



Precious Metals

INTERNATIONAL, Ltd

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The Precious Metals Week in Review

1. This has been a roller-coaster week. Monday opened with Moderna's news of a coronavirus vaccine with 95% effectivity, and the Dow Jones and S&P 500 posted closing records. But by Tuesday, the excitement of a second vaccine seemed to have worn out; the disagreements around a second stimulus package continued, and on Wednesday, New York City's schools closed because of increasing cases of COVID-19. Thursday, technology stocks rose and put an end to the consecutive losses of the main benchmark indexes. Investors rushed to technology stocks looking for safety, and the C.D.C. issued recommendations for Thanksgiving celebrations. On Friday, Dow Jones, S&P 500, and Nasdaq withdrew in reaction to the restrictions states and cities are implementing in an attempt to curb the coronavirus' spread.
2. For the week ending on November 14, the seasonally adjusted number of Americans filing for unemployment increased—for the first time in a month—vis-à-vis the previous week's revised level. The number of initial claims totaled 742,000, an increase of 31,000 from 711,000. The revision of this figure for the week ending on November 7 added 2,000 claims, for a total of 711,000. The four-week moving average for the week of November 14 was 742,000, a decrease of 13,750 claims from the preceding week's revised average. The revision of this average for the week ending November 7 added 500 more jobless claims than estimated for a new total of 755,750 claims.
3. On Thursday, Treasury Secretary Steven Mnuchin requested the Federal reserve to “return [\$455 billion of] [...] unused funds to the Treasury,” thus terminating the emergency programs created to counter the pandemic by December 31, 2020. The decision could affect the current beneficiaries and hamper elect-President Joe Biden's government efforts to relaunch the economy. The list of affected programs includes those that support municipal debt and extend loans to mid-size businesses. The Federal Reserve said in a statement that it “would prefer that the full suite of emergency facilities established during the coronavirus pandemic continue to serve their important role as a backstop for our still-strained and

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vulnerable economy.” On Friday, Mnuchin said in an interview with CNBC’s Squawk on the Street that his decision was not political, but that “congressional intent expires on December of this year; it’s very clear in the law.” He added that “Markets should be very comfortable that we have plenty of capacity left,” alluding to the “\$750 billions of firepower between what’s in the exchange stabilization fund and what the Federal Reserve can do going forward.” Despite Mnuchin’s explanations, many continue to feel that his decision is just one more strategy to hinder the transition. To this day, Mnuchin has not acknowledged President-elect Joe Biden; however, he announced his will to work with a successor on a transition: “If things get certified, we’ll obviously work closely with whoever it is.”

4. JPMorgan is the first major bank to forecast a G.D.P. contraction for the first quarter of 2021. From the bank’s perspective, the coronavirus will continue to dominate the economy and its prospects. The increase in coronavirus infection rates and the restrictions local and state governments are imposing explain the negative outlook. In contradiction to Wall Street’s expectations of a positive first quarter, JPMorgan’s economists wrote in their research note that “This winter will be grim, and we believe the economy will contract again in 1Q.” In spite of the 1% contraction for the first quarter, the note projects a rebound for the second quarter and a growth rate of 4.5%; for the third quarter, economists project an encouraging 6.5%. An important part of the bank’s projection is a stimulus package of \$1 trillion by the end of the first quarter that would positively impact midyear growth. In regards to the labor market, the report suggests that it would roughly follow economists’ expectations for consumer spending: “Job growth should weaken noticeably around the turn of the year as the virus weighs on the economy, and then pick up again early next year once vaccine distribution eases virus concerns and fiscal support boosts growth.”
5. Canada’s Prime Minister Justin Trudeau called Canadians again this week to do everything in their power to put a stop to increasing COVID-19 infections. Despite the fatigue, he cited a new forecast that suggests the country is on its way to 60,000 cases per day if socialization continues to increase. Theresa Tam, Canadian Chief Public Health Officer, indicated that COVID-19 cases have surpassed the levels seen during the first wave. If Canadians go above the current levels of contacts, the number of infections would reach 20,000 a day by December. This week, the average of daily reported cases reached 4,800, which represents a 15% increase compared to last week’s. Tam highlighted the handling of the second wave in France and Belgium, where the closure of non-essential establishments is starting to rein the advance of the coronavirus.
6. To cope with the economic crisis the coronavirus has triggered, the government of Justin Trudeau is tapping on foreigners in Canada to stay in the country. The government announced the past week its latest plans to facilitate the transition to permanent residents for international students, workers, and asylum seekers. According to Immigration

Minister Marco Mendicino, tapping into the temporary foreign population is the most direct way to compensate for newcomers' decline since the beginning of the pandemic. Immigration has been key to Canada's economic growth; both labor force growth and demand depend heavily on foreigners, and the current financial crisis underlines the critical role they could play in the recovery of the economy. The pandemic has hit both levels of temporary and permanent immigrants; the Canadian government initially projected to receive this year 341,000 new permanent residents. At the current rate, it will miss its target by about 150,000.

7. On Wednesday, Bitcoin surged to \$18,147, the second-highest price since its all-time high of \$19,783 in December of 2017. Investors now expect it could well surpass its all-time high and even reach \$20,000. Their expectations are not that far-fetched; only this week, the cryptocurrency gained 17%— so far, the largest weekly increase since June of 2019— and 160% since the beginning of this year. According to Celsius Network's C.E.O. Alex Mashinsky, investors are looking at this currency as protection from currency devaluation: "Today bitcoin has gotten to a place where institutional investors, banks, and family offices are legitimately pondering involvement as a defense against currency devaluation." Bitcoin has gained more stability with the involvement of large players like PayPal and LINE Corp; according to Mashinsky, "We can expect more stability than the 2017 bubble." Nevertheless, the absence of government backing and the unregulated nature of cryptocurrencies mean that the level of uncertainty is still quite high. Additionally, the fact that it only exists online implies that one would need access to the right type of technology to transact cryptocurrencies and take extra measures to protect one's digital wallet. For these reasons, people usually turn to vendors, which are very limited at the moment.
8. Positive forecasts for oil demand emerged this week. In a recently published report, Goldman Sachs said that oil prices will increase next year and that a "structural bull market on par with the 2000s," could come soon. Rating agency Fitch Ratings echoed Goldman Sachs and said that the promising news of COVID-19 vaccines delivered last and this week herald a rebound in crude oil demand. A Fitch analyst said that although lockdowns in Europe and some states in the U.S. can limit the increase in oil prices, the firm "maintains a bullish view into 2021, based on the core assumption of a rollout of an effective vaccine in the second half of 2021 and a broader global economic recovery supporting a return in oil demand." On a different note, demand for oil in Asia is gaining momentum in the last quarter of the year, while it remains below expectations in the U.S. and Europe. This was a positive week for both Brent and West Texas Intermediate crude oils. Both started this week above the \$40-threshold and remained above it. Similarly, the prices for both crude oils climbed this week; Brent crude oil settled at \$45.10 and W.T.I. at \$42.17
9. With four falls onto negative territory, this was a rocky week for the euro against the U.S. dollar. On Sunday evening, the European currency quickly dropped to negative territory

right after the trading week's opening and quickly recovered. The currency climbed during the wee hours of Monday until the morning when it backtracked and fell into negative territory for the second time, reaching the week's low in the early afternoon. The euro recovered by the early hours of Tuesday, then it dipped again before quickly peaking in the early afternoon. Next, the euro reversed course until the wee hours of Wednesday; however, it recovered even faster and reached the week's high later that morning. From there on, the European currency established a downward trend that lasted until close to noon on Thursday and touched negative ground twice until it rebounded in the early afternoon. The currency undertook a fast ascent and plateaued, dipped, and peaked again by Friday morning. On Friday, the euro fell again, tried to regain ground a couple of times, and closed the week to the downside against the greenback. By contrast, the Japanese yen followed a smoother trajectory this week Thursday. The Japanese currency dipped right after trade opened and touched negative territory right after the beginning of the trading week. However, it rebounded quickly and seemed to establish an upward trend until Monday morning when it fell for the second and last time into negative ground and reached the week's low right after noon. By the afternoon, the yen was back in positive territory and on its way to establishing an upward trend. The slow and rocky ascent lasted until the afternoon of Wednesday when the currency touched the week's high and plateaued. On Thursday, the yen fell once more in the late morning but managed to stay far from negative territory and recover. Since then, the yen stabilized and closed the week to the downside against the greenback.

More than two weeks have elapsed since Election Day, and President Trump continues to dispute President-elect Joe Biden's victory. Trump's efforts have focused on overturning the elections in Georgia, Pennsylvania, Michigan, Arizona, Wisconsin, and Nevada, either by requesting recounts or filing lawsuits. Today, Georgia completed the vote recount, which favored Biden—again. On Tuesday, the Pennsylvania Supreme Court rejected the Trump campaign lawsuit over election observers. While the legal strategy falls apart because of lack of evidence, the Trump campaign continues to allege fraud—even after the Department of Homeland Security circulated a statement saying that the 2020 election “was the most secure in American history.”

As a result, the Trump campaign is now trying to persuade Republican-controlled legislatures in several battleground states to transfer electoral college votes to Trump. One of Trump's lawyers said on Thursday in an interview with the Fox Business Network that “The entire election, frankly, in all the swing states should be overturned and the legislatures should make sure that the electors are selected for Trump.” President Trump's meeting with Michigan's legislature leaders in the White House seemed to confirm the strategy. State senate majority leader Mike

Shirkey and house speaker Lee Chatfield, both Republicans, issued a statement after the meeting that appeared to spoil Trump's efforts. In the communication, the leaders said they had not been given any new information that would change the election results and reiterated that they would follow "the law and [...] the normal process regarding Michigan's electors." The politicians added that "Michigan's certification process should be a deliberate process free from threats and intimidation."

On Thursday, the Centers for Disease Control and Prevention issued an advisory warning prompting Americans to avoid traveling for Thanksgiving and to spend the holiday with household members only. The recommendation comes after the first Coronavirus Task Force briefing in four months. During the briefing, Vice President Mike Pence and Director of the NIAID Anthony Fauci spoke of the vaccines' promising results and urged social distancing; however, they avoided mentioning the Thanksgiving celebrations. This is the first time the C.D.C. calls people to alter Thanksgiving plans. Its notice contradicts White House officials and advisers' statements who have criticized scientists' concerns over an increase in COVID-19 infections stemming from Thanksgiving celebrations.

As market volatility continues to swing, many continue purchasing physical precious metals. Savvy investors think of the ownership of physical precious metals as a means of portfolio diversification, and thus, as a shield from the uncertainty of equity markets. Nevertheless, precious metals should always be viewed as a long-term investment; the key to profitability through the ownership of physical precious metals is to acquire the physical product and hold on to it for the long term. Always remember that you should never overextend your ability to maintain ownership of your precious metals over the long run.

Trading Department—Precious Metals International, Ltd.

Friday to Friday Close (New York Closing Prices)

	Nov. 13, 2020	Nov. 20, 2020	Net Change	
Gold	\$ 1,886.95	\$ 1,873.90	-13.05	-0.69%
Silver	\$ 24.70	\$ 24.31	-0.39	-1.58%
Platinum	\$ 895.75	\$ 954.20	58.45	6.53%
Palladium	\$ 2,332.20	\$ 2,328.30	-3.90	-0.17%
Dow	29479.55	29263.48	-216.07	-0.73%

Previous Year Comparisons

	Nov. 22, 2019	Nov. 20, 2020	Net Change	
Gold	\$ 1,463.70	\$ 1,873.90	410.20	28.02%
Silver	\$ 17.04	\$ 24.31	7.27	42.66%
Platinum	\$ 890.30	\$ 954.20	63.90	7.18%
Palladium	\$ 1,777.15	\$ 2,328.30	551.15	31.01%
Dow	27875.62	29263.48	1387.86	4.98%

Here are your Short-Term Support and Resistance Levels for the upcoming week.

	Gold	Silver
Support	1860/1800/1750	24.00/23.00/22.00
Resistance	1920/1980/2000	25.00/26.00/27.00
	Platinum	Palladium
Support	950/900/880	2300/2200/2100
Resistance	1000/1050/1100	2450/2500/2650

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