



# Precious Metal Market Report

## Market Overview

Monday 26th July— Friday 30th July

### Gold



Gold higher against US Dollar but flat against sterling. Loses some ground against Silver

### Silver



Silver volatile but ends the week only slightly ahead making its first weekly gain out of four attempts

### Platinum



Platinum closes the week a shade lower with very little volatility, confirming its second consecutive weekly loss



### 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 = 71.27**

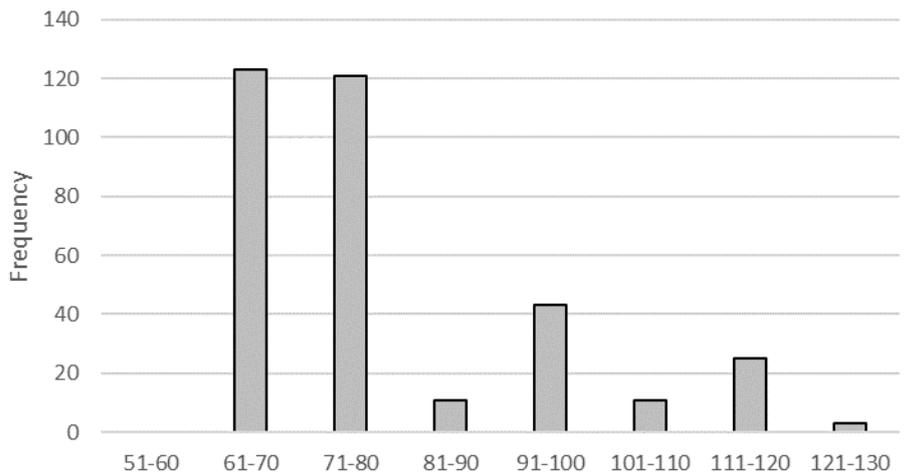
The bars show how many sessions the Gold/Silver ratio has spent in each of the ranges over the past year

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

US 10-year treasury yields opened the week at 1.283% and closed around 1.24%. US Dollar index fell and was heading for its worse weekly performance since May before it recovered some ground late Friday

Sterling traded close to a one-month high on Friday with this week's performance being the strongest weekly gain so far in 2021, making it one of the best performing currencies this week ahead of the Bank of England's meeting next week. Falling coronavirus cases have further contributed to Sterling's gains

*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.*

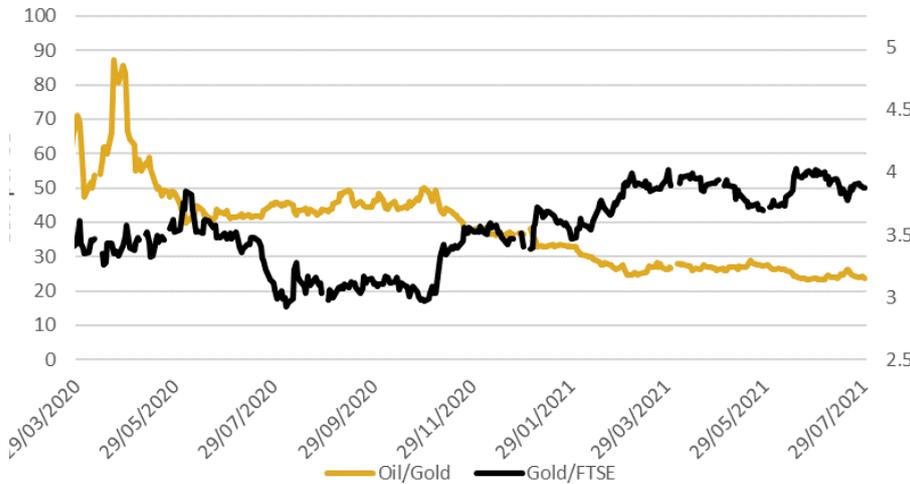


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Market Overview

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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

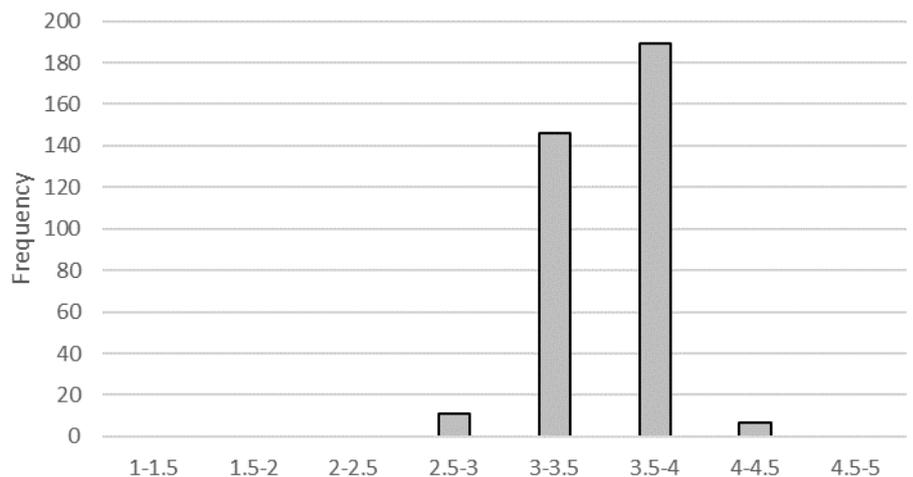
**Current Ratio = 3.87**

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	26-Jul-21	30-Jul-21	△ ↓	Week-on-Week		Year-on-Year		
				△	% Change	16-Jul-20	△	% Change
GBP/Gold	£1,305	£1,300	▼	-5.24	-0.4%	£1,493	-188.03	-14.4%
USD/Gold	\$1,815	\$1,797	▼	-18.00	-1.0%	\$1,960	-144.23	-7.9%
EUR/Gold	€ 1,530	€ 1,522	▼	-8.00	-0.5%	€ 1,651	-120.52	-7.9%
Silver/Gold Ratio	71.27	71.42	▲	0.15	0.2%	83.22	-11.95	-16.8%
Oil/Gold Ratio	23.78	24.12	▲	0.35	1.4%	45.63	-21.85	-91.9%
FTSE 100/Gold Ratio	3.87	3.91	▲	0.04	0.9%	3.06	0.82	21.1%

## Overview

Gold rose whilst the US Dollar index sank as the Federal Reserve chairman failed to signal any timeline on reducing the asset purchases and was “ways away” from considering raising interest rates. The chairman said that the US labour market had “some ground to cover” before it the central bank will reduce stimulus.

The announcement sent the US Dollar index to a four-week low on Thursday but the US Dollar made a small recovery on Friday which weighed on the precious metals, sending Gold, Silver and Platinum lower on the day. The Federal Reserve maintain that current inflation seen in commodities and consumer prices is larger than expected but is expected to correct lower to the longer-term target of 2% annual price increases

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# Precious Metal Market Report

General Market Commentary

Monday 26th July— Friday 30th July

Average house price data showed that Gold strengthened against the average UK house price in July

The average UK house can be purchased with 126 ounces of Gold which is down from 129 ounces in June. Nationwide confirmed that UK average house prices dipped to £224,229 in July

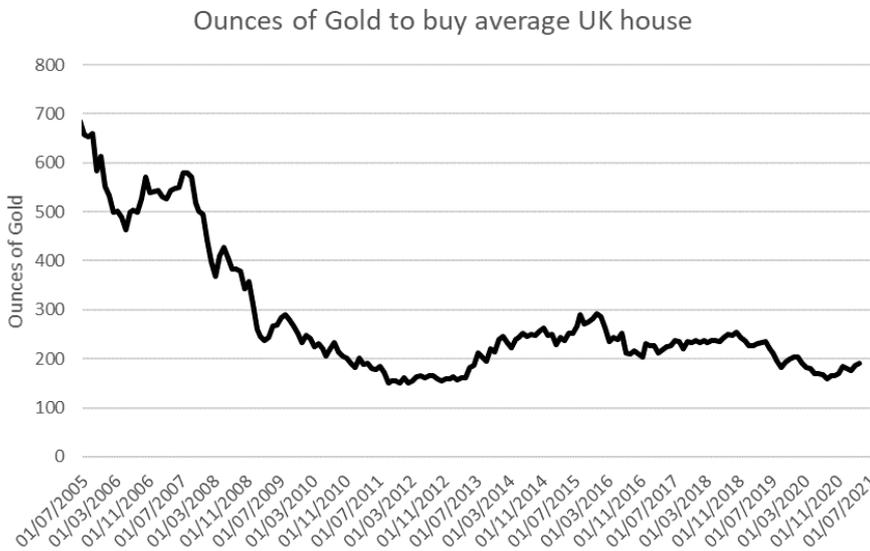
UK house prices remain relatively inexpensive compared to Gold

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### Guidance

**Black curve trending lower** = Gold rising against UK house prices

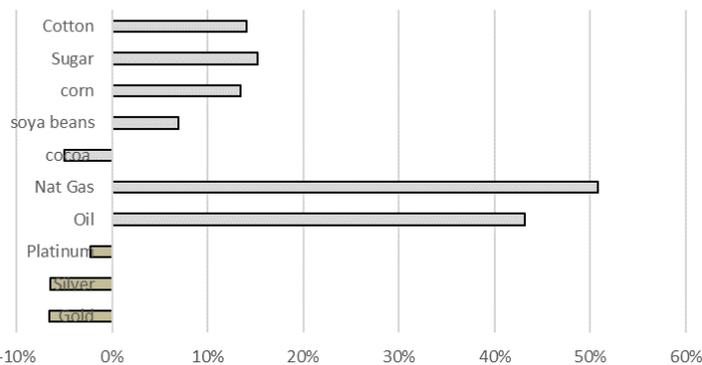
**Black curve trending higher** = Gold falling against UK house prices

The average UK house can be purchased with **126** ounces of Gold

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

### Gold's Performance in 2021

Calendar Year Performance



Silver and cocoa were the only commodities that Gold had outperformed this calendar year, however, Gold has underperformed these commodities making Gold the worse performing commodity on the featured chart

Gold often performs well when the markets expect higher inflation. Some analysts believe that the commodity price inflation we are currently seeing is the inflation that traders feared causing them to buy Gold, sending Gold on an uptrend during 2020. This shows the forward looking nature of the Gold market

The standout performers of the commodities in this section remains energy centric commodities

Gold's underperformance is a function of two main factors, firstly Gold performed very well in 2020 and has since formed a short-term downtrend

Secondly, the market expects Central Banks to raise interest rates which they believe will be bearish for non-yielding bullion

Gold's Performance Against Other Commodities

