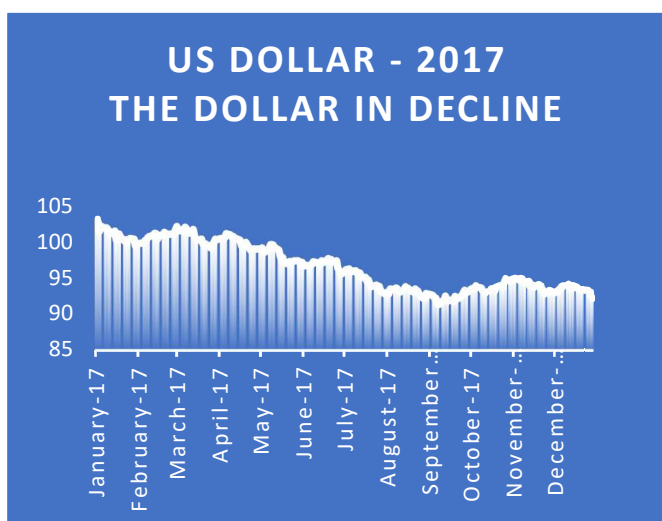


*Considering the strong performance in equities last year, it was encouraging to see gold keep pace and deliver its best annual return since 2010. Also, the emergence of new positive fundamentals as well as some unexpected geopolitical events ushered in new momentum resulting in the yellow metal's push to price levels not seen since 2014.*



**First Quarter**

The First Quarter of 2017 began during a tumultuous time here in the US and globally that was unlike anything that we had seen in recent years. On the backdrop of one of the wildest elections in modern US history, the dust was still settling on the possible effects from the upset victory of a candidate with such strikingly different views on key social, regulatory and economic issues from the “status quo”. On election night, gold rallied 8% as the S&P futures fell nearly 700 points at the prospect of such a tectonic shift in policies.

This shift appears to have influenced the first pronounced decline in the US dollar relative to other major currencies since 2011. As campaign promises began to materialize into eventualities, gold found new footing early in the first

quarter propelled by the pro-growth prospect of a lower regulatory and tax policy on the horizon. Also, the new administration's position on promoting US trade policy via protectionist measures as well as a weak US dollar sentiment helped push gold toward the upside.

This quarter set the new tone for the year as the US Dollar began to fall from 14-year highs. Gold would finish the quarter at \$1,251.20 up 8.6% and surpassing its 100-Day moving average for the first time of the year.

### **Second Quarter**

The second quarter displayed gold oscillating in a moderately narrow range between \$1,194.50 - \$1,298.80. Dipping slightly below its 100-day moving average. However, this quarter was not without its share of surprises. New geopolitical risks entered the scene as North Korea would begin its first of sixteen ballistic missile tests in April. Also, May 17th's release of a memo by former attorney general James Comey proposed the possibility of an obstruction of justice charge against President Trump. This news sent the equity markets tumbling as the Dow Jones Industrial Average fell 373 points (1.8%) posting its worst day in 8 months. In reaction to this, safe-haven buying lifted gold up \$22.30 or 1.8%.

### **Third Quarter**



The third quarter was the most bullish period for gold. On July 5<sup>th</sup>, gold opened \$9.20 on the news of the successful launch of North Korea's first intercontinental ballistic missile (ICBM) capable of reaching Alaska. This milestone was soon followed by the July 28<sup>th</sup> launch of an improved ICBM capable of reaching the continental United States as far as Colorado. Fear and uncertainty resulting from this escalation coupled with continued weakness in the US dollar propelled gold to climb to its highest level of the year of \$1,362.40 by September 8<sup>th</sup>. Gold would finish the quarter up 6.6%.

### **Fourth Quarter**

The fourth quarter would turn out to be uneventful with gold trading in the tightest range of the year. The exponential rise in crypto currencies such as Bitcoin would steal some of gold's momentum during the quarter. However, a late rally occurring in mid-December would push gold above \$1,300/oz. to finish the year at \$1,309.30/oz. up 13.8%. The highest annual return in seven years.



### ***Looking ahead.....***

With the winding down of global stimulus programs last year and current economic growth prospects increasing worldwide, a case can be made that weaker US monetary policy coupled with global economic growth will give rise to inflation. Also, the occasional rise in geo political tensions and the possibility of the crypto currency bubble fading could add further momentum towards gold.

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