



# Precious Metal Market Report

## Market Overview

Monday 18th October — Friday 22nd October

### Gold



Gold prices close the week ahead as worries about rising inflation bolstered demand for the safe-haven asset

### Silver



Silver trades higher this week, tracking gains in Gold as the US Dollar index weakens

### Platinum



Platinum closes the week within a tight trading range despite an attempt to break higher early Friday



## 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 = 73.74**

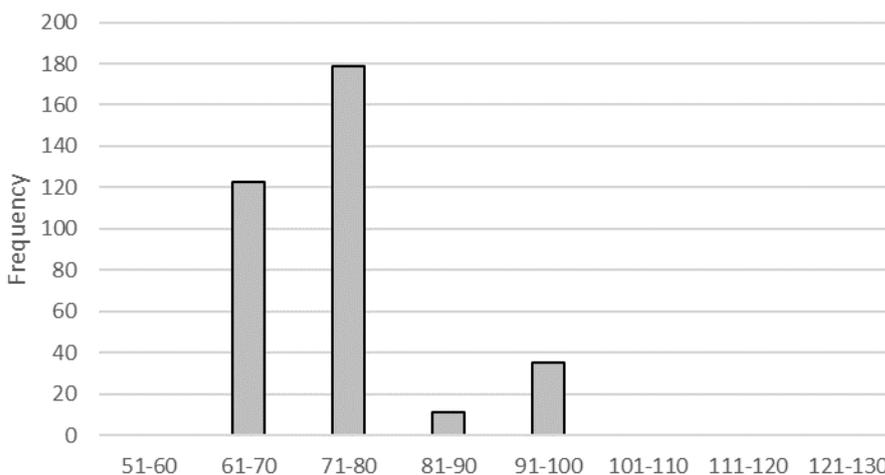
The bars show how many sessions the Gold/Silver ratio has spent in each of the ranges over the past year

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 **100+** 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

A positive week for Gold and Silver despite rising 10-year treasury bond yields. The claim that the Federal Reserve was behind the curve with inflation has become more popular with the markets who anticipate that the Federal Reserve will not do enough to combat inflation. The precious metals all rallied on Friday giving the impression they were breaking out above key trading areas before Jerome Powell announced he expected inflation to ease next year and that the Federal Reserve was on track to begin winding down its stimulus but insisted that interest rates would not be raised until the employment market improved

*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

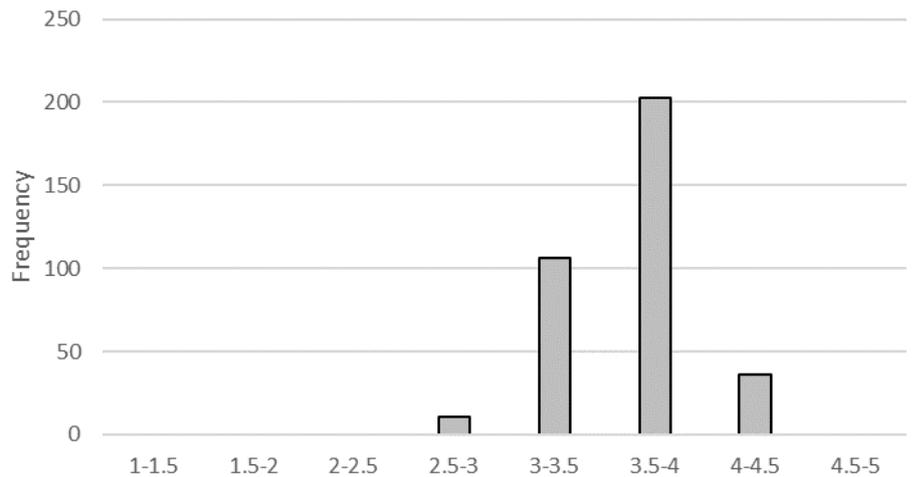
**Current Ratio = 4.02**

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	18-Oct-21	22-Oct-21	△ ↓	Week-on-Week		Year-on-Year	
				△	% Change	24-Jul-20	△ %
GBP/Gold	£1,303	£1,285	▼	-18.15	-1.4%	£1,455	-151.59 -11.6%
USD/Gold	\$1,792	\$1,765	▼	-27.88	-1.6%	\$1,904	-111.56 -6.2%
EUR/Gold	€ 1,538	€ 1,519	▼	-19.34	-1.3%	€ 1,610	-71.94 -4.7%
Silver/Gold Ratio	73.73	76.17	▲	2.44	3.2%	76.93	-3.20 -4.3%
Oil/Gold Ratio	20.87	20.92	▲	0.06	0.3%	44.84	-23.97 -114.9%
FTSE 100/Gold Ratio	4.02	4.08	▲	0.06	1.5%	3.04	0.98 24.4%

## Overview

Interestingly, Gold and Silver managed to close higher this week despite a rise in US 10-year bond yields which started the week at 1.589% and closed at 1.643%. This sort of movement in yields has sent bullion lower in recent times but growing concerns of price inflation is causing more investors to seek positions in bullion. Euro zone inflation expectations hit their highest levels in several years, putting additional pressure on the European Central Bank and its insistence on maintaining crisis-era stimulus

Platinum was heading for its largest daily gain for over a week on Friday before selling off and closing in the red. The fundamentals for Platinum remain strong given research confirming that Platinum can be substituted for higher-prices Palladium in light-duty gasoline vehicles. High platinum inventories, however, are keeping Platinum prices depressed

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General Market Commentary

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For investors looking to sell Silver bullion, Auronum currently pays 5% above the spot price for bars and 7% above spot for coins which is the highest price offered in the industry

The graph to the right shows prices offered for investors selling Silver bars and are correct at Friday's close

Auronum will pay £18.63 per ounce for Silver bars and £18.98 per ounce for Silver coins. An additional premium is offered for Silver Queen's Beast coins with 10% above spot price offered

Note: Prices correct at Friday's close

### Prices Paid For Silver Bar



### 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 **137** ounces of Gold

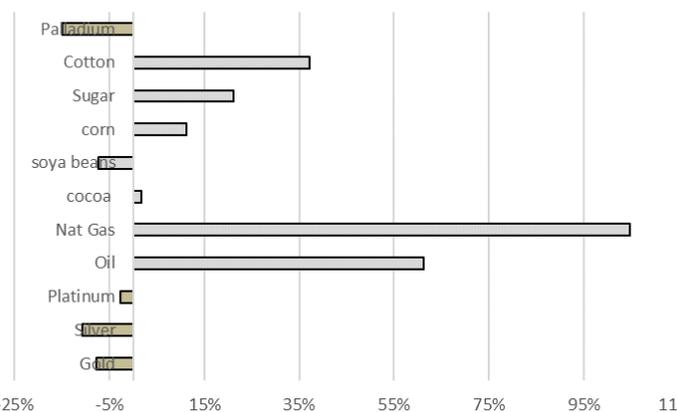
Note: UK House prices based on monthly Nationwide average price data

### Gold's Performance in 2021

Soya beans is the only major non-precious metal commodity that is registering negative returns since the beginning of 2021. Cocoa was an underperformer for much of the year but has since started to rally. Silver prices remain the largest underperformer. High copper prices are probably a causal factor given that Silver is a found in copper deposits, therefore, high copper prices incentivize higher supply of copper and by extension Silver

Sentiment in the precious metal market is illustrated in the graph below which shows that Gold has depreciated against all but Palladium and Silver. There has been very little speculation in the precious metal markets which has allowed traders to profit from activity in other markets

### Calendar Year Performance



### Gold's Performance Against Other Commodities

