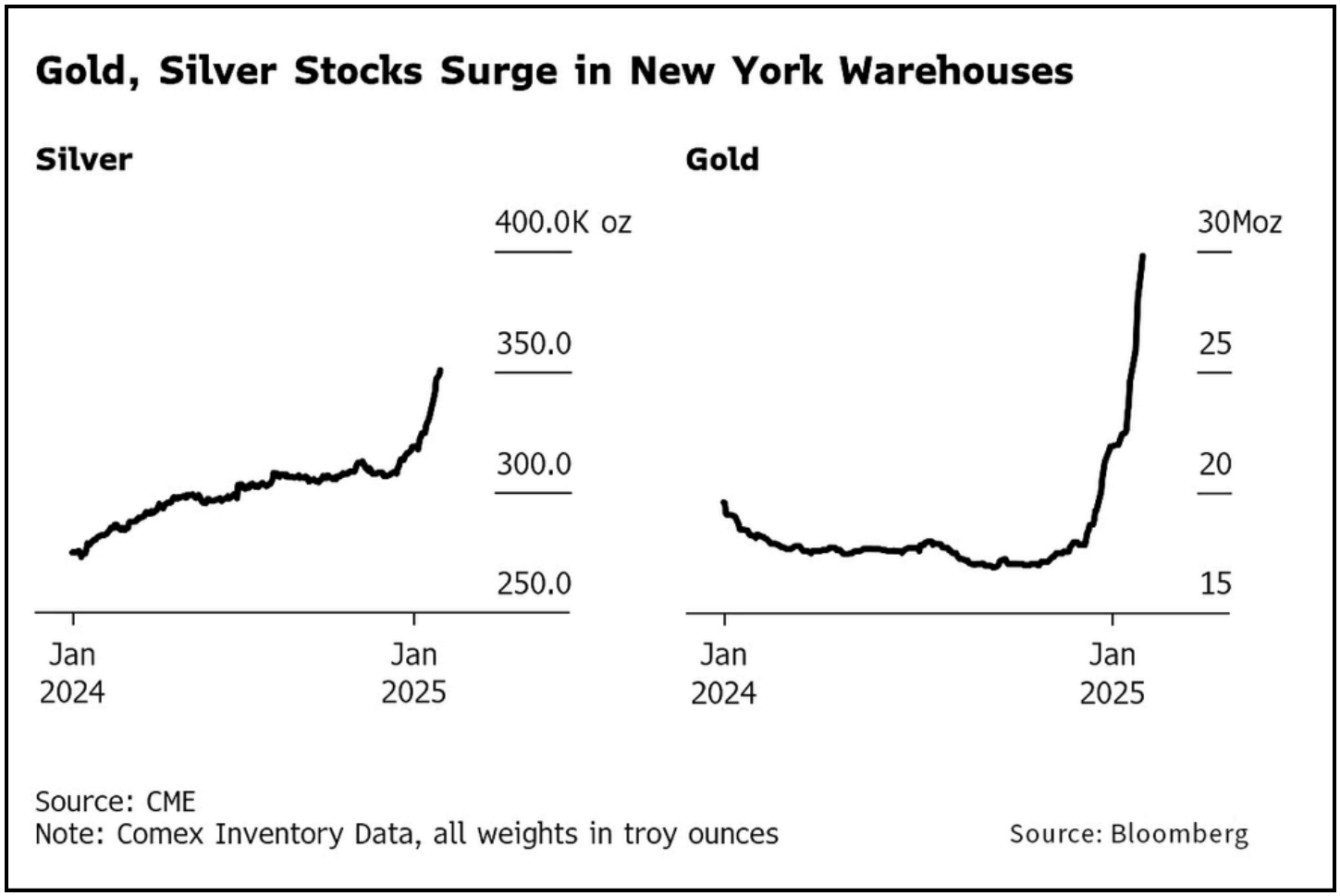
by as much as $50/oz. First to cover risky shorts, then to attract metal into the US. The wide price difference has created an opportunity, especially for dealers with financial heft.



COMEX Gold Futures Return Outstrips Spot in January 2025. Source: Bloomberg; Trusted Partner Metals, LLC

Some call COMEX futures 'paper contracts' because paper contracts represent ownership but not physical possession. For COMEX, buyers can access physical--but only during the delivery period. For example, February contract positions settle in February. When a contract moves into the current month, a clearing house algorithm matches open positions to facilitate settlement. That said, traders typically use Comex to speculate or hedge. Most often, traders liquidate or roll their positions forward.

With tariffs on gold and silver producing nations, COMEX delivery is key to the arbitrage. In January, CME clearing members (often large banks and brokerages, acting for customers and themselves) registered gold bars for delivery at a frenzied pace. By January 31, over 31 million oz. of tariff-free gold worth about $85 billion sat in COMEX warehouses, about double the pre-election amount.



Gold, Silver Stocks Surge in New York Warehouses. *Source: CME, Bloomberg.*

In December and January, COMEX settled 4.8 million oz. 4 million more will settle February 3 and 4:

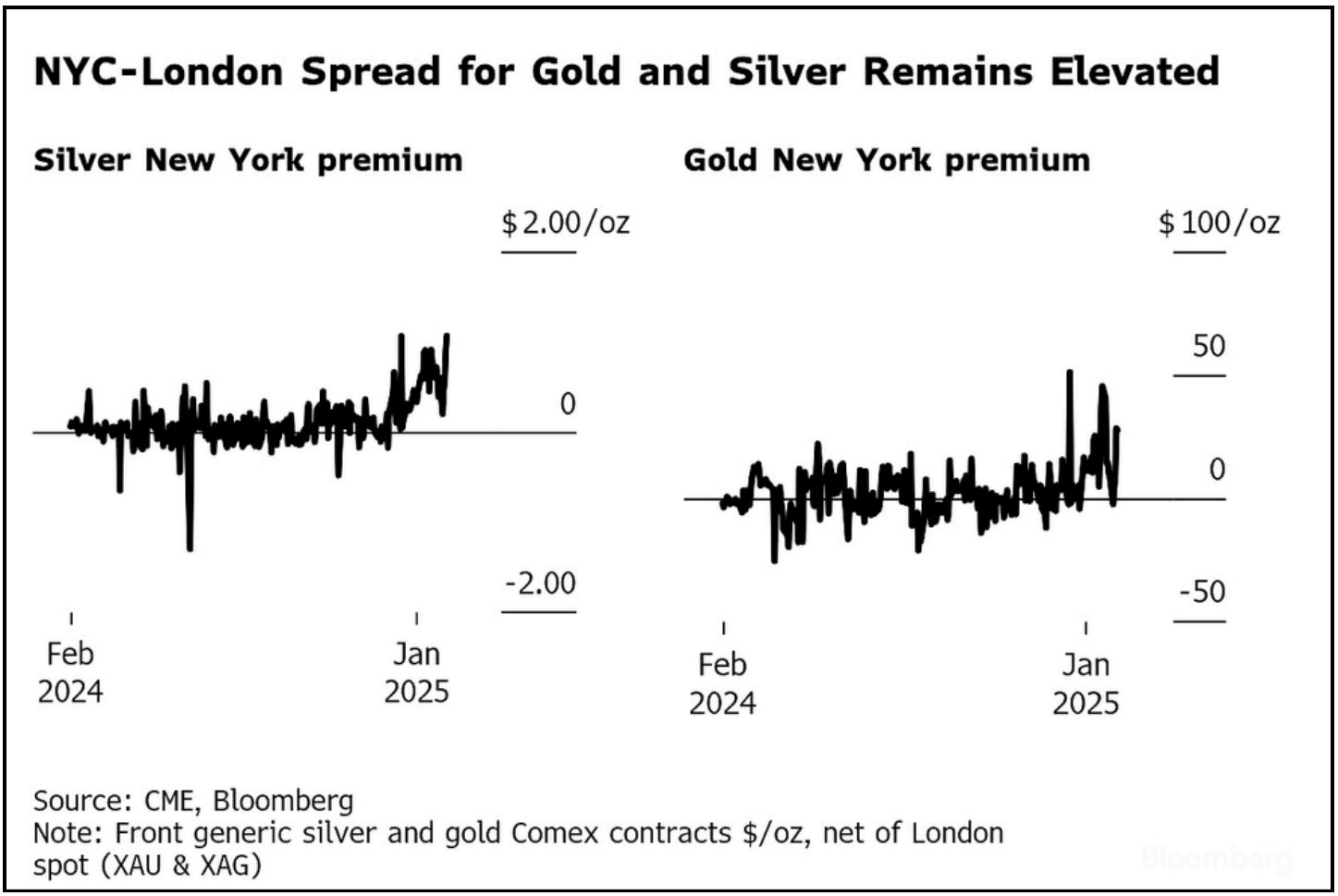
COMEX Good Delivery Notices for the 100 oz. gold contract from Dec 1, 2024 - Jan 31, 2025					
Month	**# Notices**	**# Ounces**	**Month end price**	**Dollar value**	
December-24	25,856	2,585,600	$2,681	$	6,931,993,600
January-25	22,538	2,253,800	$2,641	$	5,952,285,800
February-25	40,649	4,064,900	$2,835	$	11,523,991,500
Totals	**89,043**	**8,904,300**		**$**	**24,408,270,900**
		Note: Feb-25 includes notices issued 1/30 and 1/31/2025			
		Source: CME Clearing - COMEX. Year to date Delivery Notices			

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The tariffs' impact on the market will be more wide-ranging than the COMEX story. Two examples: Canadian Maple Leaf coins and Penoles' 1,000 oz. silver bars will now cost 25% more in the US.

Switching to silver: traders also bid COMEX prices higher (by as much as $1 above spot) in January, creating the same arbitrage opportunity as in gold. Like COMEX, London good delivery silver bars

weigh 1,000 oz. For speedier delivery, some dealers are flying silver bars across the Atlantic instead of the usual way. Shipping it by sea to Canada and trucking it down to COMEX vaults takes weeks.



NYC - London Spread for Gold and Silver Remains Elevated. *Source: CME, Bloomberg*

By comparison, completing the gold arbitrage is complicated. Three kilo bars or a 100 oz. bar are deliverable for the 100 oz. contract. To get COMEX bars for delivery, dealers are paying central banks high lease rates to borrow 400 oz. bars. Once the Bank of England's vault manager pulls the big bars – which takes weeks – dealers pay refineries to transform the bars into COMEX-approved formats. There is a wait for that, too. When made, the bars are sent to New York. Dealers are also buying kilo bars to send New York.

Looking Ahead

Tariffs: Will commodities get exempted? How long will tariffs remain in place? What other countries will the White House tariff? Can interrelated supply chains minimize price increases?

The Fed: After leaving rates unchanged in January, the Fed will need be on guard as many economists believe tariffs are inflationary. What is a realistic number of rate cuts in 2025?

The debt limit: The US Treasury will run out of money by summer unless Congress passes a bill.

Jennifer Ropiak is a precious metals market specialist with over 30 years' experience, including 20 in trading (15 at Morgan Stanley). She is the founding director of Trusted Partner Metals - an independent consultancy whose clients typically are keen to increase their footprint in precious metals. Currently, Jennifer is advising the World Gold Council on their initiative to increase retail gold demand globally. Jennifer is a Chartered Alternative Investment Analyst and a graduate of Cornell University.

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