



REPORT ON THE GLOBAL PRECIOUS METALS MARKET FOR OCTOBER 2018

	Gold	Silver	Platinum	Palladium
Highest price USD/oz	1,243.50	14.93	850.07	1,154.30
Date	26-10-2018	02-10-2018	16-10-2018	23-10-2018
Lowest price USD/oz	1,182.90	14.24	807.40	1,041.40
Date	08-10-2018	10-10-2018	01-10-2018	02-10-2018

2 November 2018, Prague – October was a successful month for gold. Its price jumped to **USD 1,240** per troy ounce which is the limit **the exceeding of which together with staying longer above this limit pave the way** to another psychological point of 1,250 USD per troy ounce and to reaching the level of 1,300 USD per troy ounce.

The main reason for the rise of gold **is an increasing number of doubts regarding further development of the stock market**. At the end of October, it experienced a fall similar to the one from the beginning of this year and therefore investors in securities are increasingly nervous. Many of them suspect that a long-term party ends, and the last man standing at the end will be forced to foot the bill, and nobody of them wants that because they know it will be astronomical. However, their fears are supported not only by their expectations but also by economic arguments. The main one is increasing interest rates which will have an impact on earnings of companies as well as on weakening their shares.

Other impacts on the price of gold were more political – escalating the trade war between the US and China, and issues regarding the development of relations of the US and Saudi Arabia after journalist's murder in Turkey.

The fact that there's something going on in the economy is supported by national banks which started **to purchase gold** – a traditional store of value – with unprecedented strength. In the third quarter of this year, central banks bought **148.4 tons**. Compared to the same period of the last year, there was **an increase by 22%, most since 2015**. A record-breaking purchase was made by the **Central Bank of the Russian Federation that had bought 92.2 tons for the last three months**. Their gold stocks exceeded the limit of 2,000 tons in total and the share of gold to the total foreign-exchange reserves of Russia amounts to 17%. However, Russia is not the only buyer. Turkey and Kazakhstan belong among them. **Poland, which added another 4 tons to 9 tons already bought in summer, joined them**. In mid-October, another country of the European Union – **Hungary** – announced its purchases. They added more than 28 tons of gold to their stocks while increasing them ten times. It was **the biggest Hungarian purchase of gold since 1990**, which led to great local press coverage. The main reason of purchase given by the national bank included stabilization of its foreign-exchange reserves, current favourable prices of gold and protection of the economy against the risk of global debt.

Due to the turmoil in the securities market, there was an increase in the demand **of private investors** for investment ingots and coins in the third quarter of the year. **There was an annual increase of investment gold by 28%** and **298 tons of ingots and coins** in total were sold in the third quarter of the year. The highest demand came from China where 86 tons were sold and there was an annual increase in sale by 25%. The main reason for the growth of private investments was the transfer of funds from the securities market and protection against weakening currencies due to trade wars.



We dare to estimate that November will be also inclined towards gold. The US congressional elections at the beginning of the month will be the most-watched event. Current surveys favour the victory of the Democratic Party, which is great news for gold – very strong opposition for Donald Trump would be formed in Congress which is already talking of beginning the process of impeachment of President. If this happens, it produces a relatively large strain in the US, which can subsequently lead to the whole world. And that's a reason why stocks could weaken and gold strengthen.



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