



# MONTHLY MARKET UPDATE

November 2024

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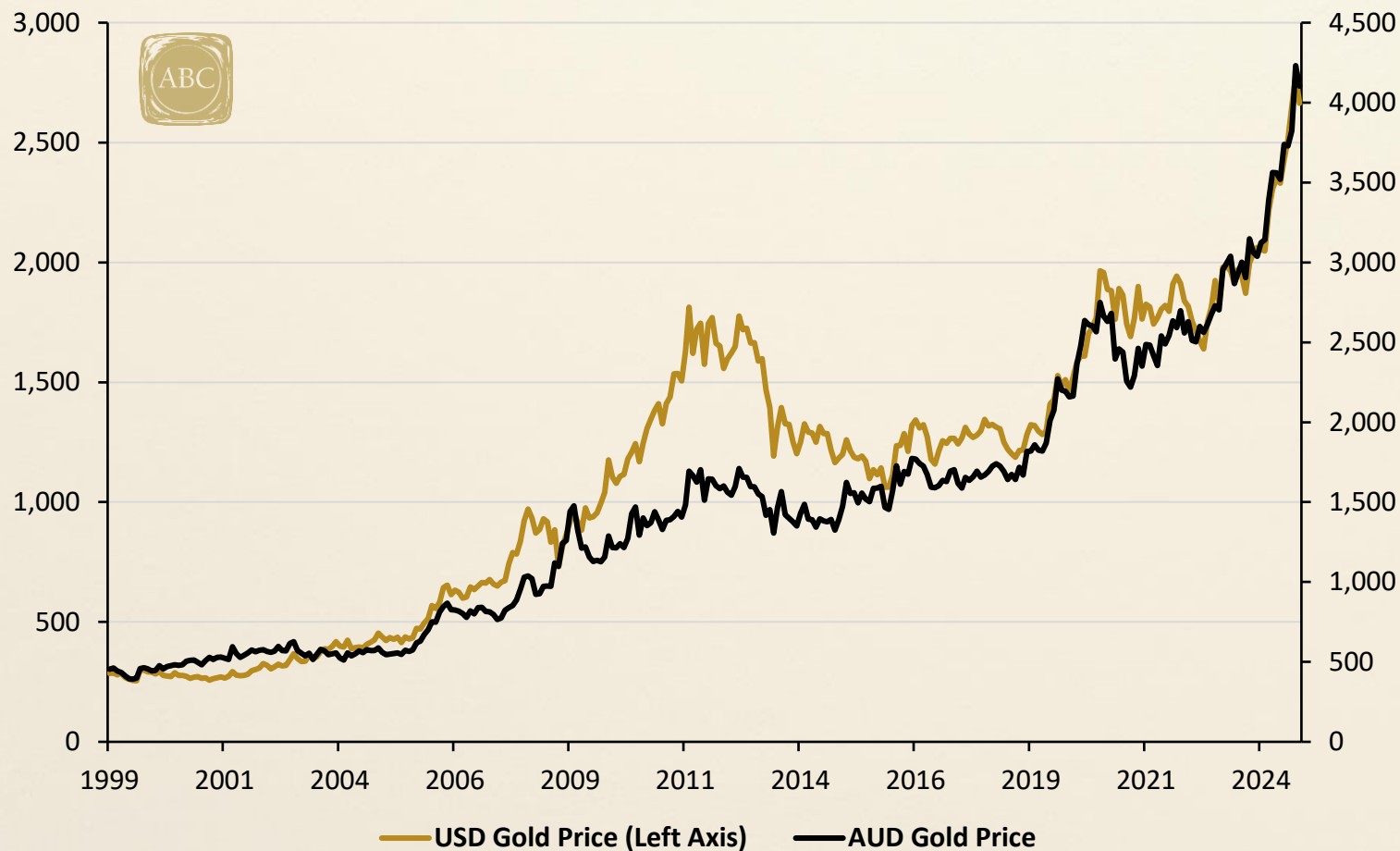
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# PRECIOUS METALS PERFORMANCE

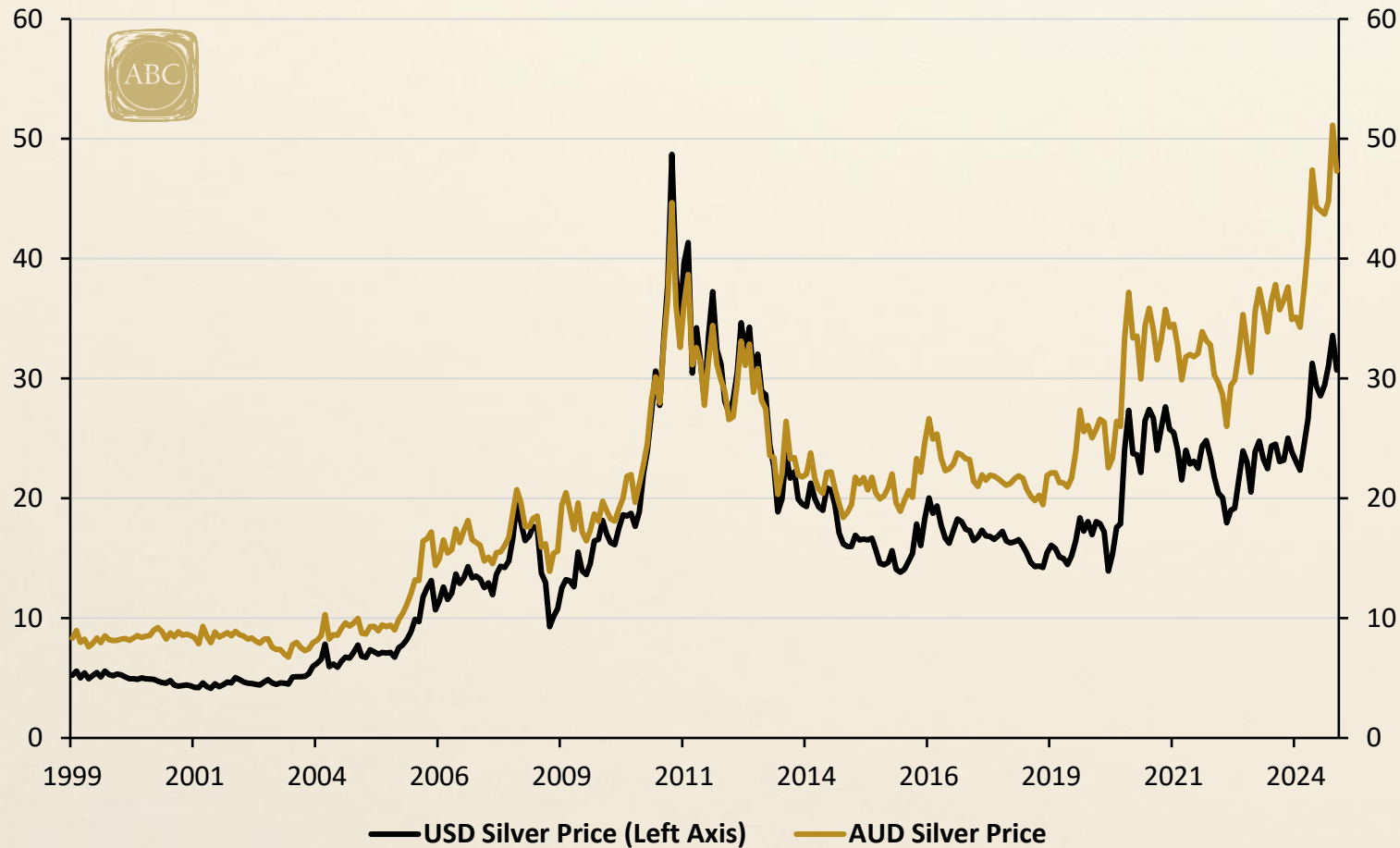


# Gold in USD & Gold in AUD (Jan 1999–Nov 2024)



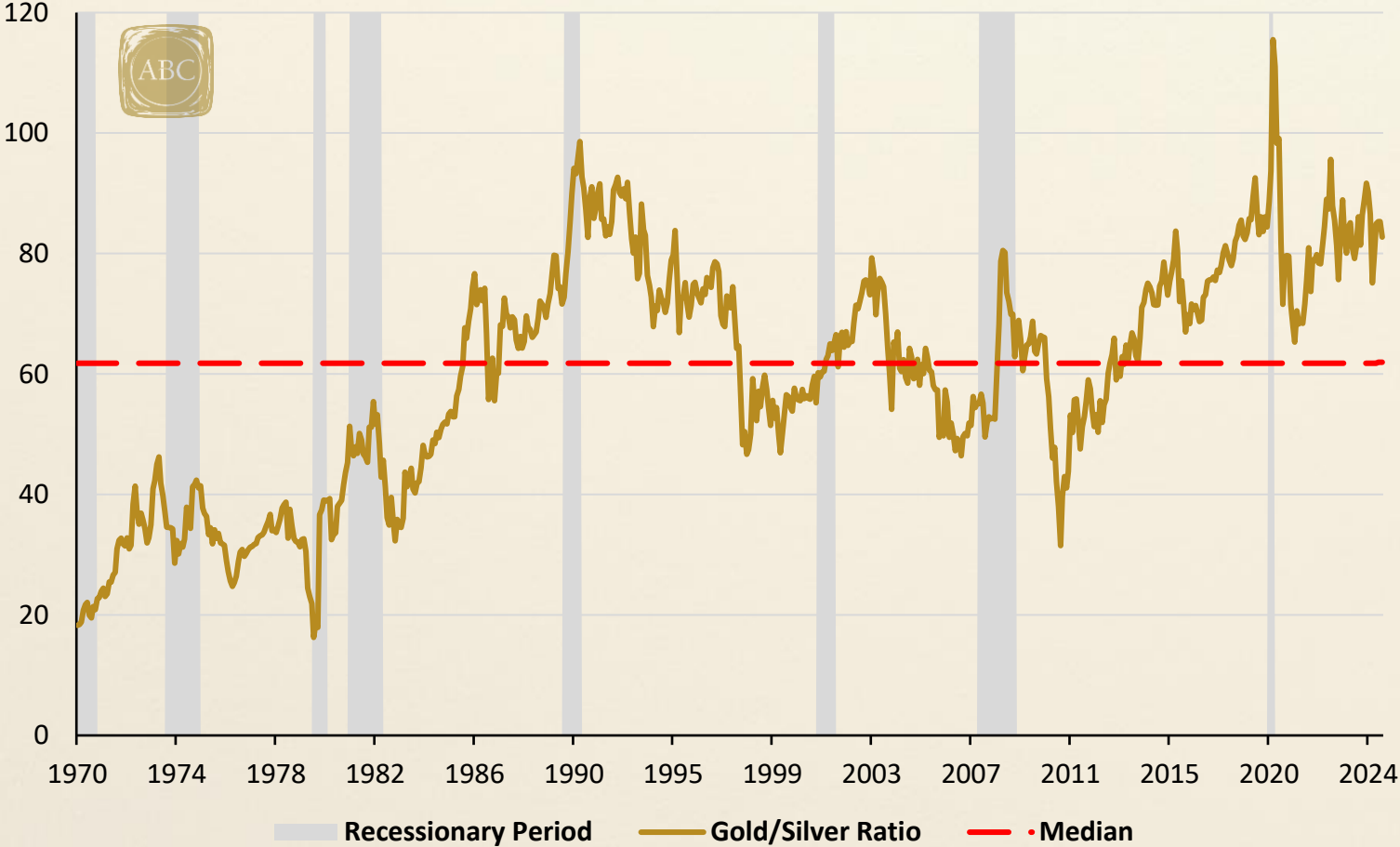
- Gold prices broke their upward trajectory in November, ending a multi-month winning streak.
- Across the course of the month, gold posted a 4.1% loss in USD terms, reaching a monthly low of USD \$2536 per troy ounce (oz) before closing the month just above USD \$2651oz.
- Australian dollar investors saw smaller losses, with gold falling 3% in November.
- The price dropped to a monthly low of AUD \$3925 per troy ounce (oz) before recovering to AUD \$4061oz by month-end.
- The weaker Australian dollar partially offset losses in local terms, with the AUD depreciating by 1.2% to USD \$0.6492 by the end of November.

# Silver in USD & Silver in AUD (Jan 1999–Nov 2024)



- Silver experienced a sharp pullback in November, falling 8.6% in USD terms.
- Silver hit a monthly low of USD \$29.68 per troy ounce (oz) in November before stabilizing above key support at USD \$30.62oz by month-end.
- Australian dollar investors also took a hit on their silver positions, with prices falling 7.5%.
- Intra-month, silver hit lows of AUD \$45.60oz, before finishing November at AUD \$46.93oz.
- The anticipation of a further rate cuts in the United States and the expectation of increased industrial demand over Q4 will likely continue to provide support for the metal.
- AI's growth also has the potential to boost silver demand over the long term, driven by its role in microchips and solar energy solutions powering energy-intensive data centers.

# Gold/Silver Ratio in USD (Jan 1970–Nov 2024)



- With gold and silver testing key support levels at USD \$2650oz and USD \$30oz, the gold-silver ratio (GSR) currently hovers around 87:1.
- Historically, the ratio has ranged from as low as 20:1 to over 110:1, with a median of 62:1 since 1969.
- The ratio continues to remain high historically speaking. This indicating silver is notably underpriced compared to gold, illustrative of potential silver outperformance in the period ahead.
- Silver continues to be driven by a combination of robust industrial demand and lagging mine output, imposing supply side constraints.
- Despite the positive long-term outlook for silver, there is risk of a further upward move in the GSR, especially if this precious metal pullback lasts into the new year.

# Gold Performance in Multiple Currencies (Jan 1999–Nov 2024)

Year	USD	AUD	EUR	GBP	JPY	INR	CNY	Developed Mk Avg	Developing Mk Avg
2015	-11.4%	-1.3%	-2.1%	-7.0%	-11.8%	-7.9%	-7.4%	-4.1%	-1.6%
2016	9.1%	9.3%	11.3%	28.9%	4.8%	10.9%	15.6%	12.3%	22.6%
2017	11.9%	4.2%	-1.0%	2.9%	8.8%	6.0%	4.5%	6.9%	6.0%
2018	-1.1%	9.6%	4.1%	5.2%	-3.5%	8.4%	3.3%	5.6%	4.1%
2019	18.8%	19.1%	20.6%	13.9%	17.3%	21.1%	20.5%	19.5%	15.4%
2020	24.2%	13.6%	14.3%	20.8%	18.4%	27.6%	17.2%	23.6%	27.6%
2021	-3.8%	1.3%	2.9%	-3.4%	6.7%	-2.7%	-6.3%	7.3%	-1.9%
2022	-0.4%	7.4%	6.9%	12.7%	16.0%	11.9%	10.2%	9.7%	10.8%
2023	13.8%	13.6%	10.5%	8.6%	21.6%	15.1%	15.6%	18.7%	22.7%
2024 YTD	29.2%	35.1%	33.7%	27.7%	35.1%	29.7%	32.5%	35.6%	42.1%
Average	9.0%	11.2%	10.1%	11.0%	11.4%	12.0%	10.6%	10.8%	10.8%
5 Year	13.4%	14.0%	13.1%	12.0%	21.0%	16.9%	12.6%	18.6%	18.4%
10 Year	8.6%	11.8%	10.1%	11.0%	12.0%	11.8%	9.9%	13.4%	13.8%
20 Year	10.0%	10.5%	10.6%	11.8%	11.7%	13.2%	9.2%	12.3%	13.5%
Since 1999	9.9%	9.6%	10.2%	11.0%	11.2%	13.0%	9.1%	12.0%	13.3%

- While gold experienced a modest correction in November, it has delivered exceptional year-to-date performance, with gains of more than 27% across all major global currencies.
- Gold performance has been led by the Egyptian Pound (EGP) with gains of 110% followed by notable increases in TRY, RUB, KRW and CAD terms accordingly.
- Year to date (YTD) gains for gold across major currencies have far surpassed annual averages since 2015, which are closer to 10% per annum.
- Gold prices in developing market currencies continue to outperform throughout 2024 due to a strengthening of the USD, notably the EGP, RUB and VND.

# Silver Performance in Multiple Currencies (Jan 1999–Nov 2024)

Year	USD	AUD	EUR	GBP	JPY	INR	CNY	Developed Mk Avg	Developing Mk Avg
2015	-13.5%	-2.8%	-4.3%	-9.2%	-13.8%	-10.0%	-9.6%	-5.2%	-3.9%
2016	17.5%	18.6%	19.9%	38.9%	12.9%	19.4%	24.5%	20.7%	32.1%
2017	3.8%	-3.7%	-8.1%	-4.5%	1.0%	-1.6%	-3.0%	-0.7%	-1.5%
2018	-8.3%	1.3%	-3.5%	-2.4%	-10.5%	0.5%	-4.2%	-1.5%	-3.5%
2019	16.7%	17.5%	18.4%	11.8%	15.2%	18.9%	18.4%	17.0%	13.3%
2020	46.8%	33.5%	35.1%	42.8%	39.9%	50.8%	38.6%	46.2%	50.8%
2021	-12.8%	-7.5%	-6.8%	-12.6%	-3.4%	-11.9%	-15.1%	-2.6%	-11.1%
2022	3.7%	11.1%	11.4%	17.4%	20.9%	16.6%	14.8%	15.1%	15.5%
2023	-0.3%	-1.2%	-3.1%	-4.9%	6.6%	0.8%	1.3%	3.9%	7.5%
2024 YTD	28.6%	35.5%	33.0%	27.1%	34.5%	29.0%	31.9%	35.3%	41.5%
Average	8.2%	10.2%	9.2%	10.4%	10.3%	11.3%	9.8%	9.9%	9.9%
5 Year	14.3%	14.9%	14.0%	12.9%	21.9%	17.8%	13.5%	19.8%	19.3%
10 Year	7.0%	10.1%	8.4%	9.3%	10.4%	10.2%	8.2%	12.0%	12.0%
20 Year	8.4%	8.9%	9.1%	10.2%	10.1%	11.7%	7.7%	11.0%	11.9%
Since 1999	8.3%	8.0%	8.5%	9.3%	9.5%	11.3%	7.4%	10.6%	11.6%

- Silver performance year to date (YTD) has been led by the Egyptian Pound (EGP) with gains of 109% and significant increases in TRY, RUB, KRW and AUD terms.
- YTD gains for silver across developed market currencies have topped yearly averages since 2015, led by a 35.5% increase in AUD terms.
- Silvers performance in developing markets continues to outpace developed markets in 2024, with an average gain of 42% to end November.



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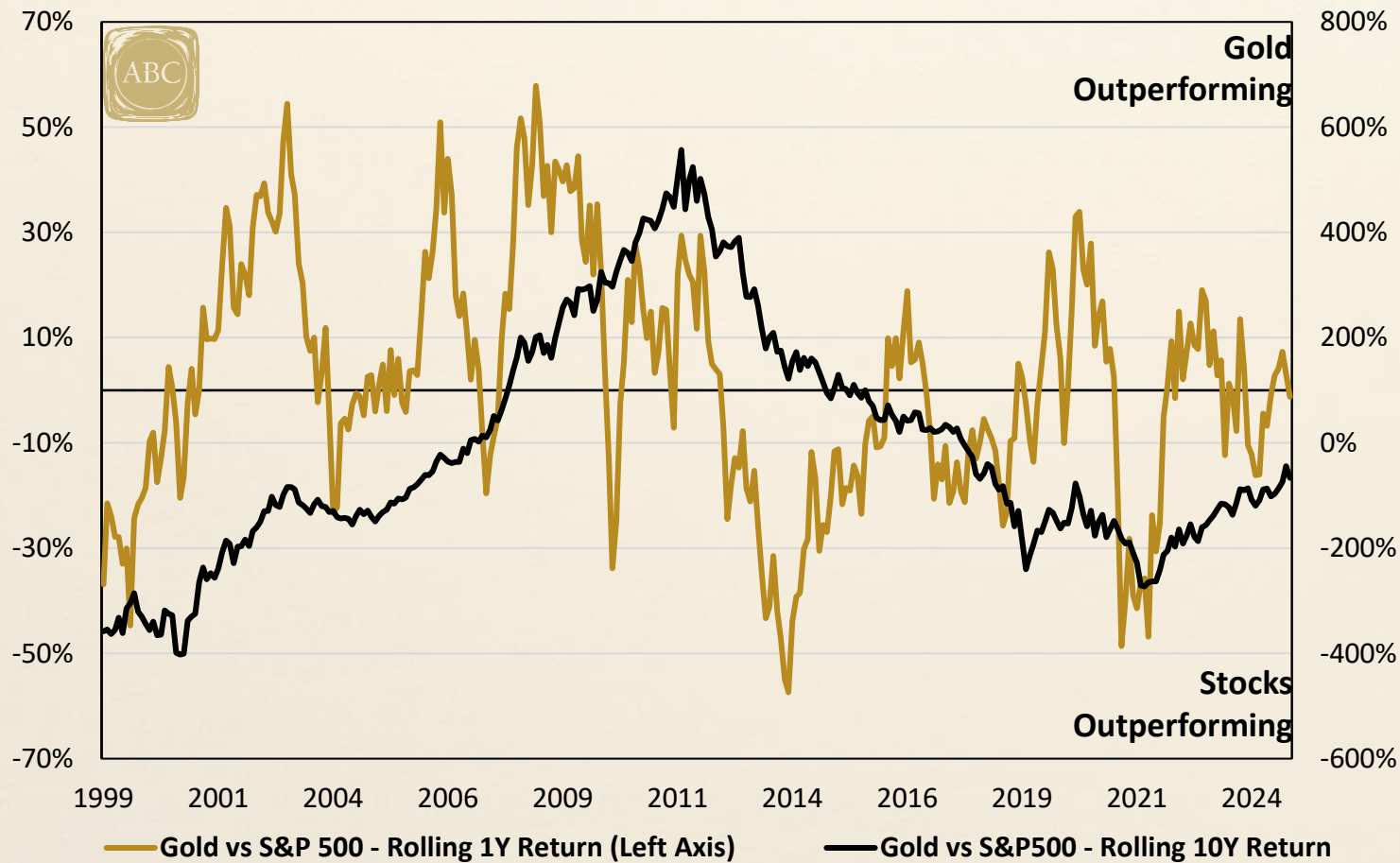
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# PRECIOUS METALS vs. THE MARKET



# Gold & S&P 500 in USD – Rolling 1Y/10Y (Jan 1999–Nov 2024)



- Both gold and equities have performed strongly YTD. Gold (+29.2%) continues to lead relative to the S&P 500 (+26.5%) YTD, though the gap is narrowing with the recent surge in equities and pullback in gold prices.
- Expectations for further rate cuts from the US Federal Reserve, and market positivity regarding an incoming Trump administration are outweighing geopolitical risks in the Middle East and the potential for a trade war with China, with retail investor sentiment and speculative positioning in equity markets surging in recent weeks.
- Despite gold's price strength across most of 2024, it still lags the S&P 500 by a significant margin on a rolling 10-year performance basis.
- We remain of the view gold will outperform equities in the medium term, especially given the stretched valuations and excessive speculation in equity markets today, as well as the many tailwinds that are likely to support bullion going forward.

# Gold/Oil Ratio in USD (Jan 1999–Nov 2024)



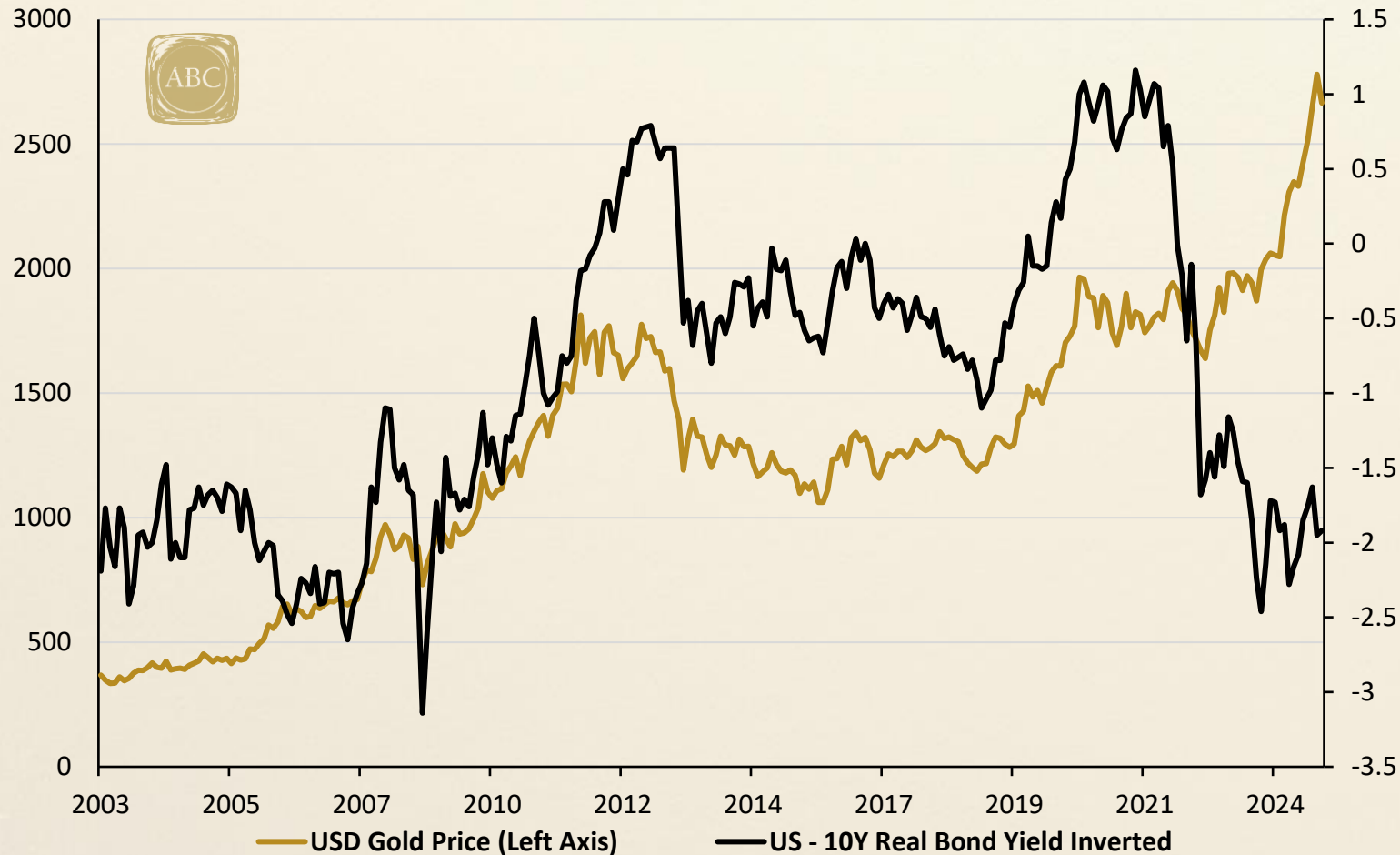
- The gold to oil ratio ended November at 39.2.
- The number is more than double the long-term average (dating back to 1983) of 18.5.
- The ratio peaked at almost 90 during COVID, when gold first spiked toward USD \$2,000oz and oil tanked, before falling back toward the long-term average in 2021.
- The ratio increase year to date has been driven by both the gold rally and a 10% fall in crude oil prices.
- Over the short term, this ratio may stabilize or even decline due the ongoing geopolitical tensions, posing as an upside risk to oil prices.
- However, according to a recent Commodity Markets Outlook published by the World Bank, oil prices are expected to fall over the medium term by 5.1% (2025), due to surplus supply unless global growth picks up.

# Gold/Bloomberg Commodities Index (BCOM) in USD (Dec 1969–Nov 2024)



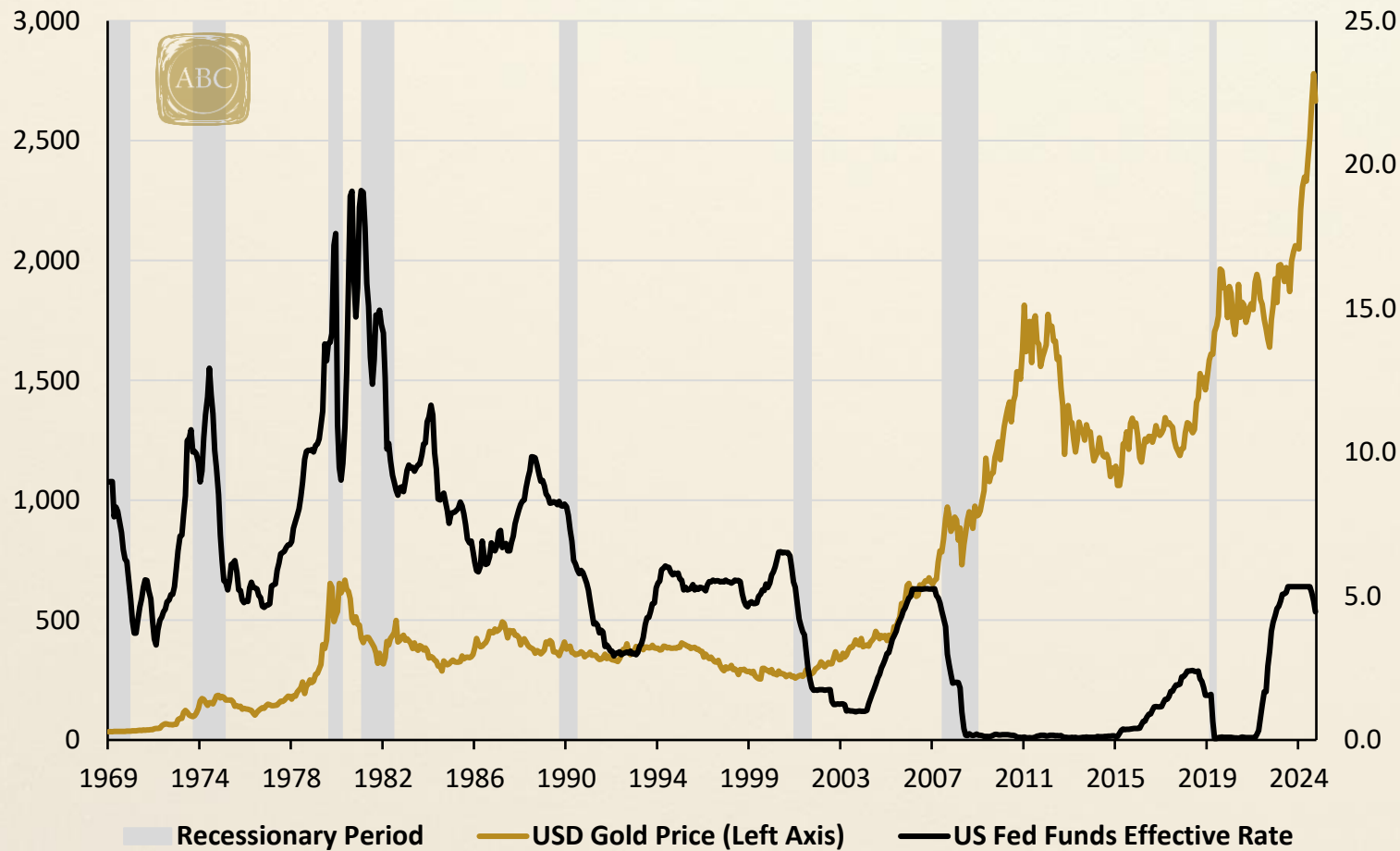
- The gold to Bloomberg commodity total return (BCOM) index ratio fell on a month-to-month basis, finishing November at 27.2.
- However, as the chart makes clear, this ratio remains near all-time highs, with the long-term average just 6.7.
- The November move in this ratio was driven by the 4.1% pullback in gold prices, with the BCOM index ending the month largely unchanged at 98.14.
- Looking ahead, a projected global slowdown from US imposed tariffs, growing fiscal deficits and reduced immigration into the US could stifle growth and raise inflation, a bearish outlook for broader commodity price trends.
- That is likely to be more bullish for gold (as a monetary asset and a defensive portfolio asset) vs a basket of commodities.
- Given this backdrop, it would not surprise to see this ratio remain at elevated levels in 2025

# Gold in USD & US 10Y Real Bond Yield Inverted (Jan 2003–Nov 2024)



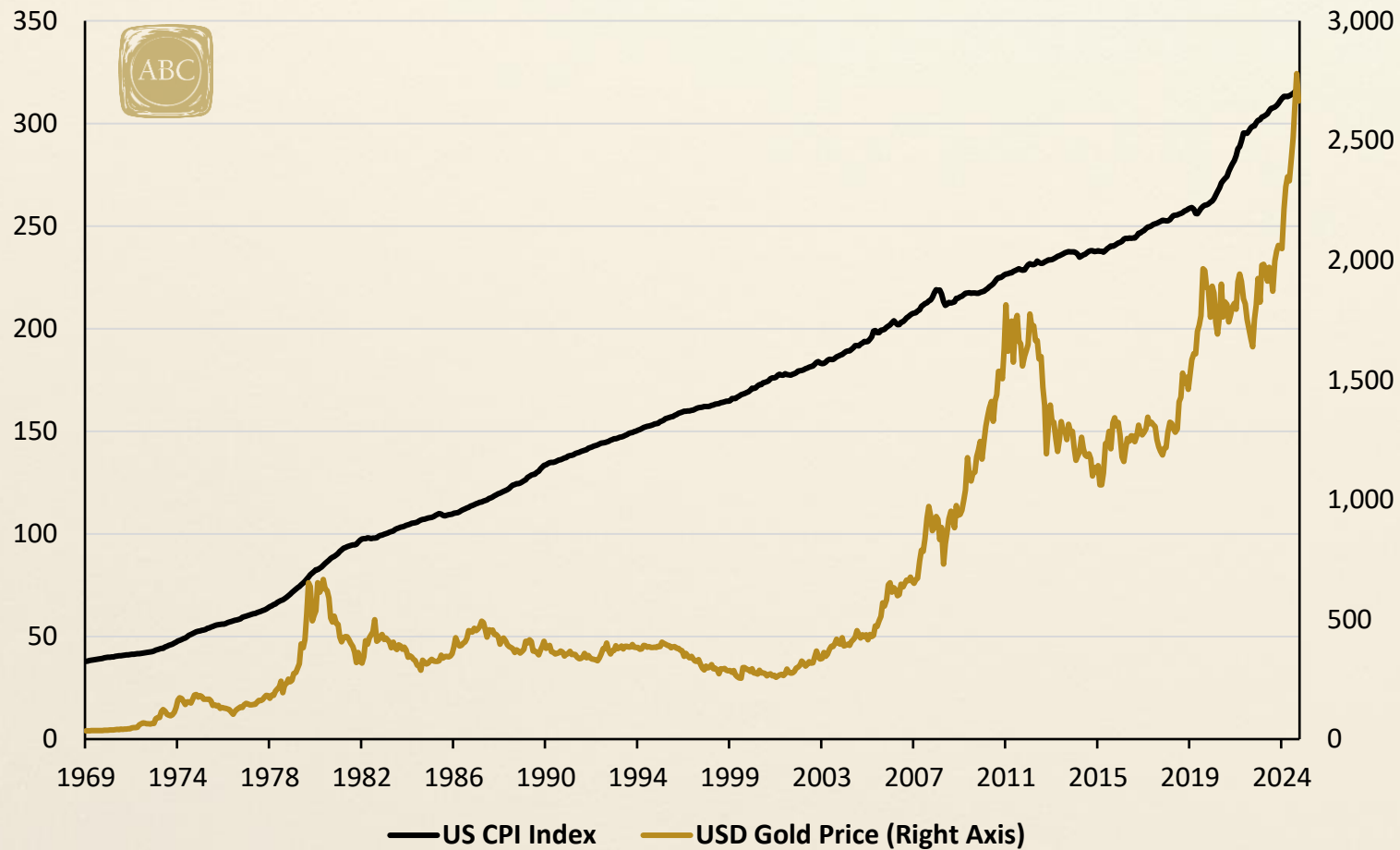
- Historically, U.S. real yields and gold prices have exhibited a negative correlation. However, this relationship reversed in early 2022, with rising yields coinciding with an increase in gold prices in USD terms.
- After peaking in late 2023, U.S. real yields are beginning to fall, as markets price in a sustained period of monetary easing from the US Federal Reserve and other central banks.
- However, growing expectations that US President-elect Donald Trump's global tariff plans and domestic expansionary policies will drive inflation, halting further Fed rate cuts have, somewhat paradoxically, pressured gold lower in recent times.
- Long-term real yields in the U.S. continue to face upward pressure resulting from excessive deficit spending and inflationary concerns.

# Gold in USD & US Fed Funds Effective Rate (Dec 1969–Nov 2024)



- An interest rate cutting cycle continues to play out across most developed markets, as central banks' attempt to ensure a soft landing.
- Moderating levels of inflation over recent months encouraged the policy shift with the US Fed cutting rates for the first time in 4.5 years by 50 basis points in September.
- U.S markets have priced in an additional 25 basis point cut in December despite inflation remaining above the Fed's 2% target, potentially bringing the rate down to 4.75% by the end of 2024.
- This is expected to act as a strong tailwind for the precious metals sector, with gold rallying substantially in the rate cutting cycles this century.
- In Australia, headline inflationary pressures fell to 2.8% in September, driven by government spending on cost-of-living relief. Underlying inflation came in at 3.5%, remaining above the RBA's 2-3% target range. Expectations are that the RBA will not cut rates until early to Mid 2025, despite the obvious slowdown in economy activity being observed domestically.

# Gold in USD & US CPI Index (Dec 1969–Nov 2024)



- While inflation continues to decline from its 2022 peak of 9.1% after the COVID period (it was just 2.6% y.o.y at end October), it remains above the Federal Reserve's 2% target.
- Median, mean and core inflation at 4.1%, 3.2% and 3.3% respectively, with core inflation now rising on an annualized basis.
- Turning to output and the U.S economy achieved a 2.8% annualized GDP growth rate for Q3, primarily driven by strong consumer and federal government spending.
- Despite this, a slowdown in the US economy is predicted in 2025, with GDP growth expected to ease to 1.9% and unemployment anticipated to increase to 4.5%.
- Challenges on the inflation front, which may potentially stem from Trump's economic policies, poses the potential to complicate the Fed's desire to implement rate cuts moving into 2025, or the speed in which they can deliver them.



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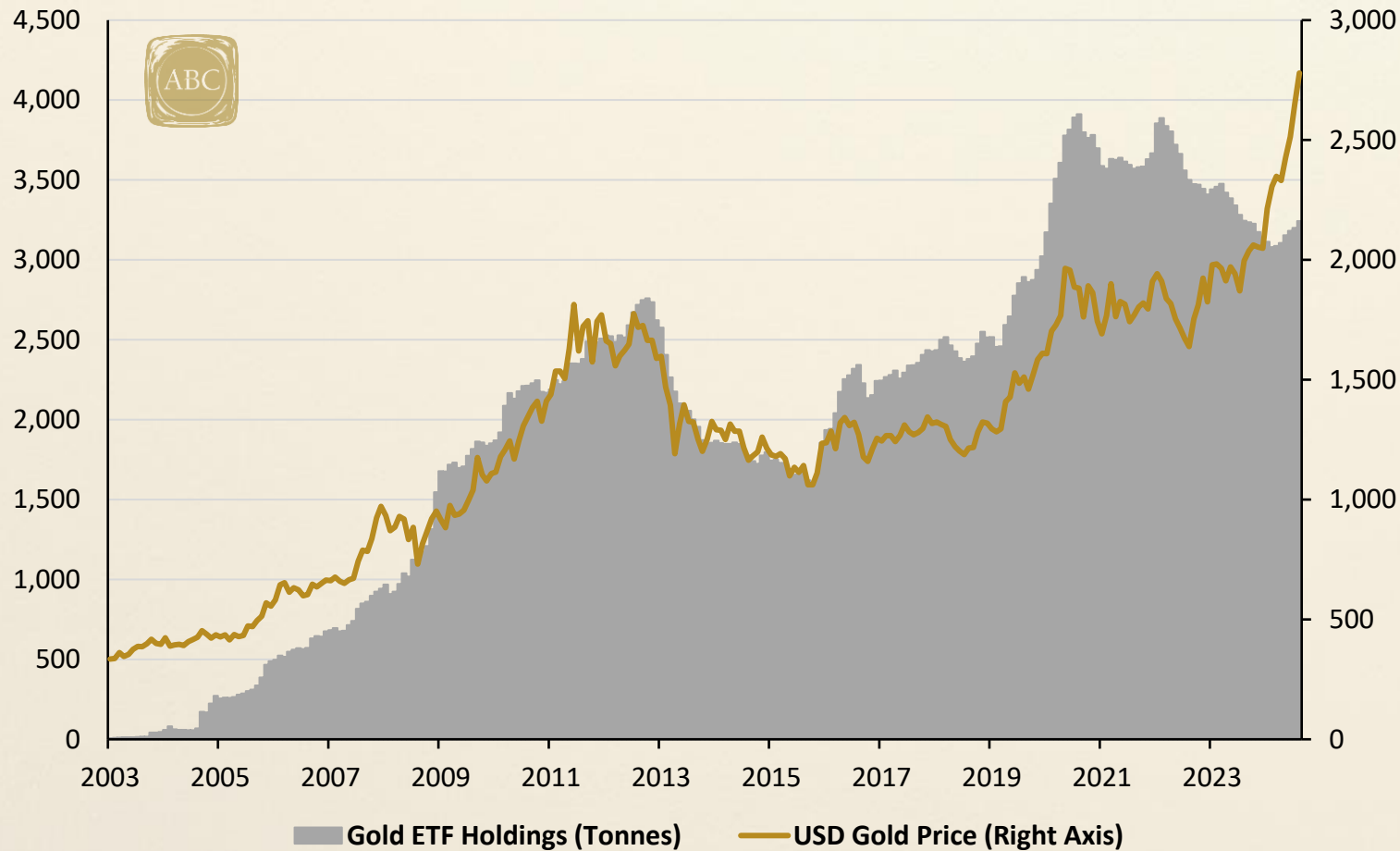


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# PRECIOUS METALS POSITIONING

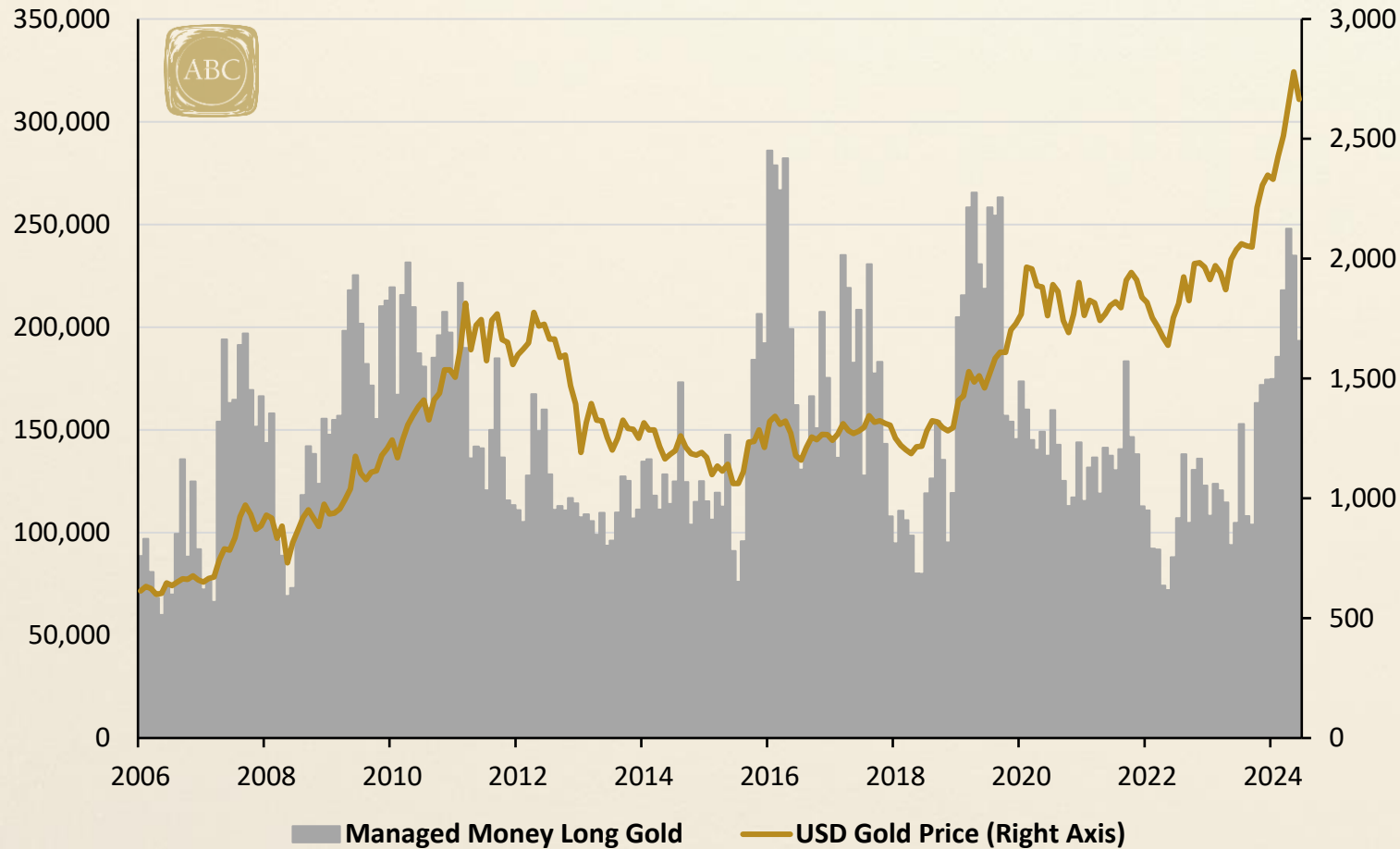


# Gold in USD & Gold ETF Holdings (Mar 2003–Nov 2024)



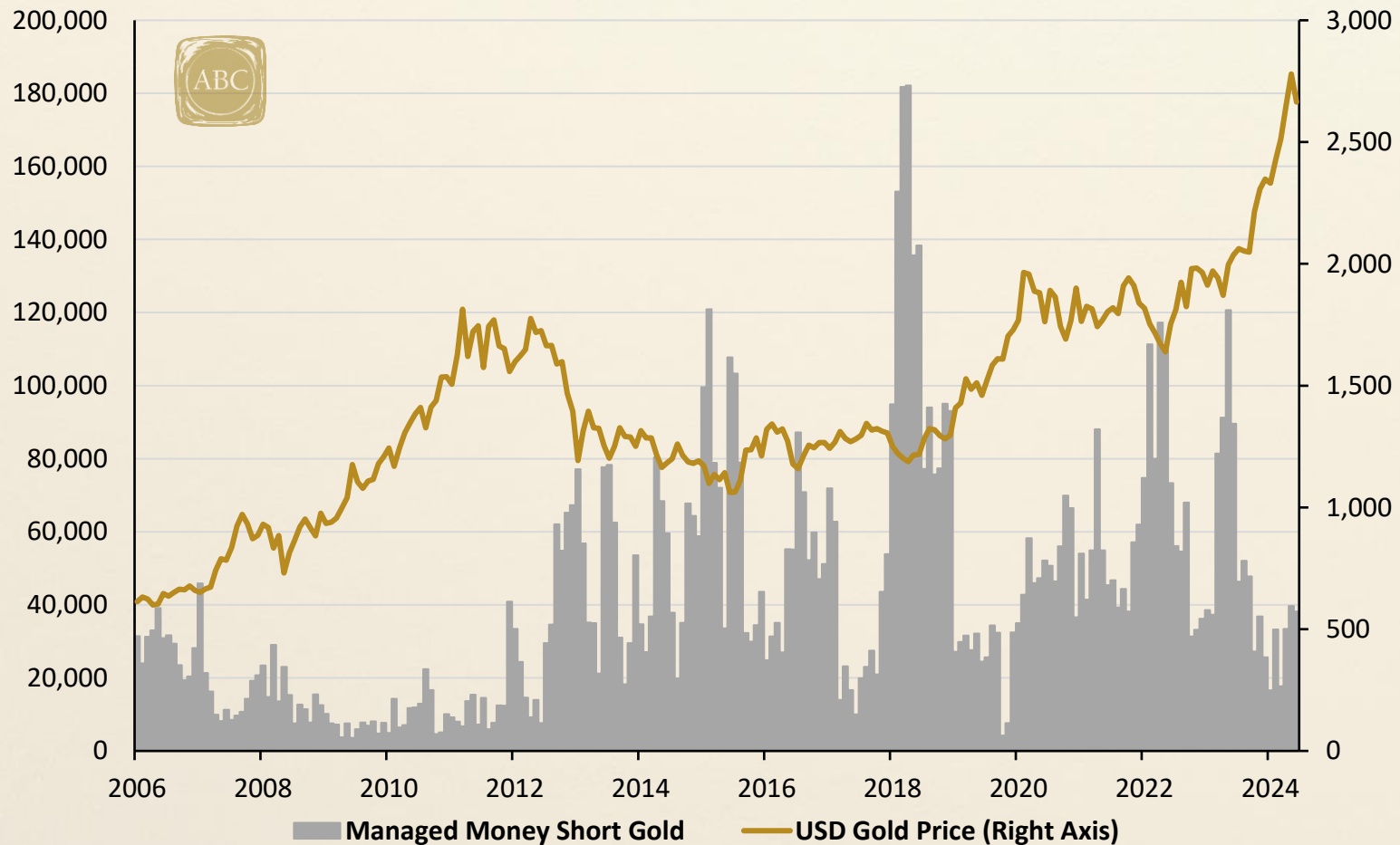
- Gold ETF holdings rose modestly in October, with total tonnage held across all products globally increasing by 43.4 tonnes (USD \$1.5bn).
- The increase in total holdings means that globally, gold ETF holdings extended their streak to 6 consecutive months, with inflows led by North America (30.5 tonnes) and Asia (23.4 tonnes).
- This period of strength follows a near four-year period in which gold ETF investors substantially reduced their exposure, with total tonnes held in these products falling by approximately 670 tonnes (17%) from their prior peak in 2020 to date.
- The switch to inflows seen in recent months is expected to increase, with a recent publication by Goldman Sachs suggesting gold holdings in Western issued ETFs are expected to progressively increase as interest rates fall.

# Gold in USD & Managed Money Long Gold (Jun 2006–Nov 2024)



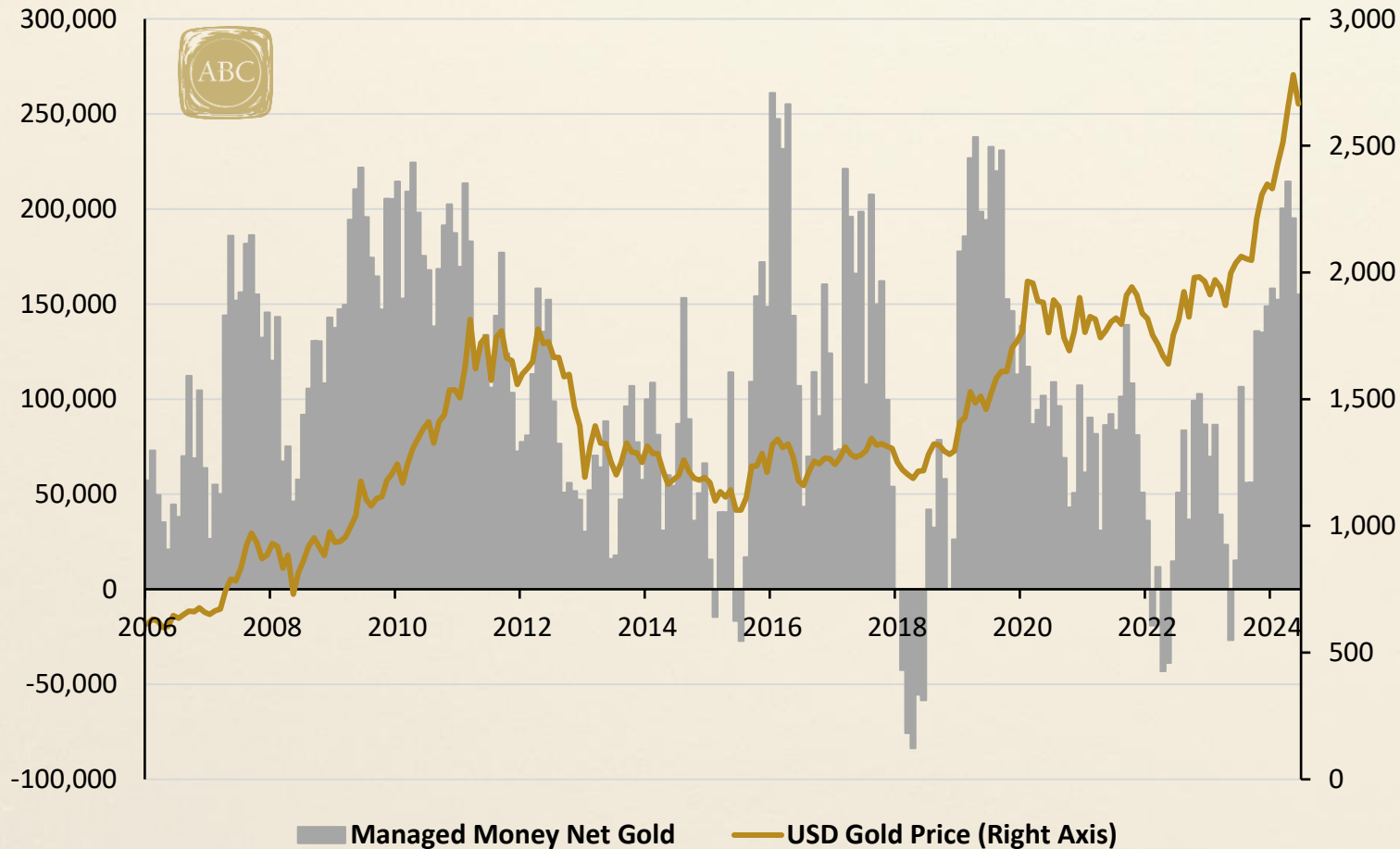
- Gross long positioning saw a substantial pullback in November, with the market ending the month with a +193,355-contract position.
- The current position represents an 18% decrease vs the prior month and a 22% decrease compared to September
- Despite the pullback in positioning, gross longs remain 27% higher than they were at the end of 2023.
- The decline in gross long positioning has multiple drivers, with price gains extended in the lead up to the recent Presidential election, with Donald Trump's victory kicking off a surge in equity markets and investor risk positioning.

# Gold in USD & Managed Money Short Gold (Jun 2006–Nov 2024)



- Managed money short positioning has remained relatively stable throughout 2024, contrasting with the major fluctuations observed over 2023 and 2022.
- November, which recorded a modest month-on-month decrease of 4% in gross short positioning, was no exception.
- Relative to the beginning of the year, the current gross short position has fallen by almost 27% and currently sits at +38,181 contracts.
- This decline in short positioning throughout 2024 is understandable given price gains seen across the year as a whole, and a monetary and geopolitical backdrop that exacerbates market fears of being short gold.

# Gold in USD & Managed Money Net Gold (Jun 2006–Nov 2024)



- The Managed Money Net Position ended November at +155,174 contracts.
- That position represents a 20% decrease relative to the prior month, and a near 30% decline relative to where the market sat at end September, when net positioning was as risk on as it had been all year. .
- Although net positioning declined month on month, it remains 176% higher than it was in early 2024.
- This validates the view that market participants continue to see gold as a safe-haven asset amid broader macroeconomic uncertainties.

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