



Precious Metal Market Report

Market Overview

Monday 19th July— Friday 23rd July

Gold



Gold posts its third weekly loss against the US\$ as treasury bond yields were firmer, closing at 1.29%

Silver

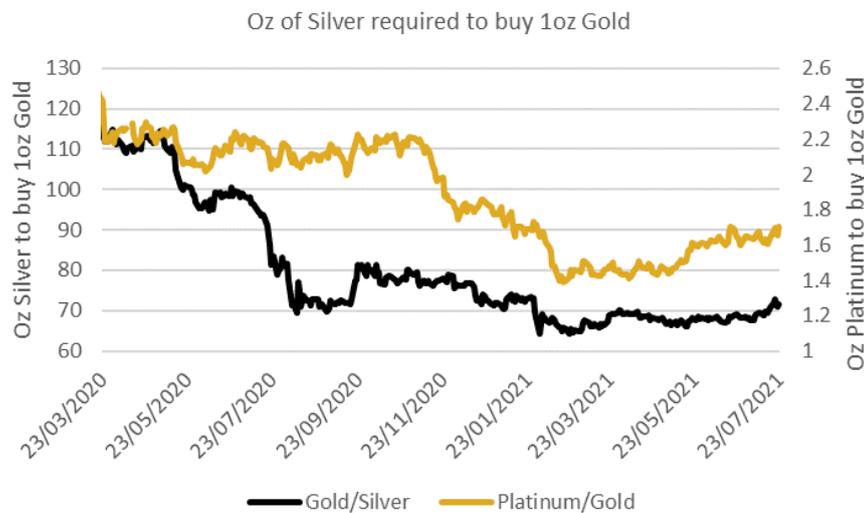


Little changed against the US\$ this week after Silver prices recovered early week losses with equity markets

Platinum



Platinum prices sell-off on Friday, eroding mid-week gains as traders bank profits at the 200 day moving average



Guidance

Black line going up = Gold able to buy more silver

Black line going down = Gold able to buy less Silver

Gold Line going up = Gold able to buy more Platinum

Gold line going down = Gold able to buy less Platinum

Guidance

Current ratio = 71.63

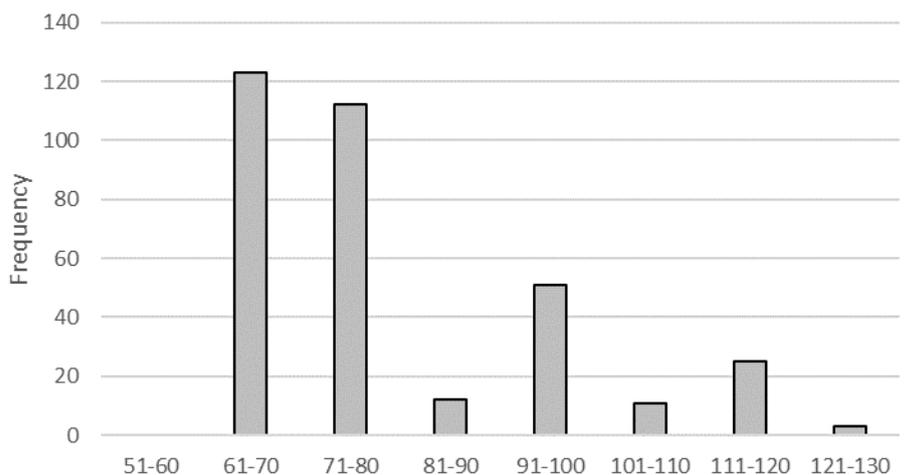
The bars show how many sessions the Gold/Silver ratio has spent in each of the ranges over the past year

We can see that most of the time the Gold Silver ratio trades in a range of **61 to 80 ounces** of Silver for each ounce of Gold

The market can reach valuations in which Gold is worth **120+** ounces of Silver but as the graph shows, the ratio does not stay at these valuations for long

A ratio of 100+ ounces of Silver for 1 Gold ounce is a good time to swap Gold for Silver

1 Year Gold/Silver Ratio Distribution



Commentary

This week began with a sell-off in international stock markets as well as oil prices as a risk-off sentiment spread across the market. Market commentators were citing increasing coronavirus infections as a reason for the sell-off but concerns over central banks tightening monetary policy is more likely to be the cause. The Reserve Bank of New Zealand recently became the first central bank to announce the end of its quantitative easing causing the markets to expect other central banks to follow suit. This was likely to be the true cause of Monday's selloff. Silver and Platinum rebounded with stock markets given their demand's ink to industrial activity. A recovery in US treasury bond yields from sub 1.15% to 1.29% capped Gold prices

The above graphs represent current prices of precious metals contracts for prompt delivery, and are susceptible to change. It is important to note that the above does not represent a forecast of where Auronum expects prices to be at that specific point in time.



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Oil & FTSE 100 Priced in Gold



Guidance

Black line going up = Gold becoming cheaper relative to the FTSE 100

Black line going down = Gold becoming expensive relative to the FTSE 100

Gold Line going lower = Gold becoming cheaper relative to the oil

Gold line going higher = Gold becoming expensive relative to oil

Guidance

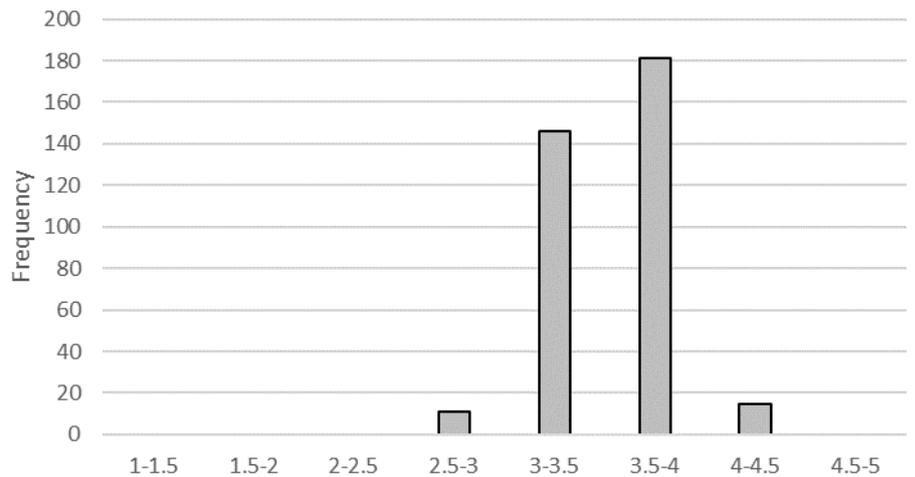
Current Ratio = 3.9

The silver bars show how many sessions the 1oz Gold to FTSE 100 ratio spent in each of the price ranges in the past year

The ratio has typically stayed within the 3 to 4 range with **sub-3** being an excellent time to sell Gold to buy FTSE 100 stocks

A ratio of **>4** has been an excellent opportunity to liquidate FTSE 100 stocks to purchase Gold

1 Year Gold/FTSE 100 Ratio Distribution



Gold Pair	19-Jul-21	23-Jul-21	△ ↓	Week-on-Week		Year-on-Year		
				△	% Change	16-Jul-20	△	% Change
GBP/Gold	£1,310	£1,325	▲	15.29	1.2%	£1,481	-170.82	-13.0%
USD/Gold	\$1,801	\$1,812	▲	10.88	0.6%	\$1,887	-85.40	-4.7%
EUR/Gold	€ 1,530	€ 1,536	▲	5.29	0.3%	€ 1,627	-96.60	-6.3%
Silver/Gold Ratio	71.63	71.90	▲	0.28	0.4%	83.05	-11.42	-15.9%
Oil/Gold Ratio	24.32	26.41	▲	2.09	7.9%	43.57	-19.25	-79.2%
FTSE 100/Gold Ratio	3.90	3.78	▼	-0.12	-3.3%	3.29	0.61	15.6%

Overview

The precious metals were pressured by a rising US Dollar index which trades near a 3.5-month peak and a recovery of US Treasury Bond yields. Thursday saw the European Central Bank promising to hold interest rates at current levels for some time whereas the markets await fresh updates from the Federal Reserve this week coming

Sterling sold-off on Monday as markets took a risk adverse approach and traders adopted a pessimistic mindset of the UK unwinding lockdown restrictions on the UK's "freedom Day". A recovery of stock markets towards the end of the week gave the market an excuse to sell Gold as safe haven assets were neglected amid optimism on the economic recovery

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General Market Commentary

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Average house price data is yet to be confirmed for July.

The average UK house can be purchased with 129 ounces of Gold which is historically low, showing Gold has strengthened against UK house prices over the previous decade as illustrated in the chart below

UK house prices remain relatively inexpensive compared to Gold

umicore
999.9 FINE GOLD 999.9

AURONUM

umicore
999.9 FINE GOLD 999.9

Gold With Free Next Day Insured Delivery

Ounces of Gold to buy average UK house



Guidance

Black curve trending lower = Gold rising against UK house prices

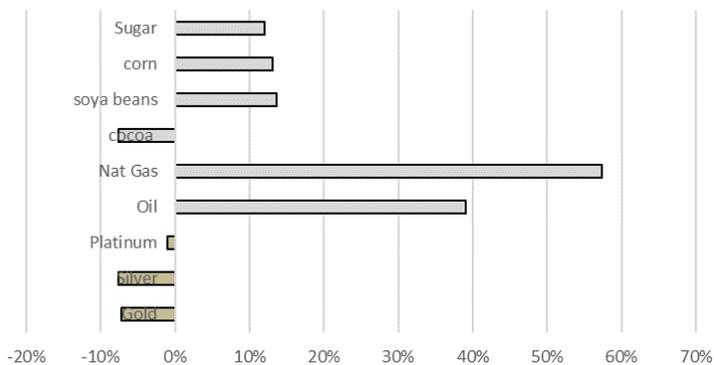
Black curve trending higher = Gold falling against UK house prices

The average UK house can be purchased with **129** ounces of Gold

Note: UK House prices based on monthly Halifax average price data

Gold's Performance in 2021

Calendar Year Performance



Silver has joined cocoa as being the only commodity in our graph to underperform Gold since the first week of January

There is currently very little optimism for the precious metals which continue to trade within a tight trading range. The markets believe that higher inflation will lead central banks to raise interest rates

This is causing speculators to ignore the precious metals which has resulted in underperformance this calendar year to date

Calendar year (1st January to date) continues to show that energy related commodities have been the strongest performers with Natural Gas prices ahead due to high Asian demand and low European inventories

The precious metals continue to lag the performance of other commodities despite the rise in consumer price inflation seen globally

Gold's Performance Against Other Commodities

