



MONTHLY MARKET UPDATE

February 2025

Jordan Eliseo

ABC Bullion General Manager

Luke Tyler

Analyst



Table of Contents



1. Precious Metals Performance

- a) Gold – AUD and USD
- b) Silver – AUD and USD
- c) Gold to Silver Ratio
- d) Gold in Multiple Currencies
- e) Silver in Multiple Currencies

2. Precious Metals vs the Markets

- a) Gold vs S&P500
- b) Gold to Oil Ratio
- c) Gold to Bloomberg Commodities Index Ratio
- d) Gold vs Federal Funds Effective Rate
- e) Gold vs Inflation

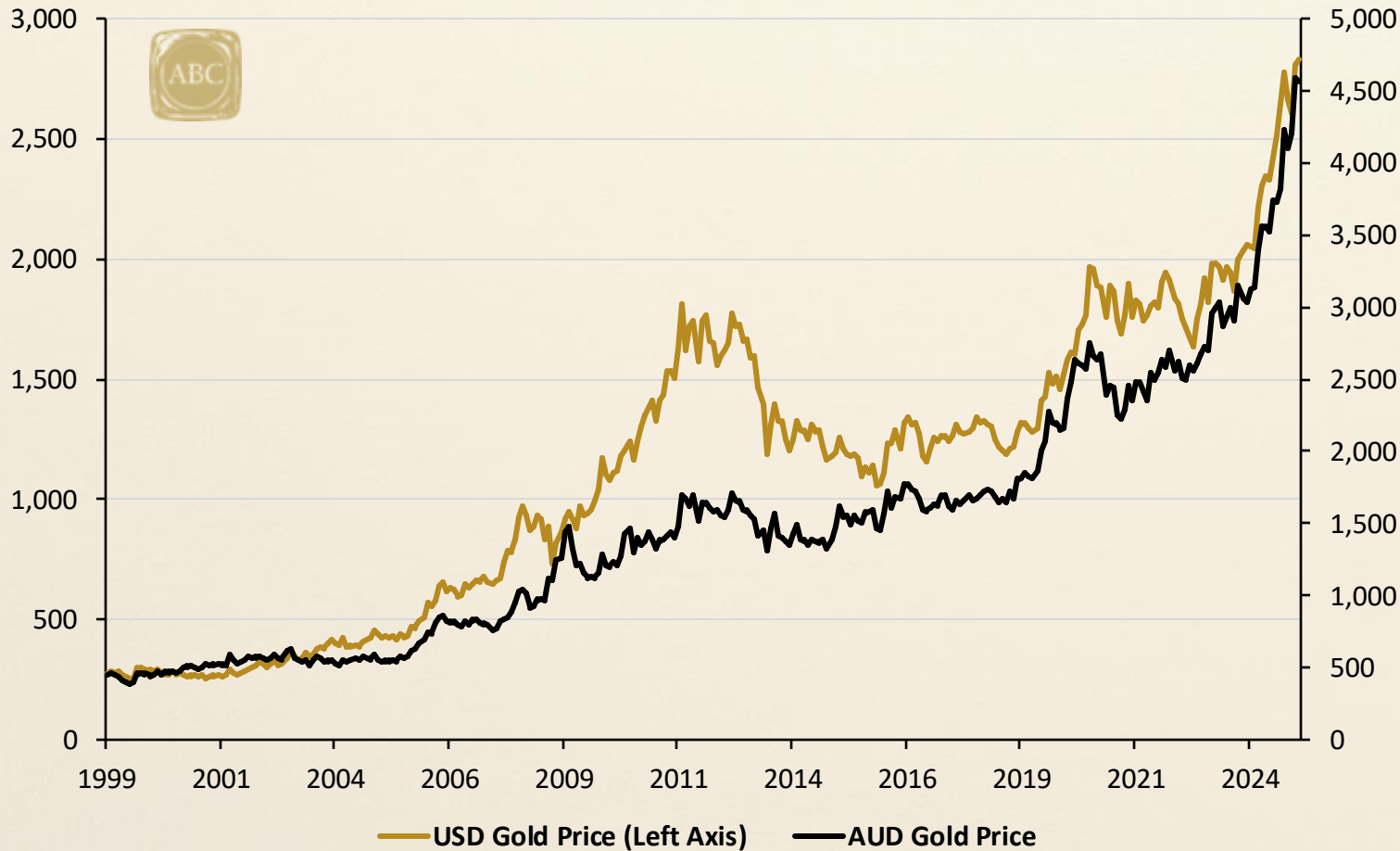
3. Precious Metals Positioning

- a) Gold ETF Holdings
- b) Gold Managed Money – Gross Long
- c) Gold Managed Money – Gross Short
- d) Gold Managed Money – Net Positioning

PRECIOUS METALS PERFORMANCE

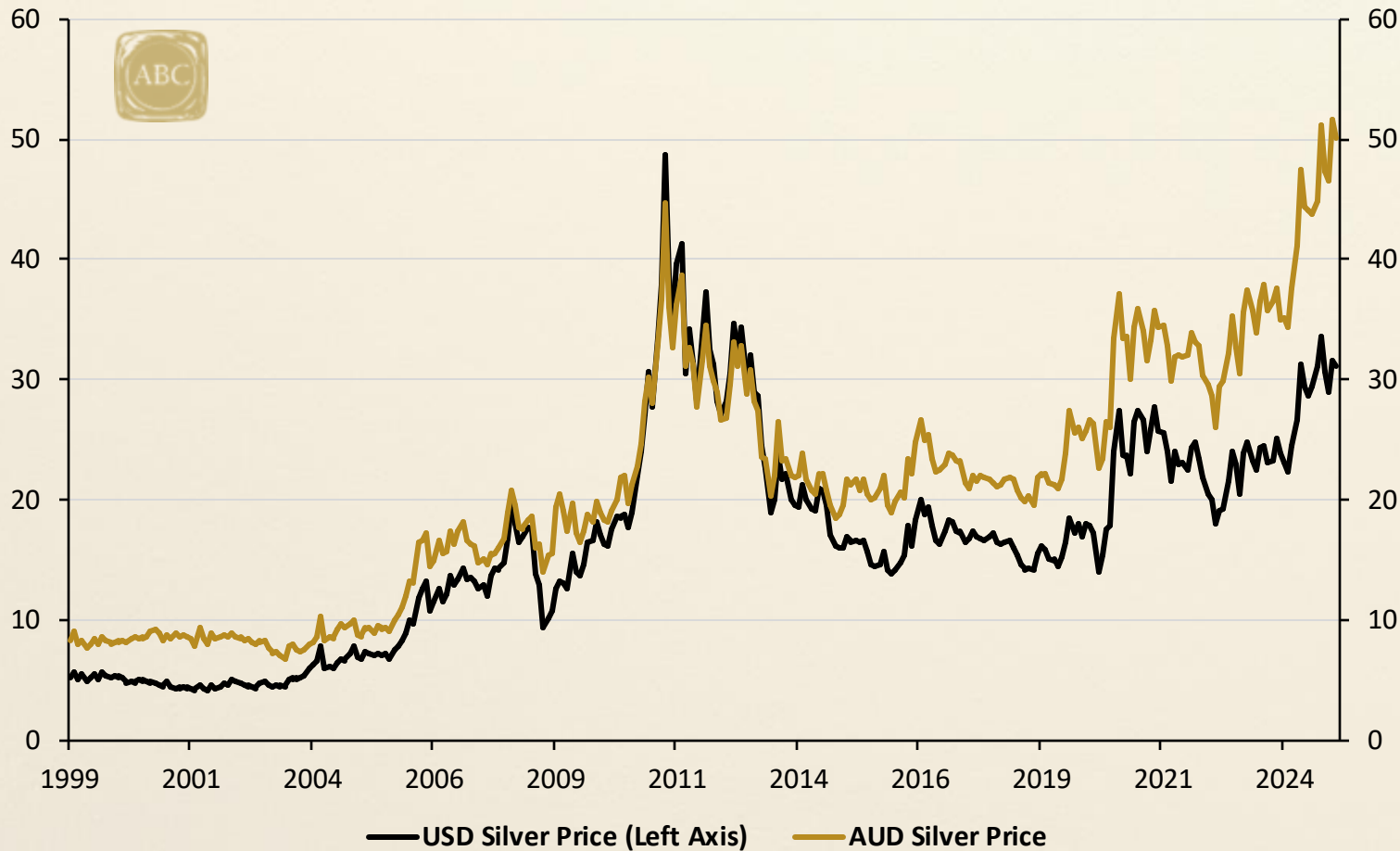


Gold in USD & Gold in AUD (Jan 1999–Feb 2025)



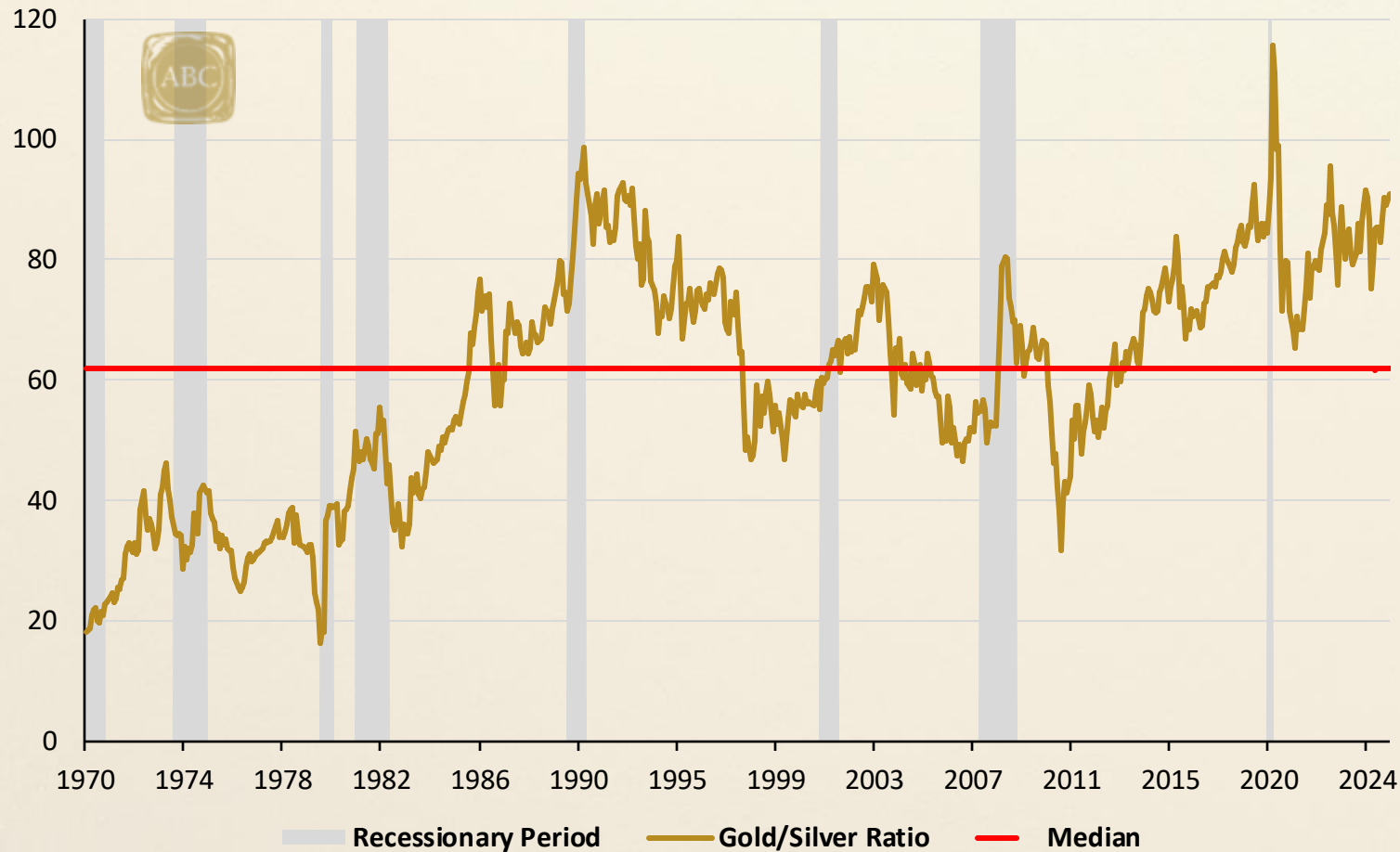
- Following a brief correction in late February, gold prices continue to climb, extending one of the precious metal's strongest starts to the year on record.
- Across the course of the month, gold posted a 0.8% gain in USD terms, reaching a monthly high of USD \$2953 per troy ounce (oz) before closing the month just above USD \$2835oz.
- Australian dollar investors on the other hand experienced a small loss, with gold falling by 0.8% over February. The price increased to a monthly high of AUD \$4692oz per troy ounce (oz) before retreating to AUD \$4562oz by month end.
- The strengthening Australian dollar was responsible for the loss in local currency terms, with the AUD appreciating by 1.6% to USD \$0.6214 by end February.
- The fundamental backdrop for gold remains strong, with persistent central bank demand and mounting fiscal debt concerns providing continued support for prices.
- Additionally, uncertainty surrounding global tariffs and the potential escalation of trade tensions under the Trump administration further reinforces the metals appeal as a safe-haven asset.

Silver in USD & Silver in AUD (Jan 1999–Feb 2025)



- Silver continued to consolidate in February, marginally falling by 1.5% in USD terms.
- The precious metal hit a monthly high of USD \$33.4 per troy ounce (oz) before stabilizing above key support at USD \$31.15oz by month-end.
- Australian dollar investors experienced greater losses on their silver positions, with prices in local terms falling 3%.
- Despite the drop, silver remains above the key support level of AUD \$50oz.
- Intra-month, silver hit highs of AUD \$52.62oz, before finishing February at AUD \$50.10oz.
- Silver continues to be driven by a combination of robust industrial demand, a current supply deficit as well as ongoing economic and geopolitical tensions.
- Ongoing concerns surrounding an economic slowdown in China, combined with elevated US bond yields and a strong USD, continue to pose short to medium headwinds for silver.

Gold/Silver Ratio in USD (Jan 1970–Feb 2025)



- The gold and silver ratio (GSR) traded in a narrow range in February, ending the month at 91:1, largely unchanged from where it finished in January (89:1).
- Historically, the ratio has ranged from as low as 20:1 to as high as 115:1 (for a very short-time period when COVID first hit), with a median of 62:1 since 1969.
- The ratio continues to remain high relative to long-term history. This indicates silver remains underpriced compared to gold and suggests it may strongly outperform in the period ahead.
- While nothing is certain, most market participants would expect this ratio to decline in the years ahead, especially if the recent surge in industrial demand for silver is maintained, and supply side concerns remain.

Gold Performance in Multiple Currencies (Jan 1999–Feb 2025)

| Year | USD | AUD | EUR | GBP | JPY | INR | CNY | Developed Mk Avg | Developing Mk Avg |
|------------|-------|-------|-------|-------|-------|-------|-------|------------------|-------------------|
| 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 | 26.6% | 38.2% | 33.8% | 27.7% | 40.7% | 29.3% | 31.7% | 37.0% | 41.5% |
| 2025 YTD | 8.6% | 8.6% | 8.6% | 8.1% | 3.2% | 10.9% | 8.0% | 8.2% | 7.2% |
| Average | 8.8% | 11.5% | 10.1% | 11.0% | 11.9% | 12.0% | 10.5% | 10.8% | 10.8% |
| 5 Year | 12.3% | 14.0% | 13.8% | 13.4% | 19.9% | 17.0% | 13.8% | 19.2% | 19.2% |
| 10 Year | 8.4% | 10.9% | 9.3% | 10.4% | 11.2% | 12.2% | 10.2% | 13.2% | 13.3% |
| 20 Year | 10.0% | 11.2% | 11.2% | 12.2% | 12.1% | 13.9% | 9.3% | 12.8% | 13.7% |
| Since 1999 | 10.0% | 9.9% | 10.6% | 11.3% | 11.3% | 13.4% | 9.3% | 12.3% | 13.6% |

- Gold delivered exceptional gains in 2024, with returns ranging from as “low” as 26.6% in USD terms, to over 40% in YEN.
- The rally in gold saw prices hit new highs in multiple currencies, with the precious metal trading up toward USD \$2,800/oz and above AUD \$4,500/oz for the first time.
- Indeed, across developed and developing countries, the precious metal averaged a 37% (developed) and 41.5% (developing) gain, leading almost all asset classes higher.
- This exceptional performance has carried over into 2025 so far, with YTD returns that exceed full year calendar returns in some of the more modest periods for gold price performance.
- Gold returns in developed market currencies have outperformed those in developing markets in 2025 YTD, averaging 8.2% and 7.2% respectively.

Silver Performance in Multiple Currencies (Jan 1999–Feb 2025)

| Year | USD | AUD | EUR | GBP | JPY | INR | CNY | Developed Mk Avg | Developing Mk Avg |
|------------|--------|-------|-------|--------|--------|--------|--------|------------------|-------------------|
| 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 | 21.0% | 33.2% | 27.9% | 22.1% | 34.5% | 23.6% | 25.9% | 31.6% | 35.3% |
| 2025 YTD | 7.7% | 7.8% | 7.8% | 7.2% | 2.4% | 10.0% | 7.2% | 7.6% | 6.3% |
| Average | 7.5% | 10.0% | 8.7% | 9.9% | 10.3% | 10.7% | 9.2% | 9.5% | 9.5% |
| 5 Year | 11.7% | 13.5% | 13.2% | 12.8% | 19.3% | 16.4% | 13.2% | 19.0% | 18.5% |
| 10 Year | 6.3% | 8.7% | 7.2% | 8.2% | 8.9% | 10.0% | 8.0% | 11.2% | 11.0% |
| 20 Year | 8.0% | 9.2% | 9.2% | 10.2% | 10.0% | 11.8% | 7.3% | 11.0% | 11.7% |
| Since 1999 | 7.9% | 7.9% | 8.5% | 9.2% | 9.2% | 11.2% | 7.2% | 10.5% | 11.4% |

- Silver delivered exceptional gains in 2024, with returns ranging from as “low” as 21% in USD terms, to almost 35% in YEN.
- The performance was the second-best calendar year of the last decade, with only 2020 seeing stronger returns, when markets surged in the aftermath of the unprecedented fiscal and monetary stimulus deployed in response to COVID.
- The silver market has continued to generate exceptional performance in 2025 YTD across multiple currencies, rallying by 7.6% across developed markets and 6.3% in developing markets on average.
- While prices will remain volatile, the outlook remains positive, especially with silver still looking cheap relative to gold on a historical basis.



Untamed Landscapes

Discover the new limited mintage series of 999.9 silver bullion collectable coins inspired by Oceania's unique fauna

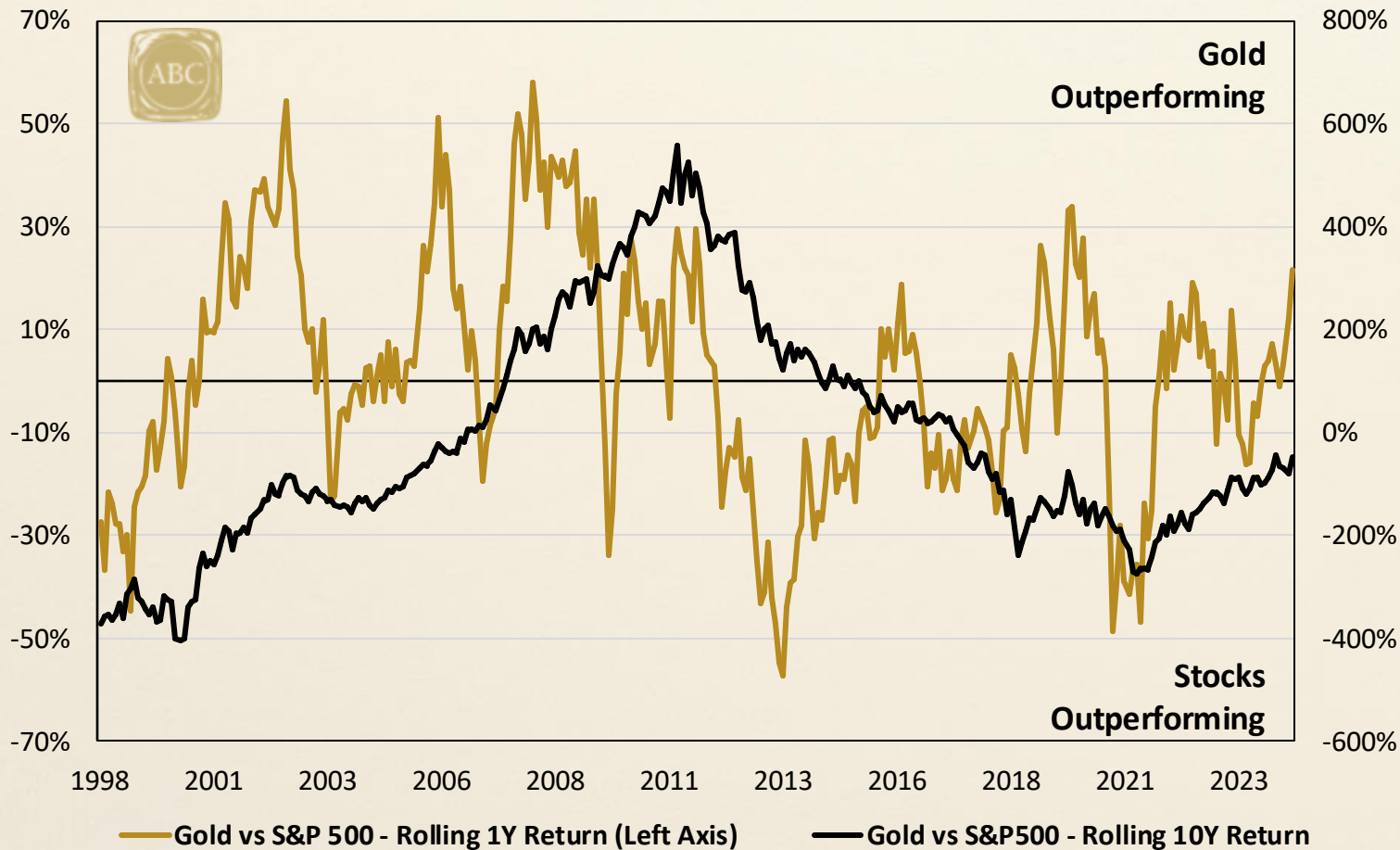


NOW AVAILABLE

PRECIOUS METALS vs. THE MARKET



Gold & S&P 500 in USD – Rolling 1Y/10Y (Jan 1999–Feb 2025)



- Both gold and equities performed strongly across 2024. Gold (+26.6%) finished the year ahead relative to the S&P 500 (+23.3%), though the gap narrowed throughout November/December as equities surged and gold consolidated.
- Year to date, gold continues to outperform, with gold returns (8.6%) dwarfing the S&P 500 (1.2%). Equity market returns are under pressure as expectations for further U.S. Federal Reserve rate cuts have been pushed back to late 2025, driven by concerns over a potential resurgence in inflation, following widespread uncertainty caused by the Trump administrations on again/off again tariff plan.
- Conversely, gold's fundamental drivers including rising geopolitical risks, the potential for a trade war with China and declining bond yields, could support continued outperformance against the S&P 500 in the short term.
- Gold still lags the S&P 500 by a significant margin on a rolling 10-year performance basis.
- This backdrop helps explain why 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–Feb 2025)



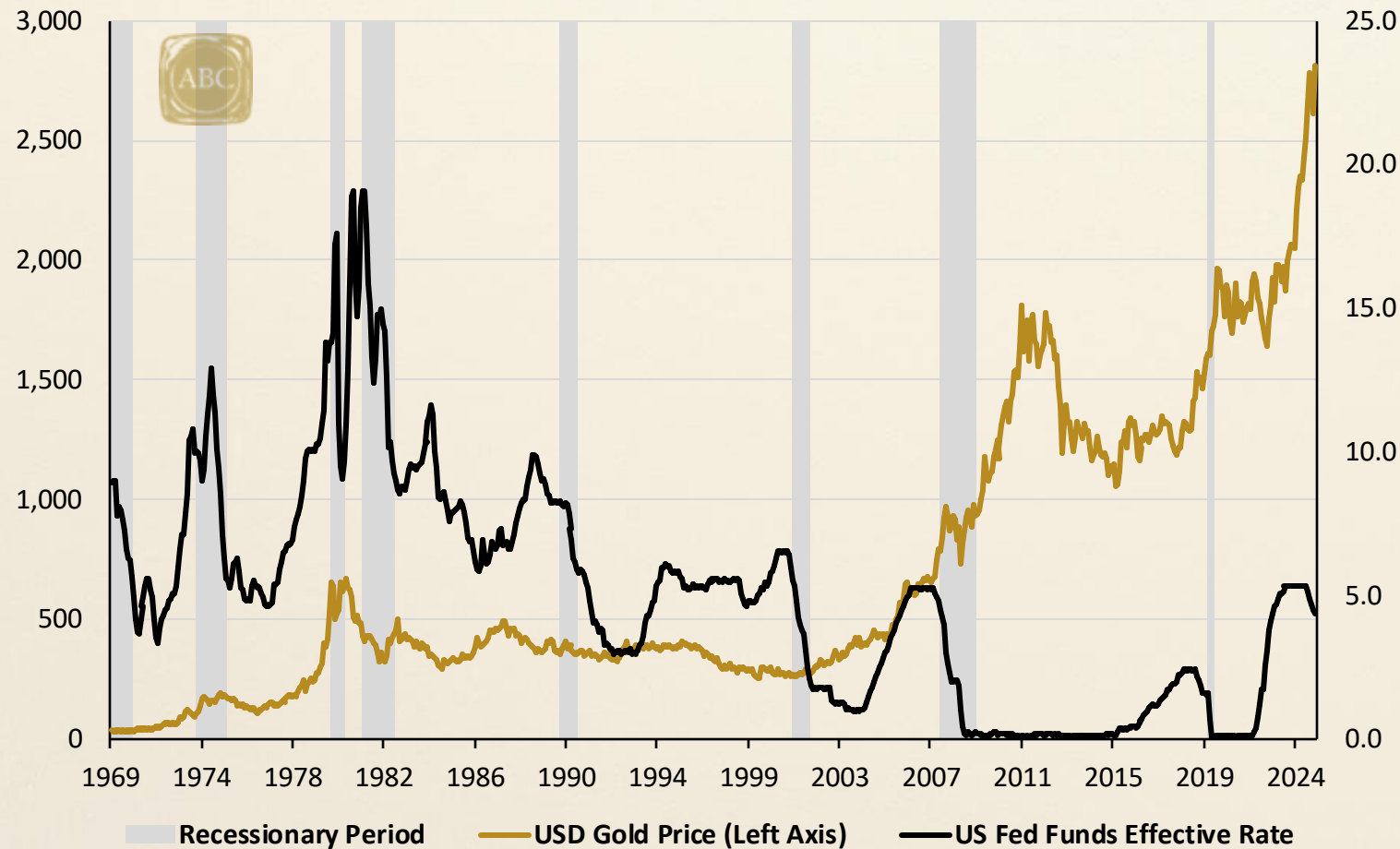
- The gold to oil ratio ended February at 40.6.
- The number is over double the long-term average (dating back to 1983) of 18.6.
- The ratio peaked at almost 90 during COVID, when gold first spiked toward USD \$2,000/oz and oil prices cratered, before falling back toward the long-term average in 2021.
- The ratio increased from the outset of 2024 and into 2025, driven by both the gold surge and a 3% fall in crude oil prices.
- Short-term, it wouldn't surprise to see the ratio decline, as gold markets may 'take a breather' after breakneck price gains, while ongoing geopolitical tensions pose an upside risk to oil prices.
- Longer-term, we are more confident in the outlook for bullion (which suggests the ratio will remain relevant) with a recent Commodity Markets Outlook published by the World Bank suggesting oil prices are expected to fall over the medium term by 5.1% throughout 2025 due to surplus supply.

Gold/Bloomberg Commodities Index (BCOM) in USD (Dec 1969–Feb 2025)



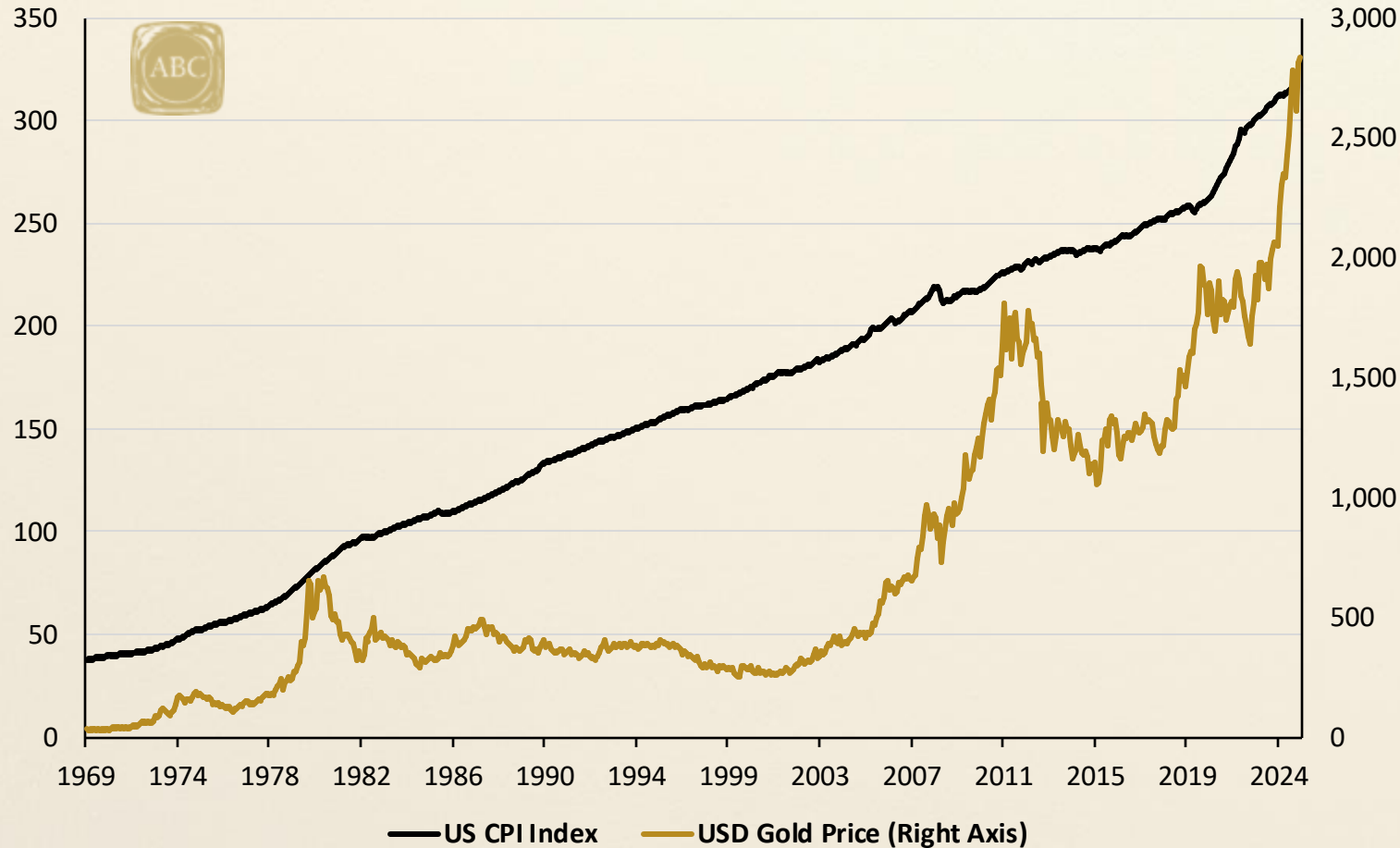
- The gold to Bloomberg commodity total return (BCOM) index ratio remained relatively stable, rising just 0.4% on a month-to-month basis, finishing February at 27.6.
- As the chart makes clear, this ratio remains near all-time highs, with the long-term average just 6.7.
- Looking ahead, a projected global slowdown from US imposed tariffs, growing fiscal deficits and reduced immigration into the US could stifle growth.
- This has potentially bearish implications for broader commodity price trends, though recent weakness in the USD, which may continue, should act as support for hard assets.
- Looking ahead we remain more bullish on gold (as a monetary 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 throughout 2025 and beyond.

Gold in USD & US Fed Funds Effective Rate (Dec 1969–Feb 2025)



- An interest rate cutting cycle continues to play out across most developed markets, with central banks' achieving the rare outcome of a soft landing.
- Moderating levels of inflation in the past two years (despite the recent up-tick) and slowing growth encouraged the policy shift with the US Fed cutting rates for the first time in 4.5 years by 50 basis points in September.
- Since then, the US have cut interest rates an additional 50 basis points despite inflation remaining above the Fed's 2% target, bringing the rate down to the 4.25-4.5% level by end 2024.
- Further rate cuts are expected in 2025, with forecasts typically suggesting we will see another 50 to 75 basis points of easing. This should act as a strong tailwind for the precious metals sector, with gold rallying substantially in the rate cutting cycles this century.
- However, Trump's tariff policies could re-ignite inflationary pressures in the economy, potentially pushing cuts back further.

Gold in USD & US CPI Index (Dec 1969–Feb 2025)

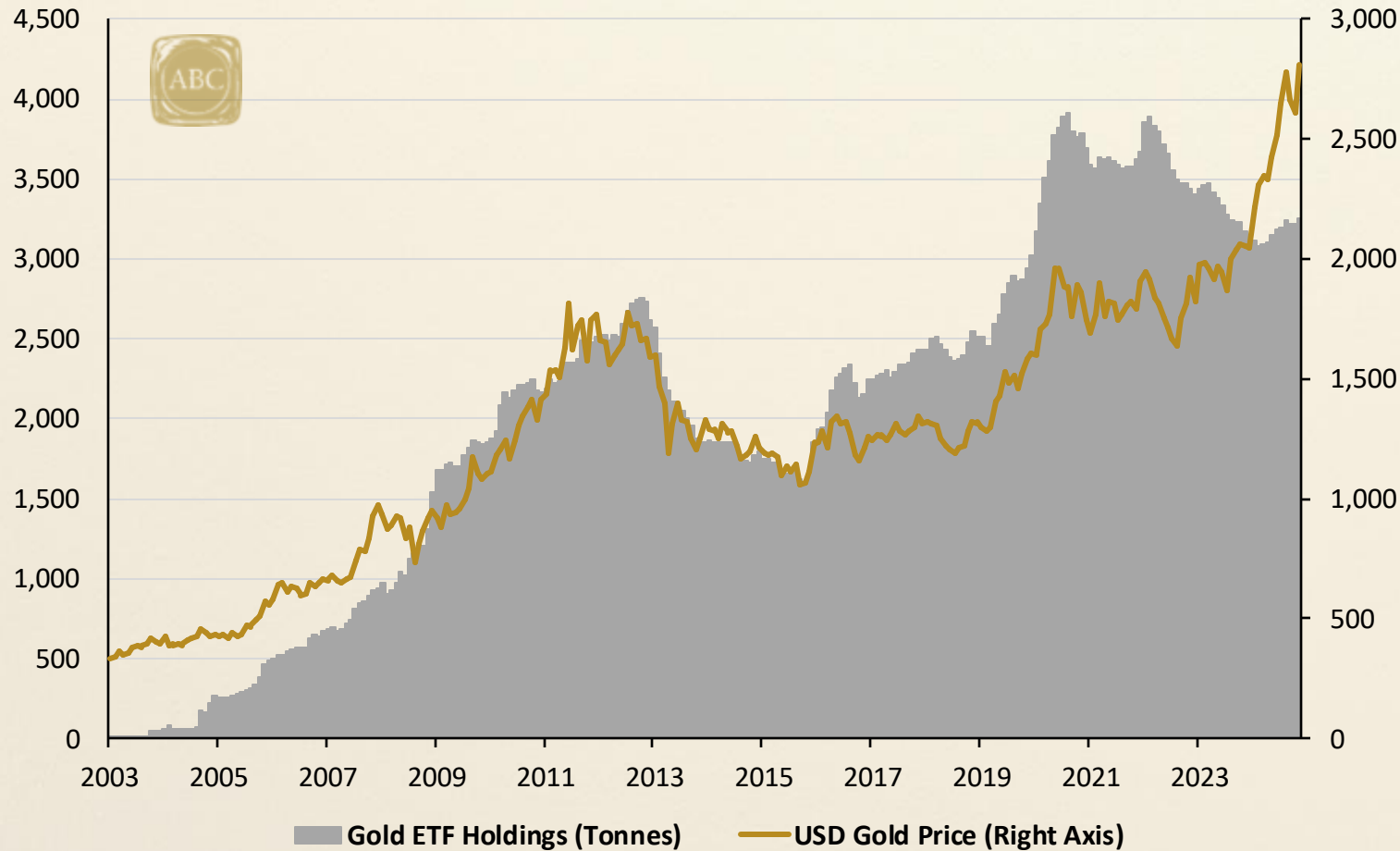


- While inflation continues to decline from its 2022 peak of 9.1% after the COVID period, it remains above the Federal Reserve's 2% target.
- Indeed in recent months, annualized headline inflation has picked up, rising from 2.4% in Sep 2024 to 3% by end January 2025.
- Median, mean and core inflation in the US ended January at 3.6%, 3.1% and 3.3% respectively, with core inflation marginally rising on an annualized basis.
- Turning to output, the U.S economy achieved a 2.3% annualized GDP growth rate for Q4 2024. Despite this deceleration from the previous quarter, the US economy remained resilient, supported predominantly by strong consumer spending.
- Looking ahead, a slowdown in the US economy is predicted by Bloomberg in 2025, with GDP growth expected to ease to 1.9% and unemployment anticipated to increase to 4.5%.
- Continued challenges on the inflation front has the potential to complicate the Fed's desire to implement rate cuts throughout 2025, or the speed in which they can deliver them.

PRECIOUS METALS POSITIONING

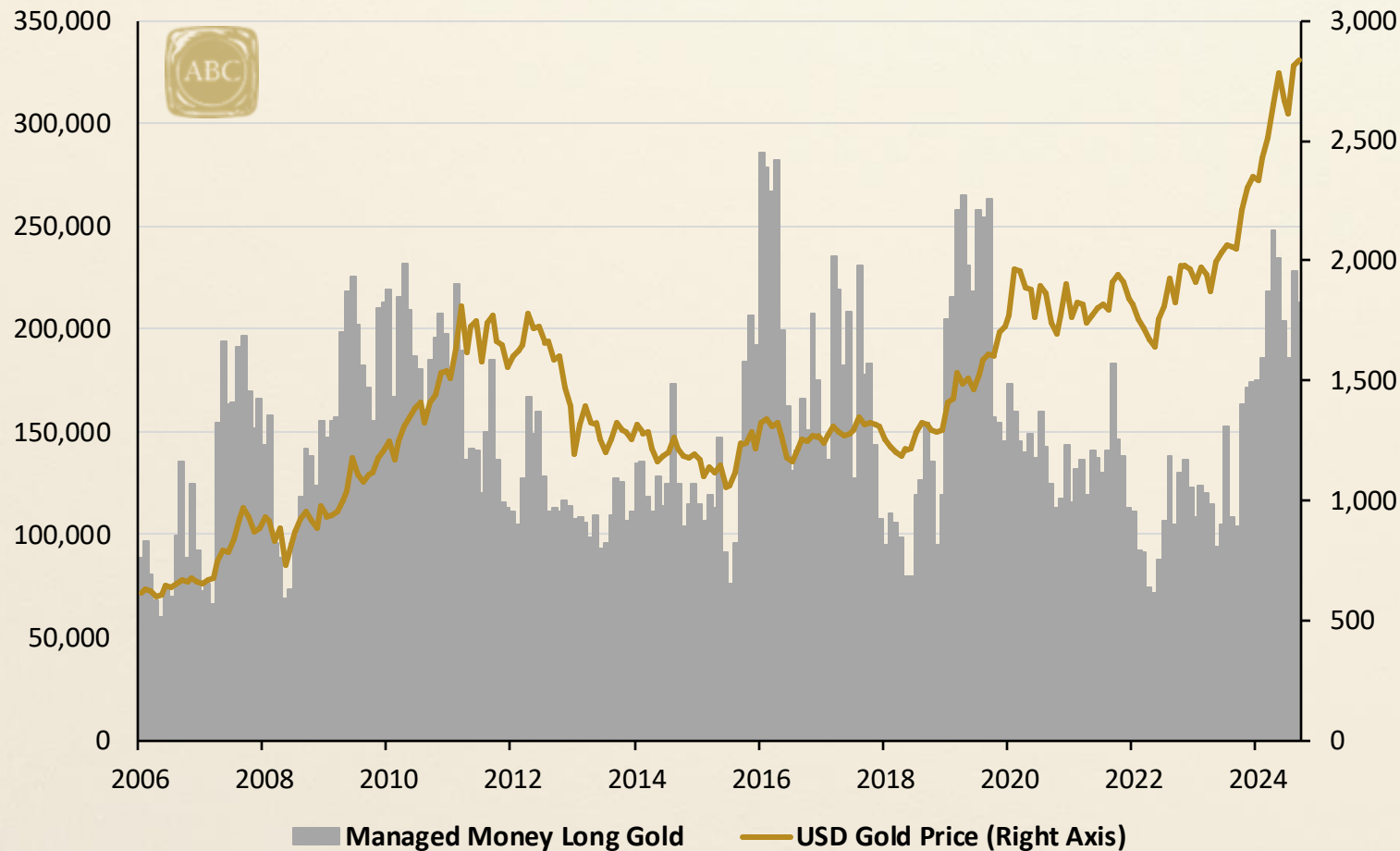


Gold in USD & Gold ETF Holdings (Mar 2003–Feb 2025)



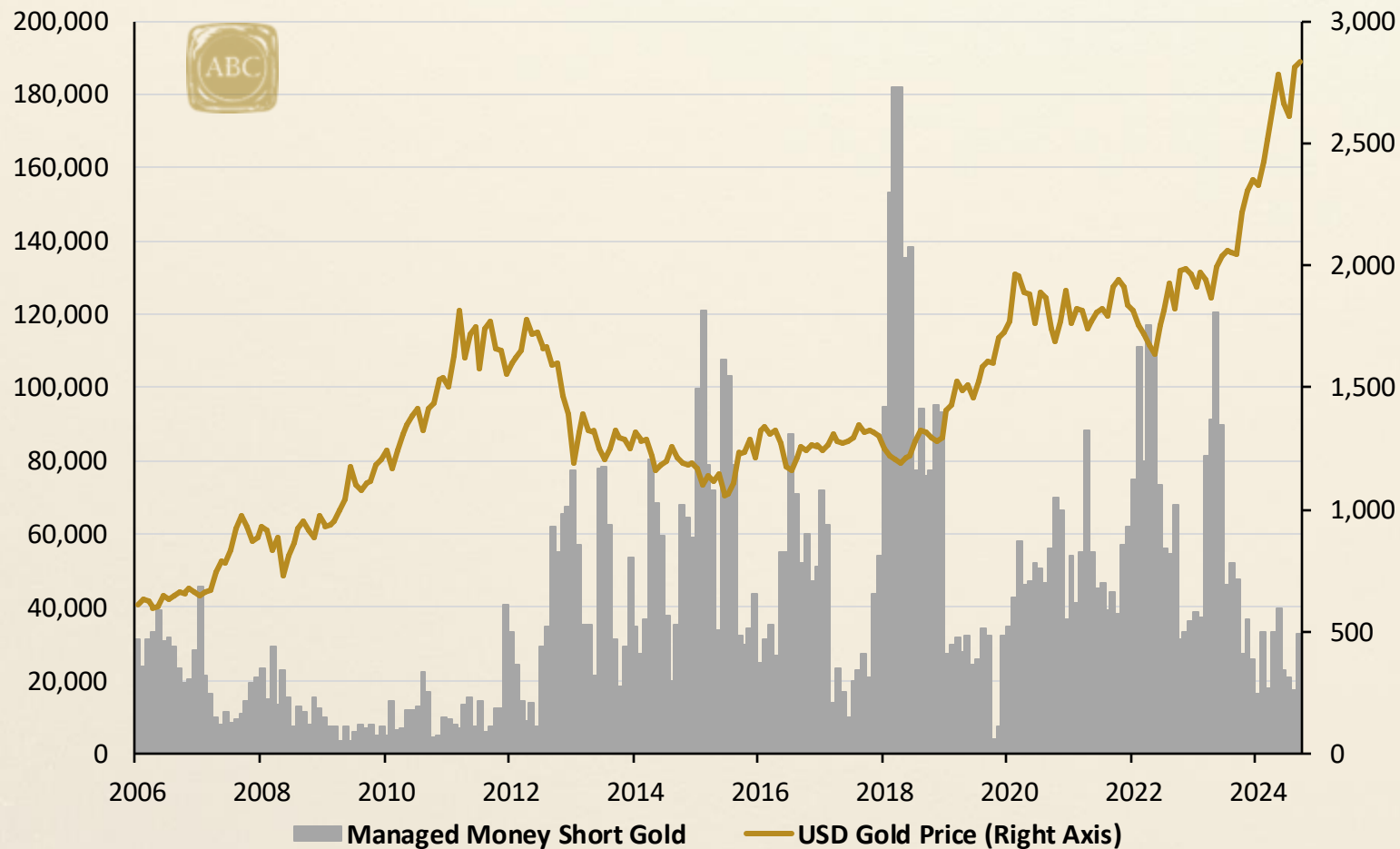
- Gold ETFs saw strong inflows in February, with total holdings an AUM increasing by 3.1% and 4.1% respectively.
- The strong inflows represented the fastest pace of gold acquisition by ETF investors since March 2022, with this segment of the market now firmly back ‘on the bid’.
- Inflows were seen across all regions, with the US in particular seeing a surge, with USD \$6.8bn added to positions. Inflows of such magnitude in the US haven’t been seen since the height of the COVID ‘gold rush’ back in mid 2020.
- Asia was the other standout, with more than USD \$3bn in inflows seen, with China, Japan and India all seeing a pick up in demand. According to the World Gold Council, the Baidu Search Index for the keyword “gold” hit its highest level since 2013.
- Inflows are expected to remain strong throughout 2025, as investors seek diversification and portfolio protection through gold allocations.

Gold in USD & Managed Money Long Gold (Jun 2006–Feb 2025)



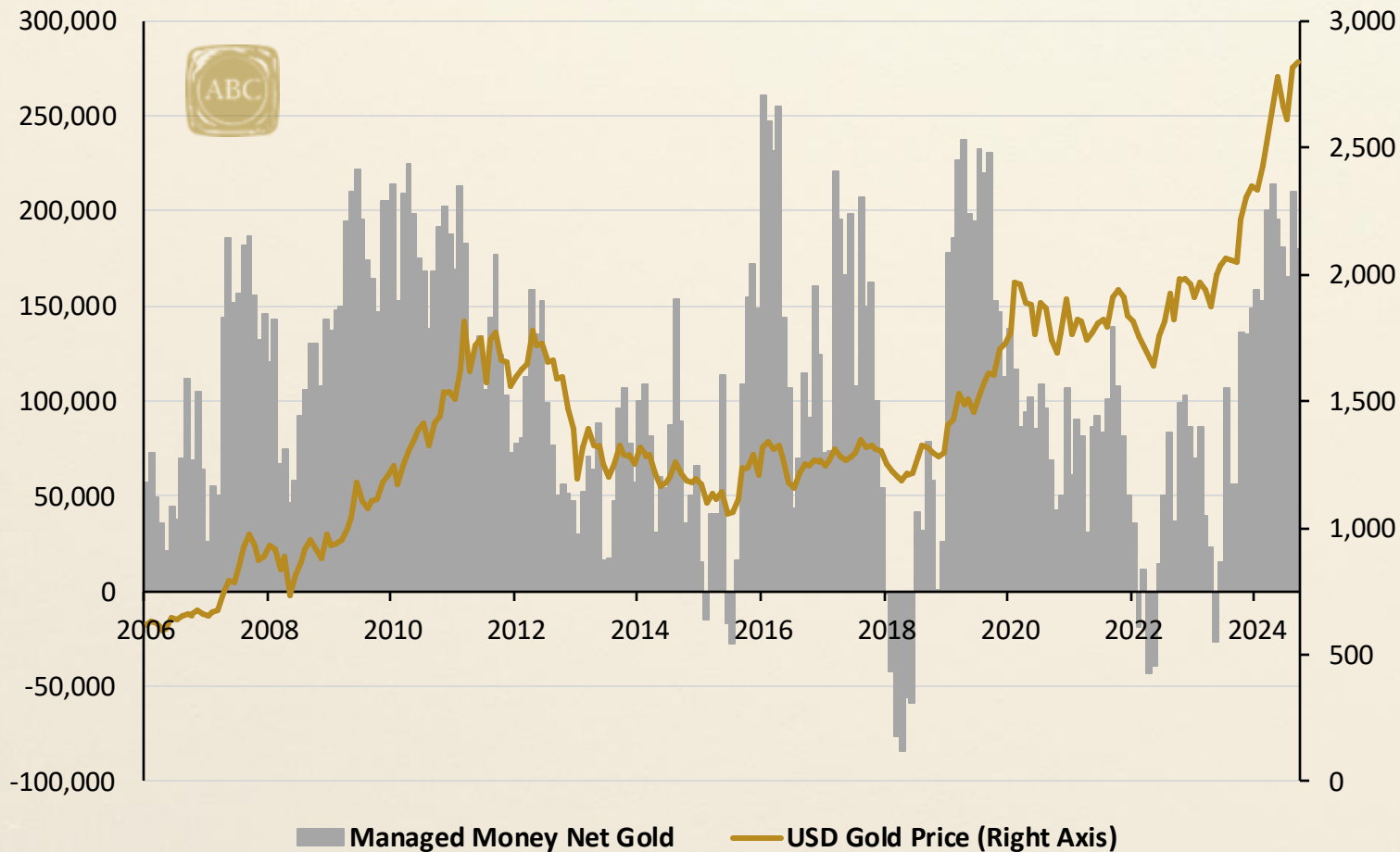
- Gross long positioning continued to pullback in February, continuing the trend reversal that began in September, closing the month with a +212,694-contract position.
- The current position represents a 7% decrease vs the prior month and a 14% decrease compared to September highs.
- The decline in gross long positioning reflects multiple factors, including profit-taking after extended price gains leading up to the recent Presidential election.
- Gross longs have also likely been trimmed in response to gold's (so far) failure to sustain momentum with a push above USD \$3,000oz.
- Despite the recent pullback in positioning, gross longs remain 97% and 14% higher than at the end of 2023 and 2024 respectively. Highlighting the continued interest in gold and reflective of the strong price growth that characterized 2024 and 2025 thus far.

Gold in USD & Managed Money Short Gold (Jun 2006–Feb 2025)



- Managed money short positioning increased by 90% across the month of February.
- Despite the sharp rise on a percentage basis, overall positioning itself remains modest, at just 32,882 contracts.
- Positioning has remained relatively stable since Q2 2024, contrasted with the major fluctuations observed from 2018 to 2023.
- This decline in positioning from its peak in 2024 is understandable given substantial price gains seen across the year.
- Paired with a supportive monetary and geopolitical backdrop that has exacerbated market fears of being short gold in recent times, it is unlikely short-positioning will meaningfully rise in 2025, absent a major retreat in prices.

Gold in USD & Managed Money Net Gold (Jun 2006–Feb 2025)



- The Managed Money Net Position ended February at +179,812 contracts.
- That position represents a 14.6% decrease relative to the prior month, and a 16% decline relative to where the market sat at end September, when net positioning was as 'risk on' for gold as it had been in the past year.
- Although net positioning declined month on month, it remains 220% higher than it was a year ago.
- Recent movements underscore the view that market participants continue to see gold as a safe-haven asset amid broader macroeconomic uncertainties, even if the speculative froth seen in recent months has dissipated.
- Supported by strong investor demand and a continued shift toward risk-averse strategies in the face of potentially volatile market conditions, we see room for net positioning to expand in 2025.

ABC BULLION GOLD SAVER

A SAVINGS ACCOUNT FOR REAL GOLD

With a minimum investment of just \$50 per month, it has never been easier to build wealth in gold and silver.

[LEARN MORE](#)



Disclaimer

This document has been prepared by Australian Bullion Company (NSW) Pty Limited (ABN 82 002 858 602) (**ABC**). The information contained in this document or internet related link (collectively, **Document**) is of a general nature and is provided for information purposes only. It is not intended to constitute advice, nor to influence any person in making a decision in relation to any precious metal or related product. To the extent that any advice is provided in this Document, it is general advice only and has been prepared without taking into account your objectives, financial situation or needs (your **Personal Circumstances**). Before acting on any such general advice, we recommend that you obtain professional advice and consider the appropriateness of the advice having regard to your Personal Circumstances. If the advice relates to the acquisition, or possible acquisition of any precious metal or related product, you should obtain independent professional advice before making any decision about whether to acquire it.

Although the information and opinions contained in this document are based on sources we believe to be reliable, to the extent permitted by law, ABC and its associated entities do not warrant, represent or guarantee, expressly or impliedly, that the information contained in this document is accurate, complete, reliable or current. The information is subject to change without notice and we are under no obligation to update it. Past performance is not a reliable indicator of future performance. If you intend to rely on the information, you should independently verify and assess the accuracy and completeness and obtain professional advice regarding its suitability for your Personal Circumstances.

To the extent possible, ABC, its associated entities, and any of its or their officers, employees and agents accepts no liability for any loss or damage relating to any use or reliance on the information in this document.

This document has been authorised for distribution in Australia only. It is intended for the use of ABC clients and may not be distributed or reproduced without consent.
© Australian Bullion Company (NSW) Pty Limited 2020.

