First Quarter

2020 MARKET UPDATE

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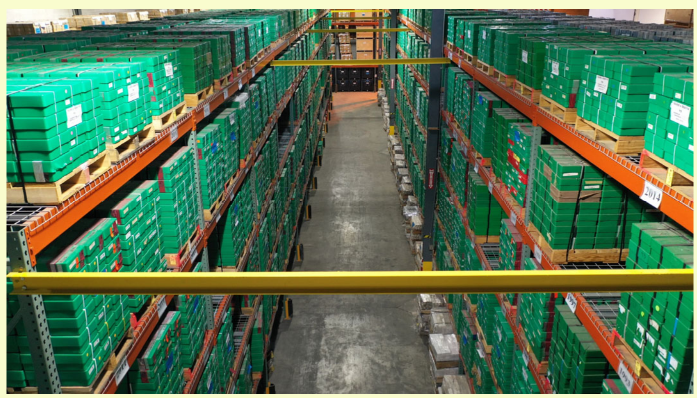


INSIDE THIS ISSUE

Gold

Gold up 3.95%

Silver

Silver down 21.7%

Platinum

Platinum down 25%

Palladium

Palladium up 21%

MARKET UPDATE

2020 FIRST QUARTER

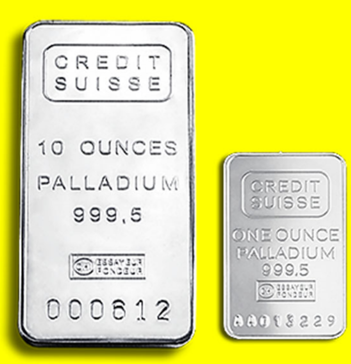
On the back of the coronavirus crisis, precious metals markets featured high volatility in the first quarter of 2020. Gold served as a haven while global equities collapsed; the S&P 500 lost 20% and entered a bear market. However, the need to raise cash and concern about declining physical demand also led to some big down days in gold and other metals. For the sixth straight quarter, gold prices advanced, adding $60, or 3.95% to close at $1,577.00. Meanwhile silver prices suffered amid the economic destruction and relinquished $3.88, or 21.7%, to settle at $13.97. Platinum prices also fell sharply, losing 25% to close the quarter at $723.00. In contrast, palladium prices gained on mine closures, adding 21% to settle at $2,363.00.

Even though the most devastating news about the crisis came in February and March, January was the only month that the gold price posted a gain this quarter. Gold began the year trading at $1,517.00. As US-Iraqi tension escalated, gold prices moved steadily higher until the 8th, when prices hit $1,611.00--the first time the $1,600.00 level had been pierced in 7 years. The same day, it became clear the unease would dissipate and prices relinquished over $50. Later in the month, the upswing in prices returned as coronavirus news from China began to appear more frequently. 5 cases were confirmed in the US on January 26; on the 30th, the World Health Organization declared a global emergency. Gold prices ended January trading $1,589.00, up $72.00 or 4.75%.

In early February, gold prices ticked down, hitting the month’s low of $1,547.00 on the 5th. Gold prices slumped on news that China was succeeding in mitigation of the coronavirus and reports on drug development progress, all while the US dollar was rallying. But uncertainty over the impact of coronavirus quickly returned and expectations of loose monetary policy took hold; gold prices began a northward trend. Apple issued a revenue warning on the 18th and gold prices retook the $1,600.00 level. From the 19th to the 24th, the S&P 500 shed 4.72%, with 1,000 points being lost on the 24th. On the 24th, gold prices reached the month’s apex of $1,689.00. Gold prices fell from there as investors sold for cash to cover losses in other asset classes. The S&P 500 went on to lose a total of 12.75% from the 19th through month end. The “dash for cash” in gold included a retracement of $75.00, or 4.6%, on the 28th. Gold prices ended February at $1,586.00. In a month with a range of over $140, the net change in gold prices was a decline $3.00 to $1,586.00. On Saturday the 29th, China locked down 60 million people in Wuhan Provence, and we learned of the first death in the US.

March began with a gold rally. Several states declared a state of emergency. Italy initiated strong measures to combat the virus; Iran temporarily released prisoners to stem the spread. Investors correctly anticipated the Fed’s surprise rate cut of 50 basis points on the 3rd. 10-year treasury yields, which had been declining all year (having started the year at 1.92%), fell below 1% on the 5th and on the 9th dipped to 0.54%. On the back of all this, gold prices were moving steadily higher and, on the 9th, broke $1,700.00 for the first time since 2012. But the Saudi move to cut oil prices—and oil prices’ fall of 25%--as well as lower equity prices proved bearish for gold prices. During the week of March 9th, gold prices fell to $1,530, a drop of nearly 9% and the biggest plunge since 1983. Once again, the need for liquidity to cover losses in other markets drove the selling. Equity markets were falling relentlessly: from the 4th to the 23rd, the S&P 500 lost 28.5%. Credit markets were also sold. On the 13th, President Trump declared a national emergency, unlocking $50 billion to combat the pandemic. The Fed cut rates again by surprise on *Sunday* the 15th, prompting a gold rally. It was short-lived though, given the ongoing need for cash, a strong dollar and concerns about declines in jewelry demand in a recession. Gold prices bottomed on the 19th at $1,469.00, coincidentally the same day California declared a lockdown. New York and Illinois followed suit. The Fed’s announcement on the 23rd of unprecedented measures to support the economy lighted the pressure to sell for cash. Swiss refineries temporarily closed, amplifying the concern over supply for gold products in small denominations. Gold prices rallied to $1,636.00 on the 24th. The S&P 500’s nadir for the quarter of 2,237.40 occurred on the 23rd. On the 26th, within the wide range of expectations, 3.3 million filed for unemployment. On the 27th, the president signed an unprecedented $2.2 trillion stimulus package. As on the last day of February, the final trading day of March featured a large decline leaving prices to close the month at $1,577.00. The month on month decline of $9.00 or 0.005% is a remarkably small move given the $230.00 range in March. Of note in March, the US Mint reported sharply higher sales, a reflection of retail demand picking up during the pandemic.

Top Performer!



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