



Precious Metal Market Report

Market Overview

Monday 23rd August — Friday 27th August

Gold



Gold flat against sterling as Gold dipped before jumping on Friday c.1%, closing above the 200 day moving average

Silver

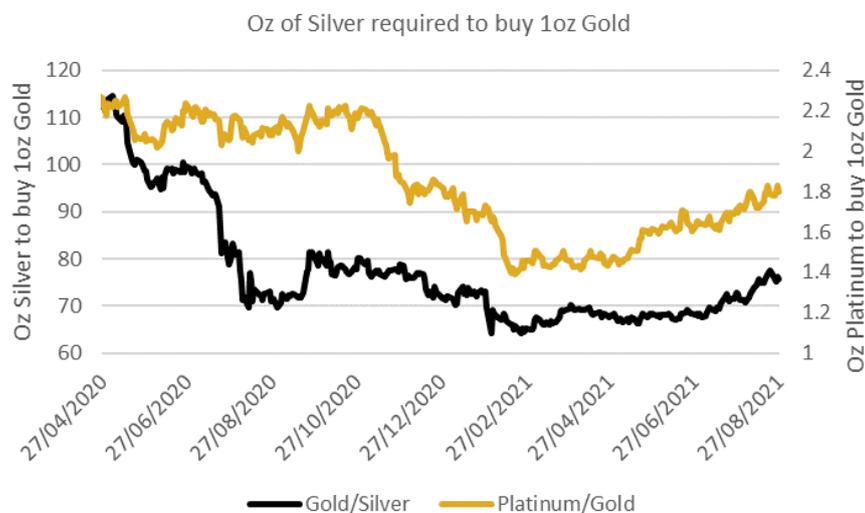


Silver trades higher over the week, now trading at a short term technical resistance against the US\$

Platinum



Platinum slightly down despite a recovery on Friday. Palladium jumps 7% after last week's sell-off



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 = 75.65

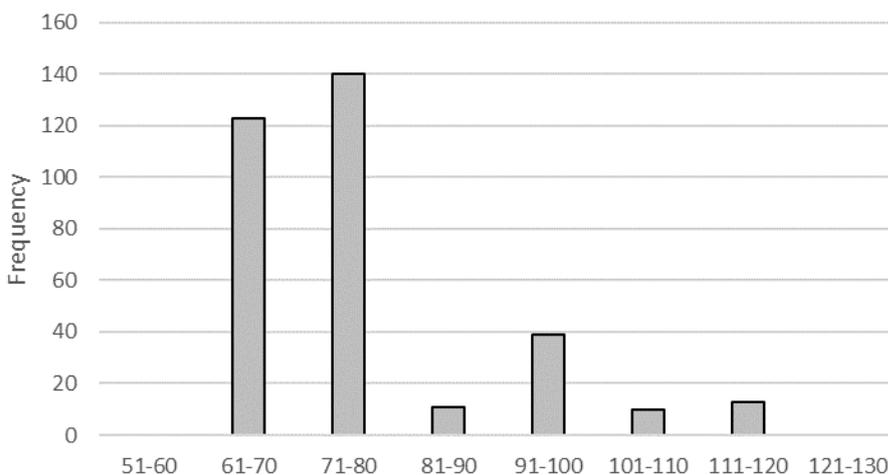
The bars show how many sessions the Gold/Silver ratio has spent in each of the ranges over the past year

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

The precious metal market was in limbo this week as traders waited for the Federal Reserve speech at Jackson Hole for a possible timeline for tapering monetary stimulus. Importantly, Gold prices rose above the key psychological level of \$1,800 on Friday. The speech was used to reiterate the 'transitory' inflation claim and that the Federal Reserve will not raise interest rates as they expect inflation to cool on its own accord. Sceptics argue that this is a bluff by the central bank which is not in a position to raise interest rates as it will cause mass selling in US indices and impact the real economy. Silver posted its best weekly gain since May 2021

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

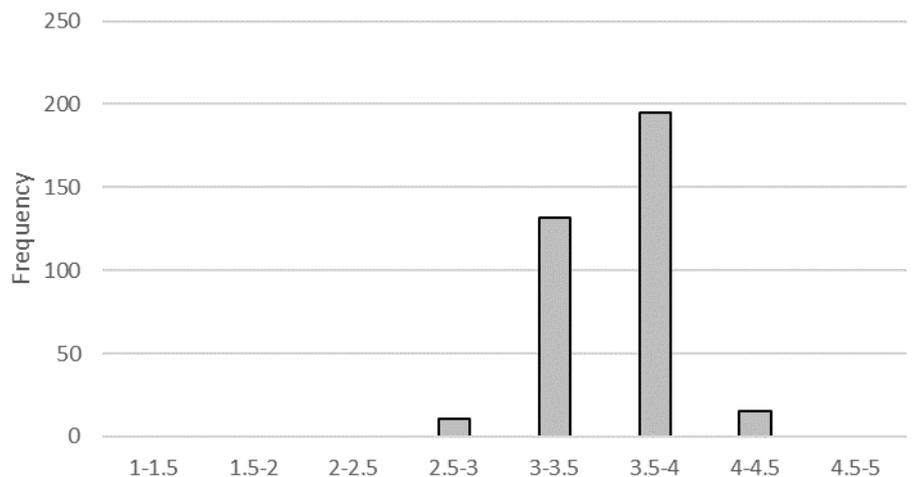
Current Ratio = 3.93

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	23-Aug-21	27-Aug-21	△ ↓	Week-on-Week		Year-on-Year		
				△	% Change	16-Jul-20	△	% Change
GBP/Gold	£1,320	£1,315	▼	-4.41	-0.3%	£1,461	-141.27	-10.7%
USD/Gold	\$1,817	\$1,805	▼	-11.90	-0.7%	\$1,929	-111.81	-6.2%
EUR/Gold	€ 1,541	€ 1,537	▼	-4.23	-0.3%	€ 1,632	-91.06	-5.9%
Silver/Gold Ratio	75.65	76.30	▲	0.65	0.8%	71.32	4.33	5.7%
Oil/Gold Ratio	25.01	26.26	▲	1.25	4.7%	42.78	-17.77	-71.0%
FTSE 100/Gold Ratio	3.93	3.94	▲	0.00	0.1%	3.11	0.82	20.9%

Overview

Precious metals were boosted by a fall in the US Dollar index this week which opened the week at 93.48 and closed at 92.68. US 10-year Treasuries opened at 1.26% closed at 1.3121% despite falling back on Friday. The Gold price has managed to close convincingly above the 200 day moving average which is significant for judging market sentiment. More upside in the Gold price is likely over the coming weeks

Gold received some support from the geopolitical situation involving Afghanistan after an Islamic State suicide bomber killed 85 people, including 13 US soldiers outside the gates of Kabul airport. As seen in the last section of this report, despite the obvious signs of high inflation, precious metal markets continue to underperform other commodities, making precious metals a good choice for contrarian investors

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General Market Commentary

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Average house price data showed that UK house prices jumped to £266,000 this month which meant that UK properties outperformed Gold

Last month, 126 ounces of Gold could buy the average UK property but it would now take 146 ounces to buy the same property

Gold continues to underperform UK equities, other commodities and UK house prices

AURONUM

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

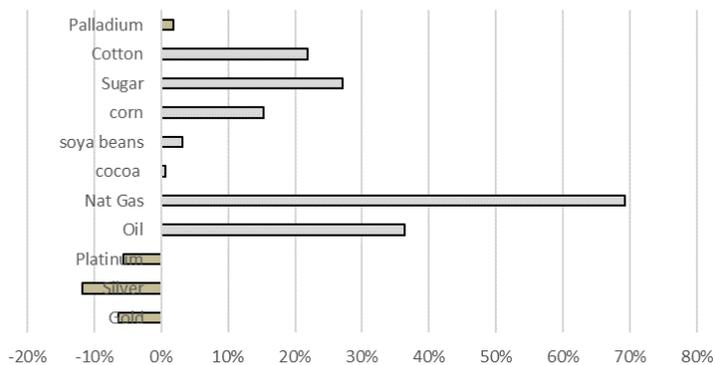
Black curve trending higher = Gold falling against UK house prices

The average UK house can be purchased with **146** ounces of Gold

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

Gold's Performance in 2021

Calendar Year Performance



Silver is the only commodity in this section that has underperformed Gold in 2021

The energy markets are the best performers after reaching multi-year lows during the initial lockdowns in 2020. The positive commodity price movements in 2021 shows the inflationary pressures faced by firms that rely on these commodities to produce their wares. The Federal Reserve spokespersons maintain that these price increases are transitory

Natural gas (US Henry Hub) has increased its gains over the calendar year, making it the best performing commodity in 2021 which has recovered well from the lows seen during the initial lockdown period

Cocoa's performance has been flat this year whilst other commodities have seen modest gains. Silver remains the worst performing commodity featured within this section making it the most depressed precious metal so far in 2021

Gold's Performance Against Other Commodities

