



# Precious Metals

## INTERNATIONAL, Ltd

June 11, 2021

### The Precious Metals Week in Review

1. Despite May's inflation report exceeding economists' expectations, the week ended on a high note with a second weekly unemployment insurance report with less than 400,000 claims and a new low. The stream of good news started on Monday when the U.S. the Federal Bureau of Investigation reported it had seized more than half of the ransom that the Colonial Pipeline Company paid to recover control of its system and ducts. On Tuesday, a bipartisan bill seeking to curb China's geopolitical prominence and boosting the U.S.'s production of semiconductors made headway in the Senate. On Friday, the G-7 kicked off with new commitments to donate excess vaccines to low-income countries and discussions to use International Monetary Fund reserves to further boost vaccination efforts. However, challenging news also made the headlines. In Canada, the Chamber of Commerce warned that a wave of bankruptcies could be brewing and prompted the government to create new economic support programs and extend others. On Tuesday, an Internet outage continued to remind the world of the vulnerabilities of modern computer-based life; and meatpacker JBS revealed on Wednesday it paid \$11 million in ransom to Russian-based group REvil who hijacked the company's system last week. The week ended with yet another cybercrime; McDonald's said that hackers stole market and business information pertaining to employees and franchises in the U.S., South Korea, and Taiwan on Friday.
2. For the week ending on June 5, the seasonally adjusted number of Americans filing for unemployment decreased for the eighth consecutive week vis-à-vis the previous week's unrevised level. The estimated number of initial claims totaled 376,000, a decline of 9,000 from 385,000, the lowest level since March 14 of last year—right at the onset of the pandemic—when new claims stood at 256,000. Meanwhile, the four-week moving average declined by 25,500 to 402,500 from the preceding week's unrevised average of 428,000. This figure also hit its lowest level since March 14, 2020, when it reached 225,000. The number of Americans who cannot claim unemployment benefits and who applied for Pandemic Unemployment Assistance decreased again this week. This unadjusted figure

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dropped by 1,957 applications, from 73,249 in the week ending May 29 to 71,292 by June 5.

3. The Department of Labor reported on Thursday that consumer prices increased at their fastest pace since August of 2008, right before the start of the financial crisis that led to the Great Recession. The consumer price index (CPI) increased 5% from May last year, surpassing economists' expectations surveyed by Dow Jones by 0.3%. Federal Reserve officials continue to describe the price hike as transitory; many economists and analysts agree with the Fed's perception that the price increase is the result of base effects—when prices seem higher after a year of lower commodity prices, in this case, because of the pandemic. Global Head of Desk Strategy at NatWest John Briggs said that the increase in inflation “is stronger than expected, but it still looks like it is in transitory categories.” The Federal Reserve is scheduled to convene on Tuesday and Wednesday of the following week to discuss whether the central bank will start departing from its easy policies—a topic that has been the object of market speculation for months. It is expected that once the Fed decides to end its pandemic policies, it will wait several months before gradually tapering its monthly Treasury and mortgage securities purchases until reaching zero. Then, the central bank would consider increasing the federal fund rate, although that is not expected to happen until 2023.
4. The Canadian Chamber of Commerce warned that wave of bankruptcies that shook the U.S. at the start of the pandemic could reach Canadian businesses in the coming months. The crisis is brewing in the hospitality, tourism, and travel sectors and could become real once government support winds down. Despite the summer recovery predicted by the Bank of Canada, many businesses in these sectors will struggle with high levels of debt into 2022. As a result, the Chamber has requested the government to extend aid programs beyond their end date in September. Alla Drigola, director of parliamentary affairs and policy for small and medium-sized enterprises, said that the Chamber wants to “ensure that all of the investments the government has made in keeping businesses alive through the pandemic continue to be there at the very tail end for those businesses that are going to be the last to recover and reopen.” In addition to requesting the government to extend the current programs, the Chamber is advocating for the pardon of interest payments on government-backed emergency loans. Other lobby groups in the industry have reached similar conclusions to those of the Chamber of Commerce and made comparable requests.
5. On Wednesday, meatpacker giant JBS USA said that recovering control over their hijacked system cost them \$11 million. The cyberattack attributed to the Russian-based criminal gang REvil led to a shutdown of JBS's beef processing facilities in the U.S. and parts of its operation in Australia. The company's CEO said in a statement that the company paid the ransom after most of the facilities were back online. Although the company was reluctant to pay, CEO Andre Nogueira “felt this decision had to be made to prevent any potential

risk for our customers.” On Monday, the Federal Bureau of Investigation (FBI) announced it had recovered \$2.3 million of the \$4.4 million ransom Colonial Pipeline Co. paid last month to Russian group DarkSide to regain control of its pipeline. Companies in the services sector have also been the target of cybercriminals, with hospitals being one of the most vulnerable ones. The Wall Street Journal reported yesterday that cybercriminals have attacked hospitals in Las Vegas, Oregon, and New York shutting down trauma centers, switching off monitors tracking vital signs, and delaying surgeries and medical care, thus costing healthcare facilities millions of dollars and risking the lives of patients. These attacks have prompted FBI investigations and increased tensions between the White House and the Kremlin. Last week, White House’s spokeswoman Karine Jean-Pierre said, “The White House is engaging directly with the Russian government on this matter and delivering the message that responsible states do not harbor ransomware criminals.”

6. In a now rare show of bipartisanship, Democrat and Republican Senators voted on Tuesday a \$250 billion bill to curb China’s economic and geopolitical prominence. The United States Innovation and Competition Act focuses on scientific research and contemplates a new set of punitive measures against Beijing. The proposal, led by Senate Majority Leader Chuck Schumer and Senator Todd C. Young (R-Ind), designates billions of dollars in federal funds to research in critical areas and contemplates an immediate investment of over \$50 billion in companies producing semiconductors in high demand for military and consumer products. On top of the financial investment, the measure also contemplates sanctions for human rights abuses and calls for an investigation of the origins of the coronavirus. This bill marks a watershed between the previous and current administrations in their relationship with China. While the former engaged in a trade war that some experts say ended up damaging some sectors of the U.S. economy, the latter is setting a different tone with this bill that has full support from the White House. Despite the progress made in the Senate, the bill must still pass by the House, which will be voting on the same day on another initiative that seeks to address potential bottlenecks in U.S. supply chains.
7. On Tuesday, an Internet outage shut down news outlets like CNN, Bloomberg News, The New York Times, and The Guardian, as well as Hulu and Amazon’s websites and a British government portal. According to network monitoring company Kentik, San Francisco-based cloud-services provider Fastly suffered a global outage that began at 5:49 am (E.T.) and led to a massive 75% traffic drop in its servers. About an hour later, Fastly reported that it had identified the source of the problem and found a fix, which allowed the web pages to return to normal operation. Experts warn that Internet growth has come at the expense of smaller providers as existing larger companies concentrate the largest market share, while new smaller businesses have difficulty securing a position. This internet outage comes in the wake of the recent cyberattacks on large firms like Colonial Pipeline Co. and JBS USA and is a reminder of the vulnerabilities that come with Internet-centered lives and production. Similar shutdowns happened in July of 2020 and 2019 when cloud-

services provider Cloudflare and Verizon, respectively, pushed large amounts of Internet traffic to single data centers.

8. This week, Brent oil made the news as it reached its highest price in over two years as the unemployment insurance claims report fell to its lowest level since March 14 of last year. Brent and West Texas Intermediate crude oils reached these multi-year highs on Thursday and Friday, the highest since 2019 for Brent oil and 2018 for WTI crude. However, the rally may not continue for long. On Tuesday, the U.S. Energy Information Administration (EIA) forecasted in its latest release of the Short-Term Energy Outlook that rising global production will limit price increases as production will outpace demand growth. Nevertheless, the Agency also prompted OPEC+ countries on Friday to “open the taps” to increase oil production and maintain a healthy supply. The EIA also said that it expected oil demand to exceed pre-coronavirus levels by 2022. On Thursday, oil prices reacted to the lifting of U.S. sanctions to Iranian officials with a price drop. The Department of Treasury announced it had decided to remove several Iranian officials from its designated persons list; three of them are directors of the National Iranian Oil Company. This week, Brent oil reached the week’s high on Friday at \$73.09 and WTI’s at \$71.24; both benchmarks touched the week’s low on Tuesday, at \$70.71 for Brent and \$68.47 for WTI. Brent oil closed the week at \$72.62 and WTI at \$70.78.
9. The Euro and Japanese yen spent most of the week on positive territory but dipped below opening levels against the U.S. dollar. The euro started the week with a slight dip in negative territory, followed by a steep ascent that gave the currency enough momentum to remain on positive turf. However, the climb was short-lived, and the euro found itself close to opening level by Tuesday morning. In the remainder of the session, the European currency attempted another ascent that ended on a valley like the previous day. On Wednesday, the euro gained ground and reached the week’s high by the afternoon; nevertheless, it could not sustain the ascent and fell to negative territory on Thursday morning. The currency managed to climb back up again until the early morning Friday but fell throughout the session. Despite regaining some ground, the euro closed the week in negative turf and to the downside against the greenback.
10. The Japanese yen had a similar week, although its peaks and valleys were more pronounced. The yen also kicked off the week with a short visit to negative territory right after opening but regained ground quickly and touched the week’s high during Monday’s session. After the steep ascent, the Japanese currency leveled and fell steeply after Tuesday midnight. The yen managed to recover some of the lost ground but fell not long after peaking. In the wee hours of Wednesday, the currency made several climb attempts until it rapidly climbed close to the week’s high. However, a sudden fall took it to negative territory in the afternoon. On Thursday, the yen seemed poised to ascend steadily but fell back into negative territory; however, it recovered just as quickly. The Japanese currency

continued its ascent on Friday morning before declining sharply, ending at the week's low on Friday afternoon. Despite remaining in negative turf, the yen closed the week to the upside against the greenback.

On Thursday, the G-7 kicked off unofficially in England with a bilateral meeting between U.S. President Joe Biden and British Prime Minister Boris Johnson. After convening, both leaders boasted of a renewed trans-Atlantic alliance that would, among other things, seek to safeguard Northern Ireland's "delicate balance." Then, Biden and Johnson signed a new version of the Atlantic Charter to seal the agreement. On Friday, the seven heads of state met for the first time in person in two years and discussed their relations to China, Russia and committed to sharing excess supply of coronavirus vaccines to low-income countries. The leaders also discussed the possibility of donating \$100 billion from the International Monetary Fund's reserve to "further support health needs—including vaccinations—and help enable greener, more robust economic recoveries in vulnerable countries, and promote a more balanced, sustained, and inclusive global recovery," said President Biden.

On the vaccination front, the United States announced that they would buy 500 million doses of Pfizer's coronavirus vaccines to donate to low-income countries on Friday. It is expected that the first 200 million doses will be distributed this year and that the remaining 300 million will be delivered in the first half of 2022 through the World Health Organization's Covax initiative. According to sources, Pfizer agreed to sell the doses at a not-for-profit price. After making the headlines for being the only G-7 country to refuse to share its excess vaccines, Canada pledged it would donate up to 100 million shots of coronavirus vaccines to countries in need over the next year. However, officials made it clear that they would not grant any doses from its current supply as the country is still struggling to secure the necessary jabs to inoculate its entire population.

On Friday, the Food and Drug Administration (FDA) confirmed that several batches of the Johnson & Johnson coronavirus vaccine produced at the Emergent BioSolutions plant in Baltimore were unsuitable for use. Although the Agency did not say the exact number of discarded doses, sources estimate it in the 60 million range. In April, the FDA seized a total of 170 million AstraZeneca and J&J shots produced in Baltimore after an inspection revealed severe biosafety violations and possible cross-contamination. The U.S. will donate ten million salvaged doses as it already has more than enough Moderna and Pfizer jabs to finish immunizing its population. The donated doses will contain an FDA warning saying that the regulating Agency could not determine if the producer followed good manufacturing practices.

As businesses reopen and demand goods and services regain momentum, many investors continue purchasing physical precious metals to shield their portfolios from inflation. Savvy investors continue to see the ownership of physical precious metals as a means to diversifying their portfolios, and thus, as a shield from the uncertainty of equity markets and potential price hikes. Despite the hedge attributes of precious metals, they 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)**

		<b>Jun. 4, 2021</b>	<b>Jun. 11, 2021</b>	<b>Net Change</b>	
Gold	\$	1,890.42	\$ 1,875.78	-14.64	-0.77%
Silver	\$	27.78	\$ 27.99	0.21	0.76%
Platinum	\$	1,169.26	\$ 1,154.06	-15.20	-1.30%
Palladium	\$	2,848.83	\$ 2,788.04	-60.79	-2.13%
Dow		34756.39	34479.60	-276.79	-0.80%

**Previous Year Comparisons**

		<b>Jun. 12, 2020</b>	<b>Jun. 11, 2021</b>	<b>Net Change</b>	
Gold	\$	1,732.05	\$ 1,875.78	143.73	8.30%
Silver	\$	17.75	\$ 27.99	10.24	57.69%
Platinum	\$	816.50	\$ 1,154.06	337.56	41.34%
Palladium	\$	1,917.60	\$ 2,788.04	870.44	45.39%
Dow		25605.54	34479.60	8874.06	34.66%

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

	<b>Gold</b>	<b>Silver</b>
Support	1860/1800/1750	27.00/26.00/25.00
Resistance	1900/1950/2000	28.00/29.00/30.00
	<b>Platinum</b>	<b>Palladium</b>
Support	1150/1100/1050	2700/2600/2500
Resistance	1200/1250/1300	2850/3000/3100

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