The Bull & Bear's Resource Investor

1st Quarter 2024

GOLD
SILVER
URANIUM
PLATINUM
PALLADIUM
OIL & GAS
BASE METALS

Precious Metals Results for 2023

Here is a snapshot of how the four precious metals performed in 2023, courtesy of *Liberty's Outlook*:

Gold:

December 30, 2022	$1,819.75
High December 27, 2023	$2,082.00
Low February 24, 2023	$1,808.75
December 29, 2023	$2,065.50
Net change/year	+$245.75

Silver:

December 30, 2022	$23.86
High May 4, 2023	$26.04
Low March 8, 2023	$20.00
December 29, 2023	$23.99
Net change for year	+$0.13

Platinum:

December 30, 2022	$1,074.00
High April 21, 2023	$1,139.00
Low October 5, 2023	$853.00
December 29, 2023	$995.00
Net change for year	-$79.00

Palladium:

December 30, 2022	$1,798.00
High January 6, 2023	$1,807.00
Low December 9, 2023	$944.00
December 29, 2023	$1,109.00
Net change for year	-$689.00

Liberty's Outlook, newsletter, is published by Liberty Coin Service, a buyer and seller of gold, silver, platinum and palladium bullion and quality rare coins since 1971.

For more information, visit https://libertycoinservice.com.

Precious Metals Outlook 2024

Gold: Downward Pressure in First Half, Strong Boost in Second Half
Silver, PGMs, Rhodium Outlook

After an exceptionally strong finish to 2023, gold prices are forecast to see a modest retreat in the first half of 2024, as central banks keep rates steady for longer than current market consensus. That said, analysts with *Metals Focus* believe the downside will be limited and temporary. Writing in *Precious Metals Weekly*, a publication of *Metals Focus*, analysts had the following Outlook for Precious Metals in 2024:

"Once the interest rate cutting cycle starts, most likely in mid-2024, gold will receive a strong boost in the latter part of the year. Silver is expected to broadly shadow gold. That said, despite a persistent structural deficit, sizeable above-ground stocks and concerns about the Chinese economy will continue to restrain investor interest, leading to a further rise in the Gold/Silver ratio. Turning to the PGMs, platinum will continue to trade broadly rangebound within a band similar to 2023. By contrast, palladium and rhodium prices are expected to remain under pressure.

Gold

Gold started 2024 on a slightly softer, if still exceptionally robust, tone amid a firmer dollar. As we write, gold is consolidating above $2,040, some $90 below its all-time high seen in December. Given the yellow metal's sharp gains in Q4.23, profit taking is hardly surprising. Gold and other precious metals have of course not been the only casualties of this sell-off at the start of 2024. The bond market has also come under pressure and even US equities have given back some gains following a strong

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Solid Bull Market in Gold

*Mary Anne and Pamela Aden, co-editors of **The Aden Forecast**, note that previous gold cyclical bulls, like in 1969 - 1980 and in 2001 - 2011, tend to last about 10 years. And if this bull market stays on track, and the new high indicates it will, then gold could continue rising until about 2026-27 reaching record highs. Here is their analysis on Gold, Silver and the Resource Sector. Also Six Reasons Why Gold Is Set To Soar in the Years Ahead.*

"Gold rose to a record high at year's end, and it reached new highs around the world in most currencies. Gold has been the strongest and it'll remain strong above $1990. It would take a bigger break out above $2093 to confirm another leg up in the bull market. With the many uncertainties that lie ahead of us, it's just a matter of time before this happens.

The resource sector is also strong. Overall, with the new year starting, the gold and resource universe likely has a great couple of years ahead.

Uranium was the star in 2023 becoming a solid alternative energy source, and with the upheaval in the crude oil world, uranium continues to gain steam. This year is set to continue in this solid bull market trend.

Silver has been forming a firm yet quiet triangle for a few years now. It too looks ready to move. The triangle formation is saying whichever way silver breaks out will determine the next trend direction. On the upside, a clear break above $26 would be very bullish for silver. On the downside, a break below $21, would indicate a further decline would be likely.

It's the most undervalued metal and the one with the most upside potential. It looks like we could see silver take off this year. We recommend keeping your silver positions and be patient.

Copper continues to base in a firm uptrend. It remains in a stronger upchannel since 2020 while its leading indicator continues to rise from the lows, above the zero line. This is very bullish for copper because it has an open future to rise further. It's saying it's only a matter of time before copper blossoms. And when it does, it'll surely give silver a big push upward.

The **oil price** has been under pressure with supply constraints and the Red Sea transportation problems. Following the Oct 6 Israel-Hamas war, crude oil began its descent. It fell and reached a low above the $67 bottom in 2023. The oil market is subject to tension in the Middle East. If crude can rise and stay above $78, It'll begin to normalize. Keep your eye on $76 and $67.

Bitcoin has been on a tear. It's been exciting to see an ETF develop as bitcoin soared to new highs above $46,000. The SEC approved bitcoin ETFs but also noting how speculative it is. Plus, several have come out and it's still to be seen how many will be longer lasting. Bitcoin is on its way to test the record highs at $69000.

The ETFs are exciting for many investors… But be aware it's volatile on the upside and the downside, and if you buy it, invest as a speculator.

Gold: Major Cyclical Bull Market

The bull market rise in gold that started in 2015 is picking up steam and gaining momentum. It confirms that the current rise is indeed a major cyclical bull market upmove that's poised to likely last for several more years.

In other words, this bull will probably be similar to the previous cyclical bulls, like in 1969 – 1980 and in 2001- 2011. That is, they tend to last about 10 years. And if this bull market stays on track, and the new high indicates it will, then gold could continue rising until about 2026-27.

Using the Past to Estimate the Future

How high could gold go? In the 1969 to 1980 bull market, gold soared 2,300%. And in the 2001 to 2011 bull market, gold surged 646%. Assuming the

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Gold, Silver, PGMs, Rhodium Outlook 2024

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finish to 2023. In fact, gold has been surprisingly resilient. In part, this has been due to heightened geopolitical tensions in the Middle East.

Looking ahead, we expect downward pressure to persist in the first half of 2024. This view rests upon a belief that the first rate cut by the Fed will come later than currently priced in by financial markets. At present, Fed fund futures suggest that the first rate cut will be as early as March, with US rates ending 2024 at 3.9%.

These implied rate cuts appear too aggressive considering the FOMC's latest projection of 4.6% and a cautious tone in its December minutes. More importantly, with a resilient US economy, we struggle to see why authorities would rush to cut rates at a time when core inflation is still above the official long-term target.

Barring the risk of new geopolitical drama, an adjustment to rate expectations, and their consequential boost to yields, is likely to stimulate additional sell-offs in the gold market. That said, the scale of this price pull-back will be restrained and smaller than we had earlier envisaged. We forecast prices to find firm support if prices dip below$1,900, roughly 10% below current levels.

In essence, gold's resilient price performance and ongoing geopolitical tensions will continue to justify adding exposure to gold for some central banks and other official bodies. Even though record official sector demand over 2022-23 may prove difficult to match this year, healthy buying is still forecast, providing both direct price support and encouragement to institutional investors. The latter, especially those with a longer-term horizon, could also view the price dip as an attractive entry point.

Once the Fed enters an interest rate cutting cycle in mid-2024, this should provide a fresh boost to confidence in gold. The drop in real yields and pressure on the dollar, plus the abundance of systemic risks, still turbulent geopolitics and richly priced equities, should all favour fresh gold investment. A notable price recovery therefore is expected, with gold likely to recover to around $2,100 later this year.

Silver

As is normally the case, silver tended to move in tandem with gold during 2023, outperforming during rallies and vice versa. Interestingly, its performance during the recent bouts of strength for gold has been far more restrained than that seen during previous cycles. As we write, the Gold/Silver ratio is trading just shy of 90, a level last seen in March 2023 (On Jan. 29, '24 the AU/AG Ratio was 87.58). This is in part due to silver's limited safe haven appeal compared to gold. A slowing Chinese economy has also hurt sentiment towards industrial commodities, which in turn has affected silver.

Looking ahead, we expect silver to continue moving in line with gold throughout 2024. Over the period, investor interest in silver will also be hampered by a still lacklustre recovery in China. Despite efforts from Beijing to stimulate the economy, the country's property market is likely to struggle, which will remain a headwind to industrial metals.

On the positive side, silver's now structural market deficit explains why the rise in the Gold/Silver ratio should not go significantly higher from current levels in the coming months. Much of this positive fundamental backdrop is due to the strength of industrial demand; after hitting successive record highs in 2021-23, industrial offtake is on track to improve further in 2024 due to such drivers as robust PV demand. However, ample above-ground stocks of silver mean short-term tightness is unlikely in physical markets.

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Platinum

Last year, platinum saw its deepest deficit for more than a decade. Despite this, the price fell 8% in 2023. In 2024, we expect a shallower but still steep deficit, which should support the price. However, similar to 2023, we do not expect platinum to break out to the upside.

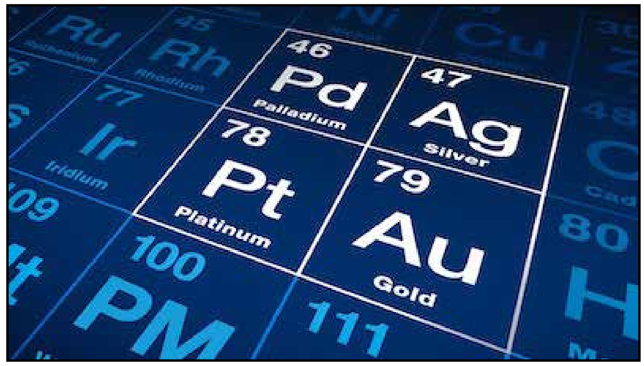
Platinum's deep deficit mostly arises from suppressed primary supply. Mine supply continues to struggle as Russia begins smelter maintenance as well as global supply facing a sharp drop in the basket price, leading to consolidations, closures and scaled back expansion plans. Separately, while secondary supply will continue to be challenged by constraints in the autocatalyst scrap supply chain we are expecting a 13% rise on 2023. However, the deficit is shallower than last year's, mostly owing to weaker industrial demand, as chemicals and glass offtake are not expected to repeat exceptional capacity additions from 2023. Other, larger areas of demand, remain steady, with autocatalyst and jewellery demand climbing 2% and 3% respectively.

While we remain bullish towards platinum longer-term, there are several that must be overcome before the price can break out higher. First, platinum has ample above-ground stocks that dilute the impact of its deficits. Significant Chinese platinum imports seen in 2021 and 2022 have slowed, particularly as the price rises, taking the wind out of this upward momentum. Additionally, struggling hydrogen supply chains and equity markets are likely to spill over into platinum's investment appeal. However, a strong gold price, at-risk supply and the market deficit will keep the price supported.

Palladium

The annual average palladium price experienced a sharp 35% drop in 2023 as industrial buyers depleted excess stocks some of which had been accumulated throughout 2022 (driven by OEM over purchasing during the chip shortage and concerns over Russian metal supply, which ultimately proved unfounded). Technically, the market found itself in a substantially deeper deficit due to severe supply constraints (overy 0.4Moz less than in 2022) and demand surging 250koz. Nevertheless, prices remained unresponsive due to high existing stockpiles and significant investor shorting.

Looking ahead in 2024, we anticipate a continuation of these dynamics. While the market remains in deficit, this is expected to be smaller, owing to a



partial supply recovery and a slight weakening of demand. In response to the falling basket price, mining operations have rapidly adjusted planned production, and smelter maintenance in Russia is poised to reduce supply while bolstering inventory. Consequently, mine supply is expected to contract. After experiencing a two-year decline, recyclers are optimistic about 2024, with a forecast 16% increase in autocatalyst scrap supply. Overall supply is expected to inch up 1%.

Conversely, demand is expected to soften slightly due to a decline in internal combustion engine vehicle production, which now outweighs the benefit from hybrid vehicle production (typically featuring higher PGM loadings). Add to this is the impact of switching to platinum, due to the implementation of trimetal catalysts, especially in the US. Although some positive signs are anticipated in the agrochemical and pharmaceutical sectors, as well as other industrial applications, these segments are relatively small and unlikely to offset the contraction in automotive demand. Nonetheless, as inventories have been drawn down, consistent buying is expected to support the palladium price.

Rhodium

Despite experiencing its deepest deficit since 2019 last year, at 91koz this coincided with a substantial 64% fall in price from the year's outset to $4,425 by end-2023.

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Gold Set to Soar in Years Ahead

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current bull market rise is similar, it means that gold could rise to as high as the $6,780 - $24,140 level.

We know that may sound crazy, but it's really not. Gold has done it before, and it could do it again.

That's why we always say gold is a great long-term investment. Over the years it has outperformed just about every other market, and it will continue to do so, especially in the years just ahead. So you clearly want to buy and then hold on to your gold and silver in the upcoming years.

If we compare gold to the last big cyclical bull market, you can see that the current bull was slow to pick up in the last couple of years (see Chart 1). It lagged compared to the previous bull.

But most impressive, note that today's bull market reached a seven year low in 2022 at the same time the 2008 low occurred in the prior bull market. Both these lows in 2022 and 2008 were key game changers.

And in each case, gold reached a record high thereafter.

Will gold now start a heated bull market rise similar to the 2008 - 2011 time period? With the new record high, gold is signaling it's going to soon be making up for lost time.

Six Key Reasons Why Gold Is Set to Soar in the Years Just Ahead

The big question now is, what could drive gold up so strongly in the years ahead?

There are many reasons why, but we've boiled it down to the six most important reasons, which we feel will provide a solid foundation for a higher gold price.

#1 This is one of the most important reasons, and it's the ever-growing unprecedented debt, the surging interest payments to finance the debt and the looming financial crisis that will likely result because of this.

We discussed this dilemma recently and it's a problem that's not going to go away. On the contrary, it's getting worse by the day but few talk seriously about it or do anything about it. It's the way it's been since about 2000 and this debt and deficit spending is just going to continue until it hits crisis mode.

For many years, the late great Richard Russell (publisher, *Dow Theory Letters*) discussed the dangers of the system as we know it... that is, ever larger debts and growing deficit spending, which are now much more intense due to the strong rise in interest rates over the past few years.

Interest payments on the debt are currently the government's biggest expense, taking up about 40% of all tax income. Richard warned that his would all end up eroding the foundation of the U.S., along with an ongoing decline in the standard of living, and basically a decline in the West.

We know that a large majority are living paycheck to paycheck and overspending, using their credit cards for spending and expenses. This has shot credit card debt up to a new record over $1 trillion.

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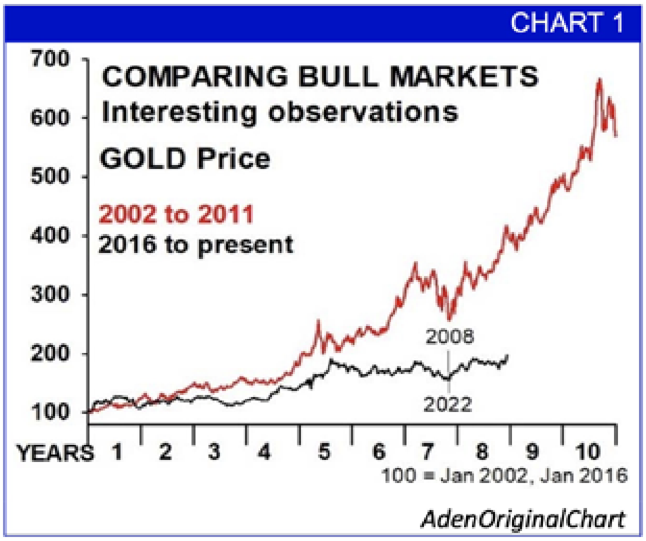

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But we were sad to see that hunger in the U.S. is also soaring. The number of people without food is 40% higher than it was two years ago. This is indeed an indication the standard of living is being chipped away, slowly but surely as debt continues to soar.

This in turn increases overall insecurity and uncertainty, which makes gold more attractive because it has always been the world's favorite safe haven.

#2 Central banks are buying the most gold since 1967. They're literally stocking up. This has been going on for the past few years but it's now intensifying.

Overall, central bankers are moving out of U.S. dollar's and buying more gold. They see what's going on with the U.S. and their finances and they're opting for the safety of gold.

We've often wondered, what do they see that we don't see? But as time passes, it's becoming more obvious that #1 is likely the primary reason why.

This has increased the demand for gold and it's an important factor driving up the price of gold.

#3 Global uncertainty is another factor. It's not just central banks, it's investors and consumers worldwide who are concerned about the global financial system, the wars, what's going to happen in China and so on.

Uncertainty reigns across the board, increasing the demand for safe havens and this is all very bullish for gold.

#4 The U.S. dollar has been declining for over 50 years, ever since it lost its last link to gold. Since then, the dollar and gold have generally moved in opposite directions.

With gold hitting a new record high and the dollar embarking on a renewed decline, it's likely the dollar will continue down in the months and probably years ahead, eventually breaking down to new record lows.

As this unfolds, investors will increasingly avoid the dollar and this too will be bullish for gold, driving it up to higher levels.

#5 For some time now we've been discussing the **new era that we're now embarking on**. That is, interest rates are currently in a new mega uptrend for the first time in 40 years and this will probably last for many years to come. In other words, higher interest rates for longer is the saying today.

As you know, interest rates affect all of the markets, and this means that most markets will be different than what we've experienced over the past few decades.

All things considered, we believe this interest rate rise will coincide with the worsening financial outlook and most likely inflation, along with an ongoing gold rise. The situation could be similar to the 1970s and in that era gold soared. Again, gold would benefit as a safe haven as the financial situation becomes more uncertain.

#6 Gold's technical picture also looks good. Gold's price action and our indicators are reinforcing these other factors and they're pointing to a higher gold price as well.

Looking at *Chart 2*, you can see that gold is in a solid uptrend and it's also breaking out to new highs. This is bullish action.

Most impressive is gold's (long-term) leading indicator, below. It has formed a bottom and it's breaking up, telling us that gold is headed higher. Plus, it has plenty of room to rise further before it reaches the extreme high area. This alone is very bullish for gold.

So as you can see, gold has a lot going for it at this time. The same goes for silver, and gold and silver shares. We're heavily invested in these sectors, and we feel strongly that it's the place to be. So stay put and let's watch this unfold. It's going to be an interesting and profitable time.

Editor's Note: Mary Anne and Pamela Aden are co-editors and publishers of *The Aden Forecast* now in its 43rd year, 1 year, 12 issues, $275, includes a Weekly Alert summary. *The Aden Forecast* specializes in the U.S. and international stock markets, mutual funds, U.S. interest rates and bond markets, currencies and precious metals markets. The Aden Forecast has consistently produced double-digit profits for subscribers in 21 out of the past 27 years. For more information on this highly-regarded investment newsletter, ***Click Here***.

Precious Metals Outlook 2024

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Looking ahead to this year, we anticipate an even more significant deficit of 158koz. Part of the reason for this is persistently weak supply. While we estimate that total supply will rise by 5%, primarily due to an expected recovery in autocatalyst scrap, this is from a low base. Mine supply is expected to remain relatively stable. However, due to intense margin pressure, producers have announced cost-cutting measures to adapt to a lower-price environment, potentially keeping South African rhodium supply flat at best. In Russia, the shift in equipment suppliers has hindered project delivery capabilities.

On the demand side, the automotive sector continues its shift away from combustion engines toward battery vehicles. While the overall drop in fossil fuel-powered vehicles may slightly soften rhodium demand, a return by OEMs is expected after inventory drawdowns weighed on demand in 2023. In glass, with expectations of the rhodium content in alloys stabilising, we anticipate a return to net demand after a period of net selling in 2023. In addition, expansion of chemical capacity, particularly in the US, is set to boost rhodium demand.

Considering the positive double-digit growth in demand, coupled with supply constraints, we anticipate a gradual increase in rhodium prices this year from current levels.

Editor's Note: Metals Focus is a London-based independent precious metals research consultancy covering gold, silver, platinum, palladium and rhodium. With a team spread across nine countries the firm provides world-class statistics, analysis and forecasts to the global precious metals market. For world-class annual reports on the precious metals, ***Click Here***.

Global Silver Demand Forecasted to Rise to 1.2 Billion Ounces in 2024

If Achieved, It Would Be Second Highest Level on Record

Global silver demand is forecast to reach 1.2 billion ounces in 2024, which, if achieved would be the second-highest level recorded. Stronger industrial offtake is a principal catalyst for the rising global demand for the white metal, and the sector should hit a new annual high this year.

For the short term, as an early start to U.S. interest rate cuts appears less likely, investment in much of the precious metals complex could be under pressure. Concerns about a slowing Chinese economy could also present a headwind to silver institutional investment. By contrast, the economic backdrop is expected to turn more favorable to silver investment in the second half of 2024, when the U.S. Fed is anticipated to begin cutting interest rates.

With that backdrop, the Silver Institute offers its thoughts on the 2024 silver market, noting that *Metals Focus*, the distinguished global precious metals research consultancy based in London, contributed to this analysis. The firm will research and produce the Silver Institute's annual report on the international silver market, World Silver Survey 2024, which will be released on April 17.

Silver Demand

Global silver demand is expected to rise 1 percent, pushed higher by the continued strength of industrial end-uses and a recovery in jewelry and silverware demand.

Silver *industrial* fabrication is forecast to post a 4 percent rise in 2024 to a record 690 million ounces (Moz), building on the all-time highs achieved last year. In line with the trend in recent years, the photovoltaics (P.V.) and automotive industries will remain key drivers of growth this year.

Taking each in turn, global P.V. installations significantly exceeded initial market expectations in 2023, with new capacity additions forecast to reach another record high this year. Silver offtake should also benefit from the technological breakthrough that has brought new, higher-efficiency N-type solar cells (with higher silver loadings) into mass production. In the automotive industry, greater use of electronic components and investment in battery charging infrastructure will continue supporting silver offtake.

After a challenging 2023, a projected recovery in consumer electronics will provide an additional lift to the silver industrial market. Despite uncertain economic conditions in some key markets, the deployment of AI-related applications has seen several consumer electronic brands prepare to introduce new products, which should favor silver.

Jewelry demand is expected to record a 6 percent rise, and India will contribute the bulk of gains this year. This follows a sharp pull back in 2022 when Indian demand weakened after a post-COVID surge in 2021. On top of a return to more "normal" levels, a positive economic backdrop and consumers getting used to high rupee silver prices should also underpin growth this year. In the U.S. and Europe, soft consumer sentiment may continue to weigh on jewelry consumption, but retailers' stock replenishment will likely mitigate the impact on fabrication. In line with the jewelry sector, as demand normalizes, a recovery in India will lift global *silverware* fabrication by 9 percent.

By contrast, silver *physical investment* is projected to decrease by 6 percent to a four-year low, with losses dominated by the U.S. Solid economic growth and

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further gains in the U.S. stock market will be key drivers behind this weaker investor interest across all precious metal coins and bars. In India and Europe, a modest recovery is expected this year, compared with a depressed 2023 total. In the former, as Indian investors become accustomed to high rupee prices, bargain hunting is expected on price dips. Even with a recovery, Europe's total volumes will remain near multi-year lows.

Silver Supply

Total global silver supply is forecast to grow by 3 percent in 2024 to an eight-year high of 1.02 billion ounces, entirely led by a recovery in mine output.

Silver *mine production* in 2024 is projected to rise 4 percent to 843 Moz, the highest level since 2018. This growth is, to a large extent, reliant on undisrupted operations at Newmont's Peñasquito gold mine in Mexico, the commissioning of Polymetal's Prognoz silver mine in Russia, the start-up of Gold Field's Salares Norte gold mine in Chile, and the continued ramp-up of operations at Coeur's Rochester expansion project in the U.S.

By-product silver output from base metal mines is forecast to decrease as community and government disputes led to some mine closures in 2023, particularly in South America. Furthermore, there is an impending risk to silver output from zinc mines that may continue to face mine suspensions due to weak zinc prices.

In contrast, silver *recycling* is expected to edge lower, with volumes likely to drop by 3 percent to a three-year low. Lower jewelry and silverware scrap supply will account for most of this year's losses. Photographic scrap is also expected to weaken due to structural factors, leaving industrial recycling the only area anticipated to record modestly higher volumes.

The silver market is forecast to remain in a *deficit* (total supply less demand) in 2024, marking the fourth consecutive year of a structural market deficit. Although this year's deficit is expected to ease by 9 percent to 176 Moz (194 Moz in 2023), it will still be exceptionally high by historical standards.

Silver Investment

Early 2024 has seen financial markets scale back their expectations of U.S. rate cuts, with many investors having believed this would start as soon as March. The consequential boost to the U.S. dollar and yields has created fresh headwinds to precious metal investment.

Even so, market expectations of U.S. interest rate cuts are still a little more dovish compared with the Fed's more hawkish position. In the coming months, as the market gradually adopts a more hawkish stance, this will weigh on gold and silver investment. During this time, investor interest in silver could also be hampered by a still lackluster recovery in China.

Nonetheless, this weaker investment is likely to be temporary, and silver's positive fundamentals should encourage decent bargain hunting. Once the Fed starts to cut rates, most likely in mid-2024, silver investment should begin to recover.

More importantly, with inflation on course to retreat towards the U.S. authorities' official long-term target, the Fed is expected to signal further and accelerated easing next year. The impact of falling real yields and pressure on the U.S. dollar should also favor fresh silver and gold investment.

Editor's Note: The Silver Institute is the silver industry's primary voice in expanding public awareness of silver's essential role in today's world. Its mandates are to provide the global market with reliable statistics and information on silver and create and execute programs that help drive demand for silver.

For more information on silver, including silver's important and growing use in the green economy, please visit https://www.silverinstitute.org

LBMA Precious Metals Forecast Survey 2024

The London-based LBMA has published its *2024 Annual Precious Metals Forecast* Survey. 30 analysts from across the globe give their individual forecasts and commentary, revealing their insights behind their forecasts for highs, lows, and average prices for gold, silver, platinum and palladium for 2024.

Key Takeaways:

• **Gold Outlook**: moderately bullish, all analysts see gold printing new highs.

• **Silver Outlook**: aligned with gold's expectations, but with a forecast trading range of over double the actual range during 2023.

• **Platinum Outlook**: modest gains forecast compared to 2023 actual prices; price volatility expected.

• **Palladium Outlook**: bearish sentiment prevails with lower prices predicted than 2023.

Analysts were also asked to identify their top three drivers for the price of gold in 2024.

The top three drivers – by quite some way – were identified as:

1. US monetary policy (25%)
2. Central bank activity (22%)
3. Geopolitical risks (22%)

Trust in the US dollar as well as its outright strength, or otherwise, is factored into these three main drivers. Other factors cited by the analysts included, in order of frequency, global interest rate trends, investor behaviour shifts, election destability, recession risks, ETF net redemptions, sensitivity of physical demand, US unemployment, and risks associated with small-medium banks and industries in the US and China.

Gold Forecast

This year's Forecast Survey reveals that sentiment for gold is moderately positive. The average 2024 forecast is $2,059 – a 6.1 increase on the average price* for 2023, a year in which gold prices reached a record high of $2,078.40 per troy ounce on December 28, 2023 (PM auction).

Comparing analysts' forecasts against actual prices in the first 11 days of January 2024 which averaged $2,040.18, we can infer that analysts aren't expecting runaway prices for gold this year. Yet all expect gold to print new highs – in the price ranges submitted, gold's forecasted highs extend from $2,100-$2,405.

Gold is forecast to trade between $1,781 (the lowest low) and $2,405 (the highest high) – a range of around $624 – during 2024.

The most bullish of the bulls is Chantelle Schieven of Capitalight Research with her trading range of $1,935 - $2,405 for an average forecast of $2,170, who will be pinning her hopes on a lower US dollar and continued central bank gold demand bearing out. Representing the most bearish of the analysts is James Steel of HSBC with his average forecast of $1,947, a low of $1,825 and high of $2,200.

Silver Forecast

Silver's outlook is moderately optimistic, with an average 2024 forecast of $24.80 – a 6.2% above the average price of $23.35 in 2023 and 7.1% higher than the actual average price for early January of $23.14.

The 2024 average forecast of $24.80 suggests another reserved year of silver price gains. However, within this relatively sedate forecast analysts are expecting some price volatility with their predicted trading range of $14 – between $18.00 and $32.00 – compared to the actual trading range of almost $6 last year.

Julia Du, ICBC Standard, is this year's most bullish forecaster with her $27.00 average price forecast, a low of $20 and high of $30 while this year's bear, Debajit Saha, Refinitiv, has an average forecast of $22.50 with a low of $20.50 and high of $26.76.

Platinum Forecast

Platinum's price expectations are quite aligned with gold and silver's average trajectory. Platinum is forecast to average $1,015, a definitive uptick compared to the actual average for early January of $952.88.

The 2023 average platinum price was $964.98, and analysts anticipate a 5.2% increase this year. While the price expectations are relatively modest, the spread between the lowest low and the highest high is $529, suggesting some volatility ahead.

Most optimistic about platinum's good fortunes is James Steel, HSBC, with his average forecast of $1,105 with a low of $875 and a high of $1,329, while Alexander Zumpfe's, Heraeus Metals, average forecast of $950 – some $15 lower than 2023's average price – is at the more reserved end of the scale. His forecasted trading range for 2024 is a low of $800 and a high of $1,100.

Palladium Forecast

The average forecast from analysts for palladium in 2024 is $1,060.10, a bearish outlook when one considers the actual average price for 2023 was $1,337.39. On the positive side, analysts are forecasting a wide spread of price activity, with the lowest low forecast of $550 and the highest high forecast to be $1,650 – a range of $1,100. So it's anyone's to win amidst this level of price volatility.

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Analysts appear particularly negative compared to their average forecasts of $1,809.81 in 2023. Ross Norman, *Metals Daily*, submitted the most bearish average forecast of $724.00 for palladium in 2024, with a low of $550 and a high of $1,095. Peter Fertig, QCR Quantitative Commodity Research Ltd., sits in the most bullish position with his average price forecast of $1,250 with a low of $900 and a high of $1,650.

Editor's Note: Established in 1987, The London Bullion Market Association (now known simply as LBMA) is the international trade association, representing the global market for gold and silver bullion which has a global client base. This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators. To view the *2024 Precious Metals Forecast Survey* *Click Here*.

HSBC Expects Commodity Prices to Remain High in 2024, Drop in 2025

(Reuters) – HSBC forecast that squeezed supply, improved Chinese demand and the global energy transition will keep commodity prices elevated in 2024, before falling the following year.

"We forecast commodity prices to rise by an average of 2% in 2024 and fall by 4% in 2025," HSBC wrote in a note. HSBC expects China's growth recovery and ongoing supply constraints will keep commodity prices supported this year. It said geopolitical risks and expectations of looser monetary policy in the second half of 2024 will add to the upside, while downside risks include the ongoing slowdown in global growth.

Cocoa and iron ore prices surged in 2023, while natural gas and coal prices tumbled, with most agricultural products expected to outperform energy and industrial metals in the New Year amid supply constraints and dry weather.

HSBC projected Brent to average $82.5 per barrel and U.S. Henry Hub natural gas prices to average $3.75 per million British thermal units.

Crude futures lost more than 10% in 2023 during a tumultuous year of trading marked by geopolitical turmoil and concerns about oil output levels of major global producers.

U.S. natural gas futures recorded their biggest percentage fall for the year since 2006, under pressure from record production, ample inventories in storage and relatively mild weather conditions.

HSBC also predicts gold prices will average $1,825 an ounce in 2024, predicting the first rate cut from the Federal Reserve in June 2024. Gold investors anticipate record high prices this year, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market.

Gold Demand Down 5% in 2023, to be Supported by Geopolitics in 2024

Global gold demand excluding over-the-counter (OTC) trading fell by 5% from to 4,448.4 metric tons in 2023 but remained strong compared with a 10-year average due to geopolitical and economic uncertainty, the World Gold Council (WGC) said.

Ongoing conflicts, trade tensions and over 60 elections taking place around the world are likely to support demand this year and compensate for a potential hit to jewellery purchases amid high prices and economic slowdown, it added.

Including demand from the OTC markets and other sources, total demand climbed by 3% to a new annual record at 4,898.8 tonnes and supported the growth

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of the 2023 average gold price to a record high of $1,940.54, the WGC said in its quarterly demand trends report. Gold prices hit a record $2,135.4 per troy ounce in December and have held above the $2,000 psychological level so far this year. The latest Reuters poll expected the precious metal to average $2,053.5 an ounce in 2024. As the central bank buying streak continued on from 2022 "at a blistering rate," demand from this sector reached 1,037.4 tonnes in 2023, down 4% from the 2022 record year, the WGC said in its report.

"Even though it is not so strong as it was in 2022, it is substantially higher than prior to 2022 and it exceeded our expectations," said John Reade, market strategist at the WGC. "It is a very impressive number."

Purchases from central banks are expected to slow down by around 200 tonnes in 2024 but remain higher than prior to 2022, Reade said, adding that it was a conservative scenario, and that demand could speed up.

In 2023, jewellery consumption was steady at 2,092.6 tonnes due to 17% post-COVID increase in demand in China and despite high gold prices, the WGC said.

Buying of gold bars and coins fell by 3% as European demand continued to plummet, while outflows from exchange traded funds (ETFs) storing bullion for investors continued for the third consecutive year with 244.4 tonnes of decline, it added.

Gold's 2024 Forecast: An Analysis of Leading Indicators

The Bank for International Settlements (BIS) recently completed a decade-long task of closing gold swaps in the gold arena. These swaps, conducted monthly since 2010, involved significant volumes of gold, and in 2022, a noticeable decline indicated the completion of this intricate process. Saqib Iqbal, a financial markets analyst at *Trading.Biz* points out several factors contributing to the gold's projection.

This development aligns with the 11-year period when gold prices remained within a relatively narrow corridor. A critical catalyst was the introduction of Basel III standards, particularly the Net Stable Funding Ratio (NSFR). This reform altered the treatment of "paper" gold, such as futures and options, on bank balance sheets, enhancing the prominence of physical gold.

The World Gold Council and the London Bullion Market Association (LBMA) cautioned against applying these rules to LBMA, fearing potential market upheaval. While European and American banks embraced Basel III, those linked to the London market resisted. Swiss refineries stepped up to meet the demand from these banks.

The ascent of gold prices in 2023 was further fueled by sanctions against Russia, disrupting gold supplies and resulting in a 38.7% reduction in COMEX gold inventories since January 2021. Banks are now pressured to reclaim gold lent to investment funds to bolster their balance sheets.

Simultaneously, changes in the terms of popular gold ETFs raise intriguing questions about the underlying dynamics of gold markets. Analysts believe this resolution of gold swaps by BIS, just ahead of Basel III implementation, is more than a mere coincidence, signalling a global financial system preparing for gold's resurgence amidst various economic challenges.

Looking ahead to 2024, the forecast for gold is optimistic, projecting an approach to $2,200. This bullish setup is attributed to closing gold swaps, regulation changes, and global economic factors. The anticipation is that gold will reach $2,200 in 2024, with potential for a slight overshoot. Subsequently, a pullback is expected, followed by a move to $2,500 in 2025.

In the current landscape, gold price predictions abound on social media, but the true dynamics driving gold prices are rooted in leading indicators. Three key indicators – the Euro (inversely correlated to USD), bond yields, and inflation indicators – collectively shape the gold price trajectory. Emphasizing the power of patterns and the correlation between the price of gold and the monetary base M2, analysts expect gold to consolidate and remain range-bound in 2024.

The conclusion is that gold's path in 2024 hinges on carefully analyzing leading indicators, regulatory changes, and global economic conditions. As investors navigate this landscape, understanding the intricate dance of these factors becomes paramount in making informed decisions. The anticipation is for a peak at $2,200, supported by stabilized Treasuries, lesser upside potential for the U.S. Dollar, and expected rising inflation.

The intricate tapestry of economic shifts, geopolitical events, and regulatory adjustments sets the stage for gold's journey in 2024. With a focus on leading indicators and broader economic trends, investors aim to decode the patterns influencing gold's trajectory in the coming year.

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