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**INSIDE
THIS
ISSUE**

Gold

Gold up 3.04%

Silver

Silver up 5.04%

Platinum

Platinum up 9.46%

Palladium

Palladium up 16.10%

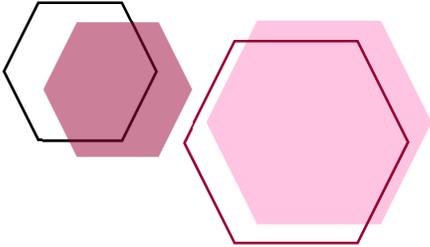
MARKET UPDATE

2019 FOURTH QUARTER

The final quarter of 2019 featured several influences on the gold and other precious metals markets. US-China trade talks, moves in short and long-term interest rates, trends in equity prices, the Hong Kong protests, military activity in the Middle East, Brexit and the impeachment of President Trump were some of the topics contributing to price action in gold and other metals. In the fourth quarter, gold prices rallied \$45, or 3.04% to close the year at \$1,517.25. Silver prices added 86 cents, or 5.04%, to settle at \$17.85 on December 31. But it was the platinum group metals that posted the strongest quarterly performances. In the year's final quarter, palladium prices added \$270, or 16.10%, to close 2019 at \$1,945.50 and platinum prices increased by \$83.50, or 9.46%, to \$966.50.

Having closed the 3rd quarter at \$1,472.50, gold prices began the 4th quarter with a sharp decline to \$1,459 on the 1st of October, but the same day bounced \$30—a harbinger of the month's price action of repeatedly trying higher. October featured investor optimism that

negotiators were making progress in the US-China tariff battle. Equity markets in the US and around the world posted records and long-term interest rates in the US and key economies turned up—two trends that would continue throughout the quarter. The weight of these trends was likely why rallies above \$1,500 were not sustained during October despite weak ISM data at the beginning of the month, which suggested a rate cut would be forthcoming. The Federal Reserve did execute its third and final 25-basis point interest rate cut of the year on the 31st, prompting another move above \$1,500. Protests in Hong Kong, Brexit and Saudi – Iranian tensions were other reasons for traders to be bullish. Gold prices closed October at \$1,513, up \$40.50, for a gain of 2.75%.



In November, prices slumped. For while the Fed had just eased, the US central bank had also communicated that it expected to be on hold going forward. Additionally, investors' hopes for tariff rollbacks in the US-China trade talks remained very high. Stocks continued to post records as investors adopted a "risk on" attitude. During the first full week of November, gold prices shed \$51, or 3.4%, to trade down to \$1,455. This was the largest weekly drop in 3 years. On the 12th, prices fell to a three-month low of \$1,446. On the 27th, President Trump signed a bill requiring sanctions be levied against those responsible for violating the Hong Kong protestors' human rights. Although the president already had the authority to levy sanctions against China, the new law was viewed as a complication to trade negotiations. Gold prices ended November trading \$1,464, down \$49, for a loss of 3.24%.

Gold prices moved higher in December on the back of a confluence of events. The Hong Kong human rights law increased uncertainty over the signing of the first phase of the China trade deal, heightening concerns about the US economy slipping into a recession. While equities were strong, the US dollar was trending down. On the 19th, President Trump was impeached. The US launched airstrikes against Iran on the 29th. Goldman Sachs suggested central banks will be significant buyers going forward. Gold prices ended December and the year trading \$1,517.50, up \$53, or 3.64% for the month.

For 2019 overall, gold prices rallied \$235, or 18.31%, to post their largest annual move since 2010. Silver prices increased \$2.35, or 15.21%, to end the year at \$17.86. Supply concerns took palladium prices higher by \$684.00, or 54.2% to \$1,980, while platinum prices went up \$171 to \$967, an annual gain of 21.48%.

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