

Monthly **MARKET REPORT** January 2024

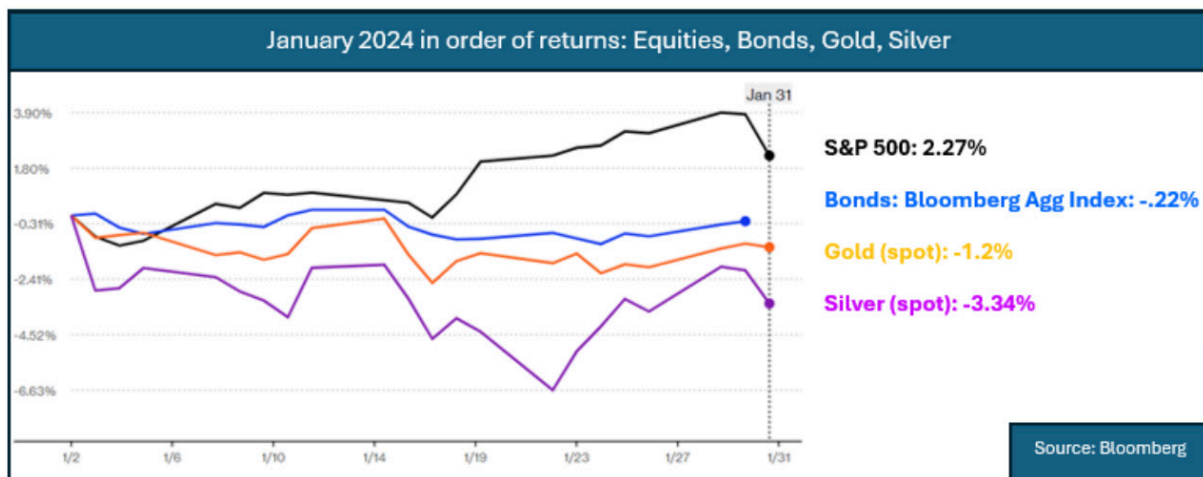
January 2024

Rates Likely at Peak; Gold Backs Off From 2023 Record Price; The \$8.8 Trillion Question

Jennifer Ropiak is a precious metals market specialist with over 30 years of experience, including 20 years of trading (15 at Morgan Stanley).

Gold prices fell in January, with spot shedding 1.20% after gaining over 13% in 2023.

Silver prices slumped (spot fell 3.34%) after losing 0.66% last year. Platinum and palladium futures prices fell 7.59% and 10.14%, respectively.



The S&P 500 traded at a new all-time high.

Gold investors took an opportunity to sell at prices well over \$2,000/oz., contributing to the relative softness of premiums. Gold futures settled in January at \$2,067.40. The high was \$2,107.70 on the 2nd. Silver prices high were also on the 2nd, \$24.335. They closed January at \$23.17.

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The Federal Reserve signaled cautious optimism at its month-end meeting and held interest rates steady for a 4th straight session.

We have likely seen peak rates, said Chair Powell, and that rate cuts - although not imminent - are on the cards for 2024 if inflation moves 'sustainably toward 2%.'

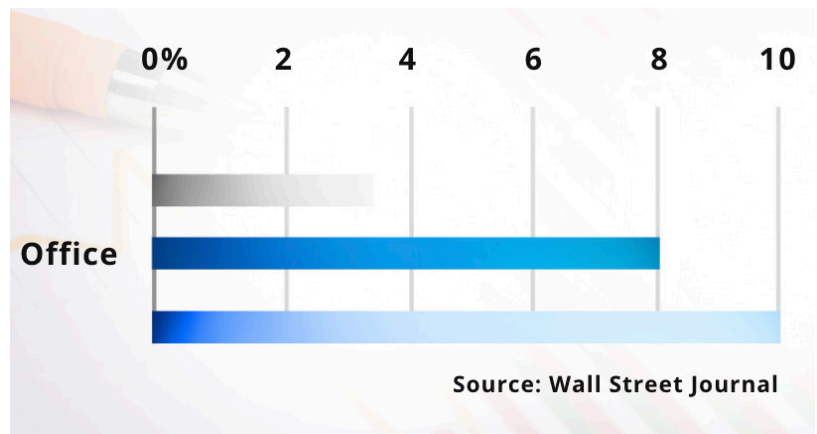
The Fed's ongoing balancing act to deliver a soft landing, a bevy of significant global tensions, and political strife at home comprise our high-stress norm. This month, things became more complicated. The first US deaths since the outbreak of the Hamas war increase the risk of an expansion of the Middle East conflict. An Iran-backed militia used drones to kill 3 in Jordan.

Meanwhile at home, a regional bank surprised with a quarterly loss and dividend cut, bringing commercial real estate woes to the fore.

Higher interest rates and vacancies are expected to increase delinquencies. There are \$2.2 trillion of mortgage maturities between now and 2027. Regional banks are typically heavily exposed to commercial real estate.

U.S. Commercial Mortgage-backed Securities Loan Delinquency. Source: Wall Street Journal, The Bill is Coming Due on a Record Amount of Real Estate, January 16, 2024

U.S. Commercial Mortgage-backed Securities Loan Delinquency



Source: Wall Street Journal

■ 2023 as of Nov. 30
■ 2024 forecast
■ 2025 forecast

Looking Ahead

\$8.8 Trillion: What will we do with the cash in CDs and the money market?

Continued on next page...

As of the end of Q3 2023, CDs and money market funds hold an astounding \$8.8T.

Considering expectations for lower interest rates, will you keep your cash there or switch a percentage of it to... another asset class in 2024? What will be the big trend and what will it mean for asset prices?

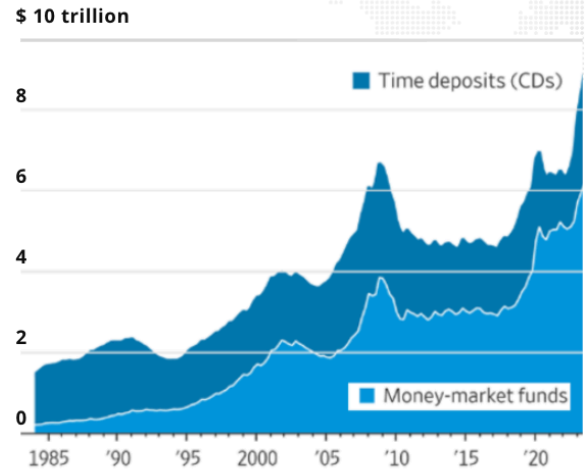
Investment in gold ETFs has been declining since the spring of 2023, but prices have been rallying since August.

Can this unusual divergence between price and the amount of assets in funds that own gold continue?

Bucking China's wishes, Taiwanese voters elected the candidate favoring Taiwan's separate identity.

Will the election of Lai Ching-te prompt Chinese military exercises, and increase pressure on the US in the region?

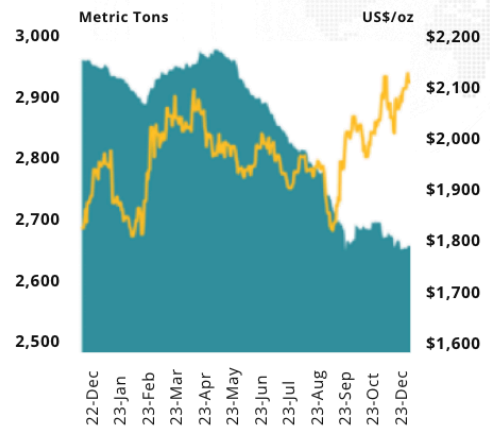
Assets in Money-Market Funds and CDs



Note: Quarterly, as of third-quarter 2023. Wall Street Journal 1/18/2024. Source: Federal Deposit Insurance Corp; Federal Reserve

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Global Gold ETF Holdings



Global ETF Holdings (lhs) Gold Spot Price (rhs)
Source: Bloomberg, State Street Global Advisors

Global Gold ETF Holdings. Source: Bloomberg, State Street Global Advisors.

Jennifer Ropiak, CAIA is a precious metals market specialist with over 30 years of 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.

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