

October 7, 2022

The Precious Metals Week in Review

1. Volatility remained extreme this week as the U.S. saw the release of the Non-Farm Payrolls report for September and the war in Ukraine became increasingly desperate for the Russian occupiers.
2. For the week ending October 1, the seasonally adjusted number of Americans filing initial claims for unemployment surged by 29,000 from the previous week's revised level to reach a new level of 219,000. The previous week's level was revised lower by 3,000 claims. The 4-week moving average of claims was 206,500, an increase of 250 from the previous week's revised moving average. The previous week's moving average was revised lower by 750 claims.
3. In the U.S., the Non-Farm Payrolls report for September was released on Friday and the data sent markets tumbling once again after what had been a promising rally for much of the week. The U.S. economy added 263,000 jobs in September, which was slightly below the Dow Jones estimate for 275,000 but the key figure most analysts were watching was the official unemployment rate, which came in at 3.5%, even lower than the previous month's 3.7%. The lowering unemployment rate means that despite the Fed's warnings of "pain" in the jobs market from its moves to raise interest rates and tighten monetary policy, the "demand destruction that they are trying to bring about has not materialized. Peter Boockvar, Bleakley Financial's Chief Investment Officer, said "While the data was about as expected, the drop in the unemployment rate is seemingly what the markets are obsessed with because of what it means for the Fed. When combined with the low level of initial jobless claims, the pace of firings remains muted and this, of course, gets the Fed all fired up about continuing with its aggressive rate hikes."
4. The data in the Non-Farm Payrolls report triggered an advance spike in interest rates ahead of what will likely be another substantial interest rate hike when the U.S. Federal Reserve next holds its Federal Open Market Committee meeting to set near-term monetary policy. Recent inflation data previously had market analysts expecting that the Fed might begin to taper off on the size of interest rate hikes, but this week's NFP report likely will mean that

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the Fed will continue to be aggressive in its pursuit to bring inflation back near 2%. It is becoming increasingly likely that the Fed will conduct yet another 75 basis-point hike to interest rates when it meets again.

5. The state of Florida began its recovery process this week in the wake of Hurricane Ian, one of the most catastrophic storms to hit the U.S. in decades. The impact, not only to Florida's economy, but to the U.S. economy as a whole, won't be known for weeks, if not months as those affected by the extreme wind and water begin to try rebuilding their lives. It is likely that unemployment will edge higher as the weeks wear on while Florida and even some South Carolina businesses find that they need extensive repairs in order to reopen and begin paying their employees once more. Insurers could be facing costs of up to \$57 billion or more from the damage done by the storm in both Florida and South Carolina. Federal Emergency Management officials launched their largest ever search and rescue effort in Florida in the wake of the storm as the fatality numbers began to climb.
6. Kim Jong Un continued to make his bid to add to further global instability this week. North Korea reportedly fired multiple ballistic missiles into the Sea of Japan this week. The United Nations Security Council had already convened a meeting to discuss the October 3 test of an intermediate-range ballistic missile that flew over northern Japan when, North Korea opted to conduct yet another launch. Pyongyang has launched eight ballistic missiles in the last two weeks. President Joe Biden condemned the missile test during a phone conference with Japanese Prime Minister Fumio Kishida on Tuesday and reportedly discussed ways to "limit North Korea's ability to support its unlawful ballistic missile and weapons of mass destruction programs."
7. The U.S. leveled sanctions against more Iranian leaders this week in the wake of the death of Mahsa Amini, a Kurdish-Iranian woman who was beaten so severely while in the custody of Iran's Morality Police for the crime of wearing her hijab too loosely, that she later died of an apparent brain hemorrhage. Following her death, protests erupted throughout most of Iran, triggering a shutdown of internet access to social media by authorities, and further usage of lethal force by the police in an attempt to subdue further demonstrations.
8. Oil prices were headed for a solid weekly gain this week, on track for reaching a 5-week high, as OPEC+ opted to make production cuts despite obvious economic headwinds. The agreed upon cuts are the largest such output cuts conducted by OPEC+, which includes Russia in its membership, since 2020. Brent crude futures pushed to \$97.90 per barrel while U.S. West Texas Intermediate (WTI) pushed its way to \$92.63.
9. The euro started the week off drifting sideways, but soon began a gentle climb higher against the U.S. dollar. The upward move sent the euro back near parity with the dollar by late Tuesday, but it could not maintain its upward momentum and began dipping lower

through overnight trading. The euro paused its decline during mid-day trading on Wednesday, drifted higher overnight through Thursday, and then resumed its downward trend again as Thursday wore on. The downward slide continued into Friday and the euro closed out the week at its lows against the U.S. dollar.

10. The Japanese yen drifted higher against the U.S. dollar at the start of trading for the week but had touched its highs by late Tuesday and soon after began a downward slide that continued through the rest of the week. The yen steadily declined through Wednesday and Thursday trading, moving briefly higher on Friday. The yen's climb was halted shortly after it began on Friday and the downward trend resumed, ensuring that the yen would also close out the week to the downside against the U.S. dollar.

Market volatility remains elevated, and markets continue to be fickle. What was a promising rally earlier in the week virtually disappeared in a matter of hours following the release of the Non-Farm Payrolls report on Friday. Stock markets went tumbling lower with the Nasdaq losing 3% and the Dow Jones Industrial Average losing 600 points by the time markets closed. The Federal Reserve's quest to tame inflation was expected to result in job losses, which the Fed dances around by saying it expects "pain" in the coming months. Friday's NFP report proved that not to be the case, if the unemployment number can be believed. Again, it is likely that the Federal unemployment number has yet to reflect the severe job loss that most of South Florida and some of South Carolina is experiencing in the wake of Hurricane Ian. As those numbers begin to trickle in and bump the unemployment figures higher, it remains likely that the Federal Reserve will consider the increase to be "transitive" since it is highly likely that there will be a hiring boom as those areas begin to rebuild. This likely means that the Fed will continue to be increasingly aggressive with its interest rate hikes as it struggles to contain runaway inflation.

The situation in Ukraine appears to be becoming increasingly desperate for Russia. President Vladimir Putin continues to make threats to use tactical nuclear weapons in the conflict, a stance which has the rest of the world assuring him that such a move will not go without consequences, perhaps including some form of nuclear retaliation of their own. Ukraine's president, Volodymyr Zelenskyy, said that the country's armed forces have recaptured another 500 square kilometers (193 square miles) of territory from Russian forces in the Kherson region since the start of October. Britain's Defense Ministry noted that over half of Ukraine's tanks that are in the field may consist of captured Russian armor. Morale among Russia's military appears to be at a new low as images continue to surface of troops tying white flags to their vehicles and surrendering to Ukrainian forces. Russia's attempt to mobilize more troops by conducting a draft has resulted in a mass exodus out of the country by its eligible men. Many appear to be fleeing to border countries, and some have even chosen to make the short journey to Alaska in the U.S. The International Monetary Fund has approved another \$1.3 billion in emergency funding for the embattled country and its

Western allies continue to provide weapons and aid, despite their own dwindling resources. Public criticism of the military leadership in Russia is on the rise as the country searches for a scapegoat for the poor performance of its troops in Ukraine. The chair of Russia's defense committee in its parliament noted "It's time to stop lying," accusing the Defense Ministry of covering up bad news out of Ukraine. Defense Minister Sergei Shoigu, a close ally of President Vladimir Putin himself, appears to increasingly be the target of such criticism. Ukrainian President Volodymyr Zelenskyy apparently opted to antagonize Russia further, signing a decree this week recognizing "the sovereignty and territorial integrity" of Japan's northern territories. Those territories have been occupied by Russia since the end of World War II. Zelenskyy said "Russia has no right to these territories. Everyone in the world knows this well. And we must finally act. It is necessary to liberate from the Russian occupation all the lands that the occupiers are trying to keep for themselves." Zelenskyy continued, saying "With this war against Ukraine and against the international legal order, Russia has put itself in conditions in which it is now only a matter of time before the real liberation of everything that was once captured and is now under the control of the Kremlin."

As geopolitical, economic, and environmental uncertainty continue to escalate, and market volatility remains extreme, investors continue to try to ensure that their portfolios are sufficiently diversified enough that they hope to withstand corrections in multiple market sectors. In this search for diversification, many investors have continued to seek out alternative asset classes which have appeared to underperform other market sectors as they rose into "bubble" territory. One such asset class considered by many investors has been physical precious metals. As stocks continued to rise into bubble territory throughout the pandemic, physical precious metals have been relatively "oversold" and continue to appear undervalued. Technological advancements continue to evolve that increasingly demand more and more precious metals. Gold, Silver, Palladium, Platinum – all are used in various forms for medical, technological, and environmental uses. Platinum and Palladium are particularly useful in environmental applications as catalysts that help to break down so-called "greenhouse" gases. Given the increasing demand for physical precious metals, many investors have continued to seek out buying opportunities, in the form of temporary price dips, to allow them to add additional physical precious metals to their portfolios at what may be viewed as a relative discount. Precious metals continue to increasingly hold a valued role in technological advancements and their rarity leads one to the conclusion that as that demand increases, their supply must, in return, go down. Remember however, that one of the keys to profitability through the ownership of physical precious metals is to acquire the physical product when opportunities allow, and to hold on to it for the long term without overextending your ability to maintain your ownership.

Trading Department – Precious Metals International, Ltd.

Friday to Friday Close (New York Closing Prices)

		Sep. 30, 2022	Oct. 7, 2022	Net Change	
Gold	\$	1,662.74	\$ 1,700.15	37.41	2.25%
Silver	\$	19.04	\$ 20.21	1.17	6.14%
Platinum	\$	865.53	\$ 918.22	52.69	6.09%
Palladium	\$	2,183.39	\$ 2,201.36	17.97	0.82%
Dow		28725.51	29296.79	571.28	1.99%

Previous Year Comparisons

		Oct. 8, 2021	Oct. 7, 2022	Net Change	
Gold	\$	1,760.00	\$ 1,700.15	-59.85	-3.40%
Silver	\$	22.76	\$ 20.21	-2.55	-11.20%
Platinum	\$	1,028.00	\$ 918.22	-109.78	-10.68%
Palladium	\$	2,090.00	\$ 2,201.36	111.36	5.33%
Dow		34746.25	29296.79	-5449.46	-15.68%

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

	Gold	Silver
Support	1650/1600/1580	19.00/18.00/17.00
Resistance	1700/1750/1800	21.00/22.00/23.00
	Platinum	Palladium
Support	900/850/800	2100/1900/1800
Resistance	950/1000/1050	2300/2500/2700

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