SPECIAL MONTHLY REPORT ON

BULLIONS

FEBRUARY 2024

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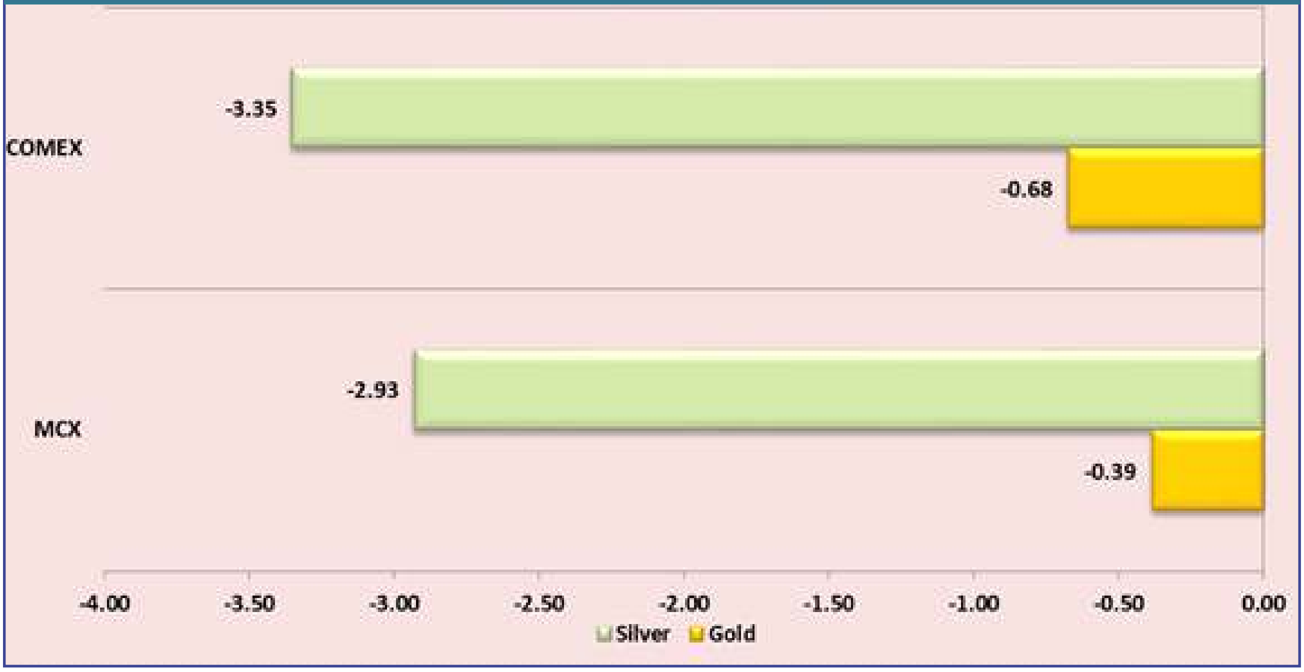
BULLIONS

BULLIONS PERFORMANCE (January 2024) (% change)



Source: Reuters & SMC Research

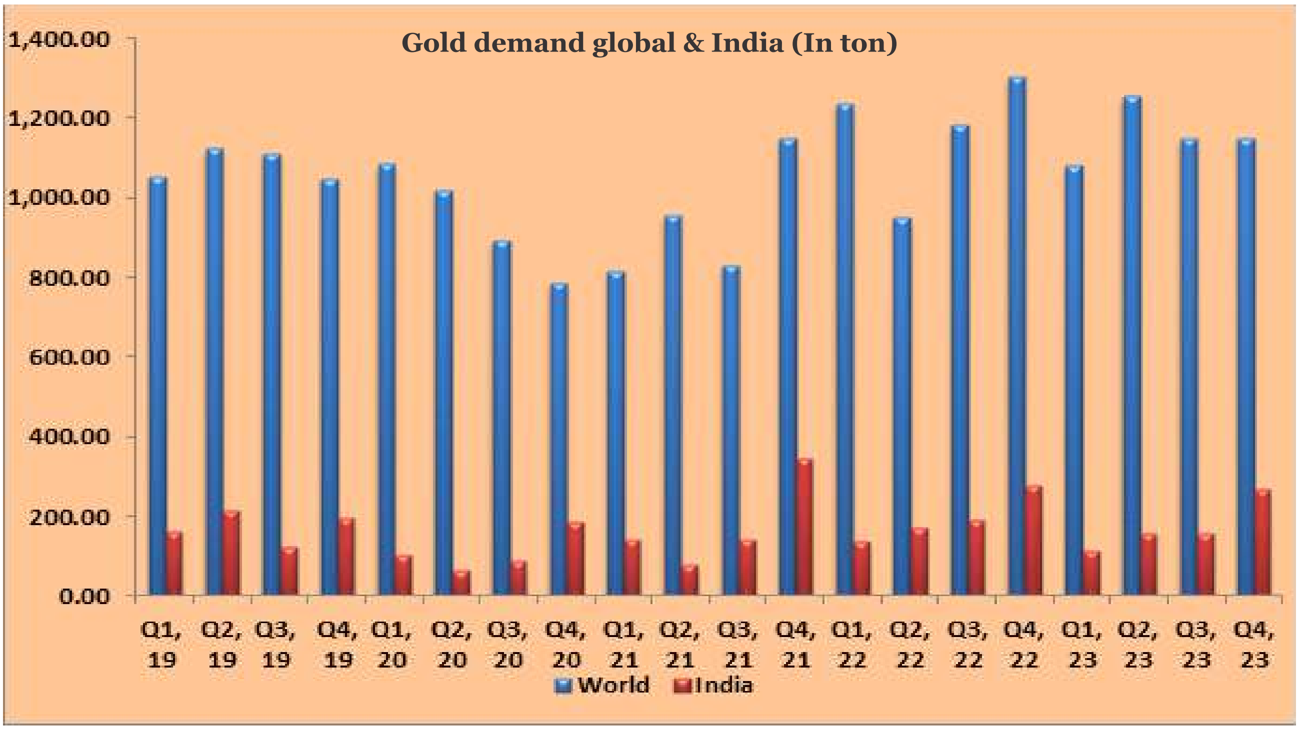
In January, gold prices on COMEX snapped its three-month winning streak, after surging to a record peak in December, as traders pared back bets of a March start to U.S. rate cuts. Fed wants to have a steady market and Powell is going to be neutral and talk about the possibility of lowering interest rates. Last week data showed moderate growth in U.S. prices in December, keeping annual inflation below 3% for a third consecutive month and potentially allowing the Fed to begin cutting interest rates this year. A Reuters poll showed recently that uncertainty about the economy and U.S. interest rate cuts could drive record gold prices in 2024. The Fed is confident that inflation will come to the desired 2% range, and they have kept the window open for interest rate cuts, just not so much for one in March, keeping gold supported.

Outlook

- The near-term outlook for bullion is likely to remain range bound until we get a better understanding about the timing, pace and depth of future US and EU rate cuts.
- The short-term direction of gold and silver will continue to be dictated by incoming economic data and their impact on the dollar, yields and not least rate cut expectations.
- The persistent geopolitical risks and uncertainty associated with the Middle East may add a "premium" to gold prices, reflecting the risk premium investors are willing to pay for a safe haven asset.
- Investors received a clear message from the Federal Reserve that although they are preparing to lower interest rates this year, they are in no hurry just yet. The nail in the coffin of a rate next month was pounded after data showed the U.S. economy created a whopping 353,000 jobs last month, significantly beating expectations.
- Robust U.S. labor market data has taken some bullish momentum away from gold, however, the growing turmoil in the U.S. banking sector could continue to provide solid support for the precious metal and keep bearish sentiment at bay.
- Anticipated Fed interest rate cuts may boost economic growth, increasing silver demand. The correlation with gold, especially when gold becomes expensive, is likely to elevate silver prices.
- According to the report, 2023 saw a record gold demand of 4,899 tonnes, driven by central bank purchases and activity in over-the-counter markets.
- At the same time, central banks missed the 2022 record by 45 tonnes as they purchased 1,037 tonnes of gold last year. In the previous two years, central bank demand has nearly doubled the average of the last ten years.
- While it's unlikely central banks will buy more than 1,000 tonnes of gold for a third consecutive year, the

WGC expects that demand will continue to match the 10-year average. The analysts note that the reasons central banks are diversifying into gold has not changed and are unlikely to any time soon.

- Annual mine production increased 1% y/y to 3,644t, but fell short of the 2018 record. Full year recycling responded to high gold prices, rising to 1,237t (+9% y/y). Total gold supply was 3% higher y/y as a result.



Source: WGC

Weekly Gold Price Movement in MCX

Source: Reuters

Weekly Gold Price Movement in COMEX

Source: Reuters

Weekly Silver Price Movement in MCX

Source: Reuters

Weekly Silver Price Movement in COMEX

Source: Reuters

In February, gold prices may continue to witness higher volatility and possible range would be 59000-64500. On the other hand, Silver may trade in the range of 67000-74000.

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