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Monthly MARKET REPORT May 2025

Retail investors liquidate. US-China tariff talks, US budget are key issues.

May 2025 highlights:

- Gold prices post the first monthly decline for 2025, shedding nearly 1%.
- Silver prices add $0.34, or 0.61%.
- FideliTrade customers net sell.
- Physical premiums are low.
- Platinum prices jump 9% as the supply deficit comes into focus.
- Since February, managed money participants have halved net long gold holdings.

Buoyed first by a UK tariff framework and then progress with China on trade, investor sentiment was 'risk on' during the first half of the month, pushing gold prices down. The Federal Reserve maintained the status quo (as expected). The US dollar strengthened. Meanwhile, the S&P 500 staged a strong rally. (It added 6.31% for the month).

Sentiment toward gold flipped to positive by mid-May. The US and China sparred about their Geneva agreement. President Trump proposed new tariffs for the EU but postponed them 2 days later. He also proposed doubling tariffs on steel and aluminum, which the US imports from Canada, Mexico, and Brazil. Meanwhile, various companies, states, and agencies are suing the administration over tariff implementation.

On Capitol Hill, Congress is considering a tax bill that adds approximately $2 trillion to the US deficit over 10 years. In a warning to Washington, Moody's downgraded US debt. Investors showed their displeasure with policy makers by driving Treasury yields higher; the 30-year bond breached 5%:



Turning to silver, prices traded between $32 and $34 in May. The gold:silver ratio remains historically high at 100:1. Is this because silver is undervalued or because of fears of recession, which would dampen industrial demand for the grey metal? The long-term average for how many ounces of silver it takes to buy an ounce of gold is approximately 60.

Platinum prices rallied strongly during May following Johnson Matthey's forecast of a significant deficit for the third year running.

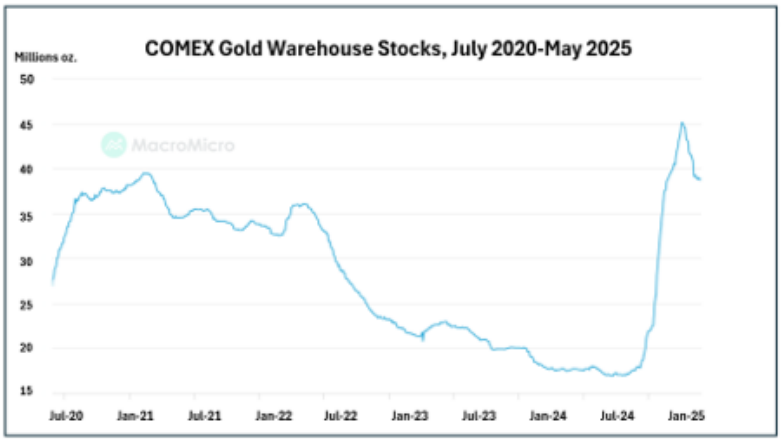
Coins and Bars

Premiums had a small bounce in April, but they are right back to historic lows. The secondary market is awash in coins, bars, and rounds. Some sellers at FideliTrade have been owners for 10 to 15 years.

COMEX

May was an 'active' month for silver, and like the last active month (March), physical delivery was approximately 10% of open interest – a hefty percentage. Clearing members settled over 15K contracts worth $2.5 billion.

COMEX gold warehouse stocks set a record over 45 million oz. on April 4 but are now down nearly 14%. With the COMEX premium gone, dealers are shipping gold out of New York. By the end of May, vaults held 38.9 million oz.



COMEX silver prices do not command a premium either, but, in comparison to gold, inventory is staying put. The all-time high for silver inventory is 504 million oz. (May 12). At the end of May, inventory was just 2% lower, at 496 million oz. Remember, shipping bulky silver costs more and takes longer to move than gold.



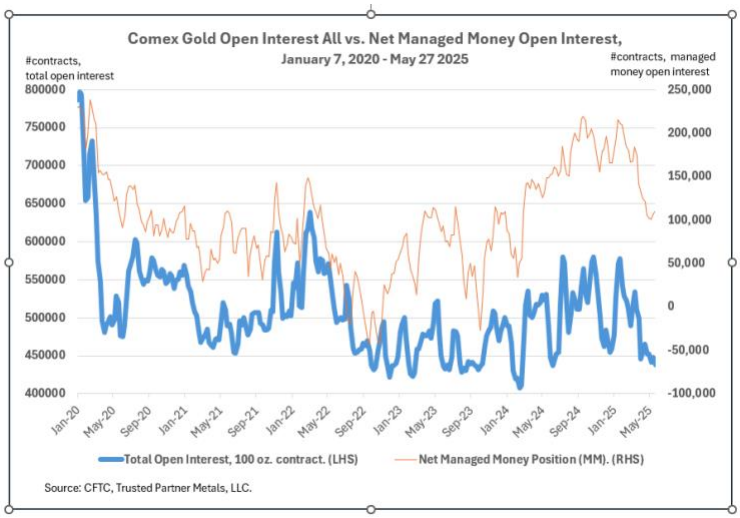
Looking Ahead

Key Dates:

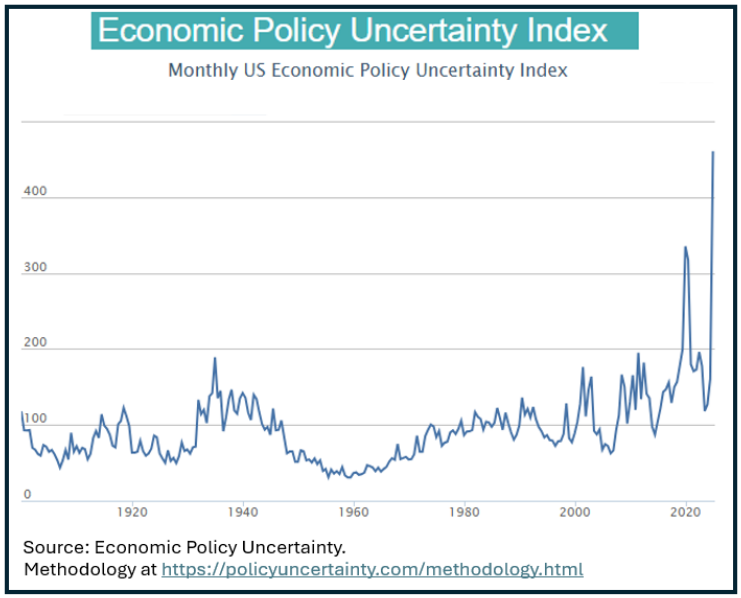
- **June 17-18:** The Federal Reserve meets; current expectation is no move.
- **July 8:** How many trade deals will Washington complete when the 90-day tariff pause ends?

Dry Powder:

Hedge funds, trend followers, and other market participants fall into the CFTC's 'managed money' category. Except for 2 weeks in October 2023, this category has been net long the 100 oz. gold futures contract continuously for 2.5 years. Beginning this February, however, managed money participants have been steadily cutting their net long position. Will managed money traders continue to liquidate? Will they then turn bearish enough to sell the market short? Or will they increase their long position again at a certain price level? Doing nothing could also be an option if there is no clear trade signal.



The Monthly Economic Policy Uncertainty Index, produced by 3 American academics, stands at all-time high. Do you feel the same way?



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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