FIDELITRADE® INCORPORATED

Trusted Bullion Services...
Straight from the Source

# *Monthly* MARKET REPORT *February 2025*

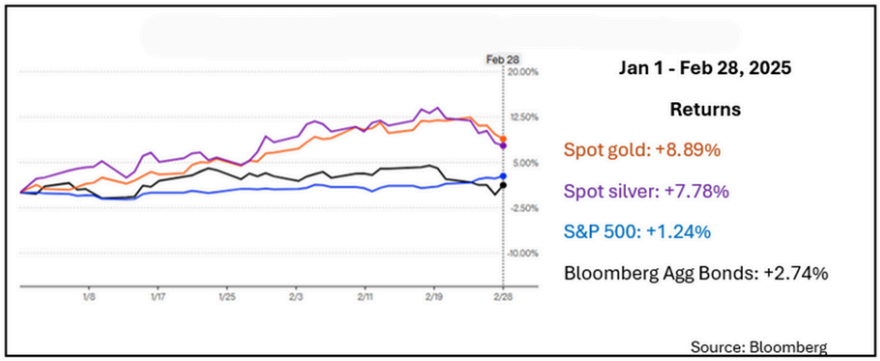
# *Customer selling abates amidst DC chaos. COMEX deliveries ease price distortions.*

## *Key Points:*

- **Gold prices gained 0.48% in February, despite prices being up over 6% on the 24th.** A stronger dollar during the last week of the month and large COMEX deliveries throughout the month helped cool the market.
- **Fears over tariffs on bullion imports led to an extraordinary 14.55% of COMEX gold contracts going to delivery, reducing recent price distortions.**
- **There has been no indication whether bullion will be exempt from tariffs.**
- **The Federal Reserve meets March 18-19.**
- **Central banks are expected to continue to be large buyers of gold in 2025.**

**Gold prices** were heading toward a second month of gains of over 6% in February as the April futures market traded a new high of $2,974.00 on the 24th. However, profit taking took the wind out of the market during the last week of the month. Gold prices finished February at $2,848.50 for a gain of just 0.48%, or $13.50. Meanwhile May futures silver prices lost 3.30%, or $1.075, to settle February at $31.495. Silver prices had soared over 10% in January.

**Spot Gold, Spot Silver, S&P 500, Bloomberg Agg. Bond Index.**




The frenetic search for government waste by the Department of Government Efficiency (DOGE) and the White House's reset of global relationships fanned chaos at home and uncertainty abroad. Some investors worried about the economy's strength; 10-year Treasury yields fell 35 basis points. At

FideliTrade, customers continued to net sell gold and silver. But more buyers appeared this month – likely due to concern over tariffs. Premiums have moved up and off their recent lows.

On COMEX, the February gold delivery cycle was akin to the opening wide of a steam valve, one that had been opening more slowly the previous couple of months. The pressure, of course, was the pending 25% tariffs on Canadian and Mexican imports, combined with the concern that tariffs would expand to the UK, Switzerland and other countries that might export bullion to the US.

Typically, less than 2%, and even 1%, of COMEX contracts go to delivery. An unheard-of-estimated 14.55% of 100 oz. contracts did so in February. The effect? A significant decrease in the out-of-line differences between futures and London prices. And, a reason to take profits ahead of the $3,000 level.

**COMEX Gold 100 oz. Delivery Notices from December 2024 to February 2025.**

| Month | Dec-24 | Jan-25 | Feb-25 |
|---|---|---|---|
| Delivery notices | 25,856 | 22,538 | 76,567 |
| Est. price for delivery | $ 2,700 | $ 2,750 | $ 2,900 |
| Est. value | $ 6,981,120,000 | $ 6,197,950,000 | $ 22,204,430,000 |

| Month | Dec-24 | Jan-25 | Feb-25 |
|---|---|---|---|
| Average total open interest (based on weekly COT) | 465,037 | 538,101 | 526,308 |
| % total open interest that went to delivery | 5.56% | 4.19% | 14.55% |

*Source: CME Group, Trusted Partner Metals, LLC.*

In February, over 7.6 million oz. of gold, approximately $22.2B worth, settled through CME Clearing. Nearly 12.5 million oz. settled at an approximate value of $35B across December, January and February. And while these numbers are small compared to gold's turnover in London, they are nonetheless exceptional in the history of COMEX. (For reference, turnover in London for the week ending January 17, 2025 was $621.6B).




As a reminder, in recent months, dealers had sold futures against London inventory when COMEX prices were excessive and then shipped metal to COMEX vaults for delivery. Some of these dealers booked massive profits. Gold futures prices had traded as much as $50 above the spot London price instead of a more normal $10 and silver prices had traded nearly $1 out of line. Separately, dealers are also shipping silver, platinum and some palladium into New York area vaults, also to profit from arbitrage and protect against tariffs.

# *Looking Ahead*

**Tariffs:** Questions abound regarding President Trump's bargaining tool for trade discussions. In the precious metals industry, some experts expect bullion to be exempt from tariffs because there is no significant US bullion industry for the White House to protect. Beyond the precious metals market, analysts anticipate tariffs will cause turmoil across global supply chains. James Steel of HSBC says, "The more tariffs are imposed, the more disruptive trade becomes and the more favorable environment for gold."

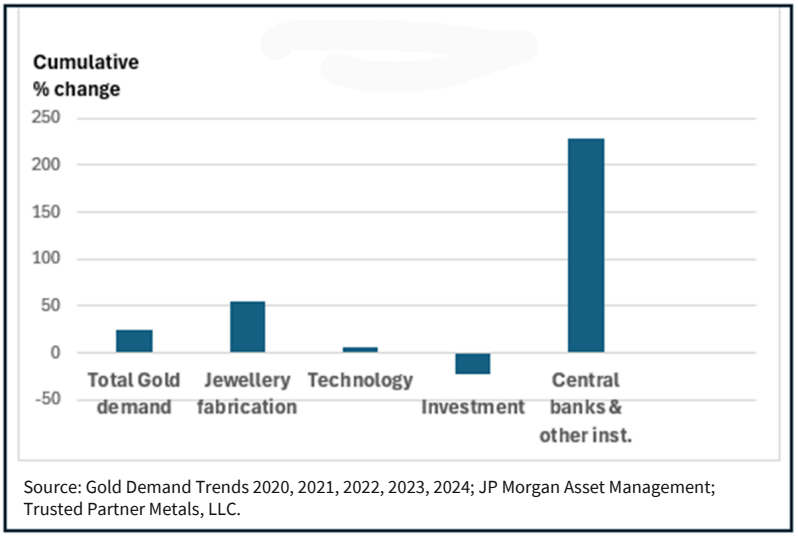
**Could there be more COMEX price distortions?** It is possible, but COMEX gold inventory is more than double it was on Election Day. On November 5, stocks were just over 17 million ounces. As of February 28, they were more than 39 million oz. Silver inventory also shot up in this period. Total available stocks total over 408 million oz. as of the end of February.

**The budget deficit:** Will the House and Senate come together to pass a budget in which the deficit continues to expand, or will hawks make progress?

**The Fed:** Chair Powell and team meet March 18-19. Recent comments from the governors suggest the central bank is in no rush to lower interest rates.

**Central banks:** Led by Poland, Turkey, and India in 2024, the official sector added over 1,000 tonnes to their gold reserves - just as the sector had done in 2022 and 2023. The World Gold Council expects central bank demand to continue in 2025 given gold's role as a risk hedge in times of economic uncertainty.

**Gold Demand Sectors (2020-2024).**




Source: Gold Demand Trends 2020, 2021, 2022, 2023, 2024; JP Morgan Asset Management; Trusted Partner Metals, LLC.

*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.*

***The information is not intended as, and shall not be understood or construed as, financial advice, investment advice, legal advice, or other professional advice. The information is not a substitute for professional advice, and we strongly encourage you to contact a financial advisor if you have any questions about purchasing or selling bullion. Any reliance that you place on information provided is strictly at your own risk. We disclaim all liability and responsibility arising from any reliance placed on such information by you or by anyone who may be informed of any of its contents.***