



MONTHLY MARKET UPDATE

January 2025

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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 10 Year Inverted Real Bond Yield
- e) Gold vs Federal Funds Effective Rate
- f) Gold vs Inflation

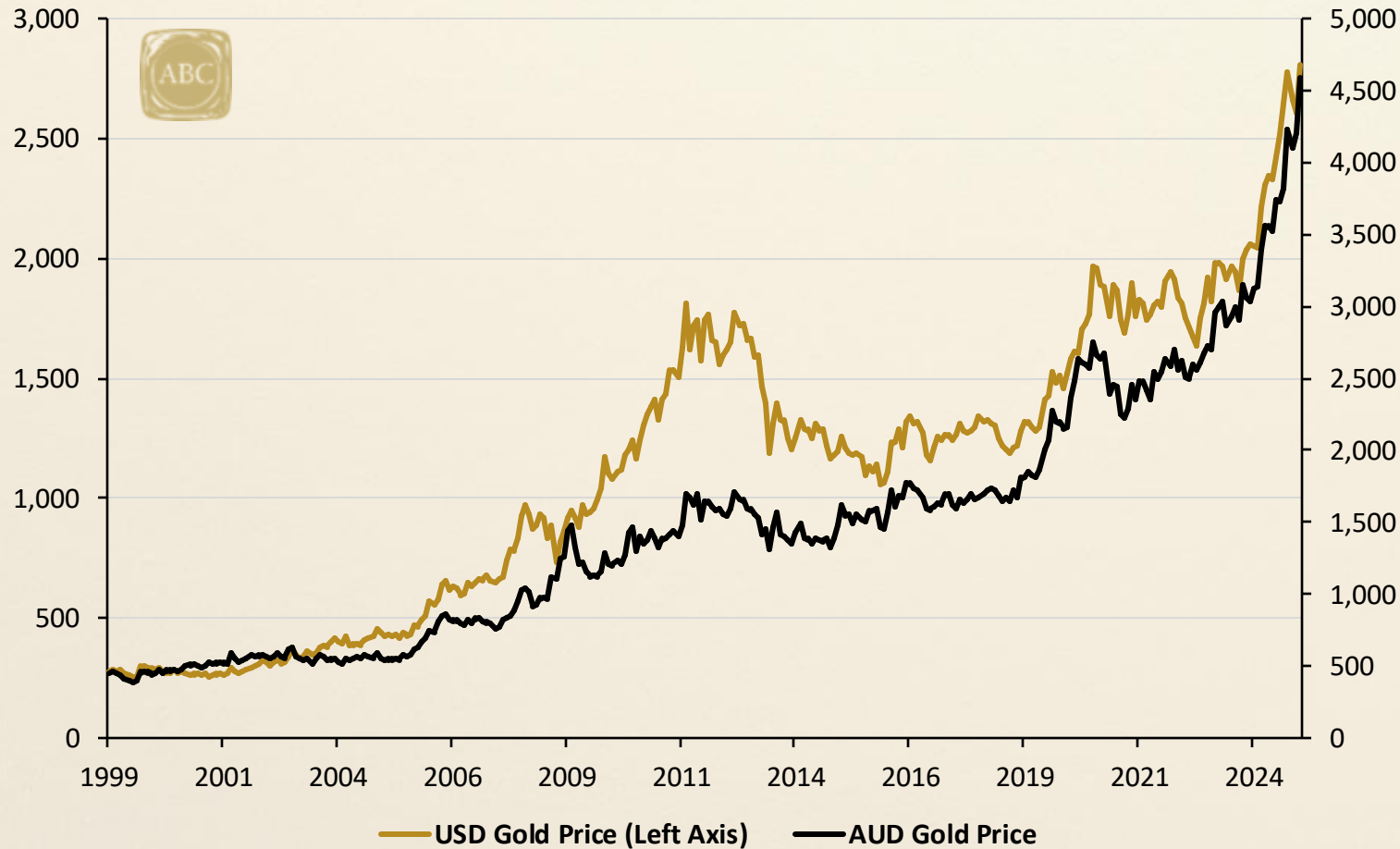
3. Precious Metals Positioning

- 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

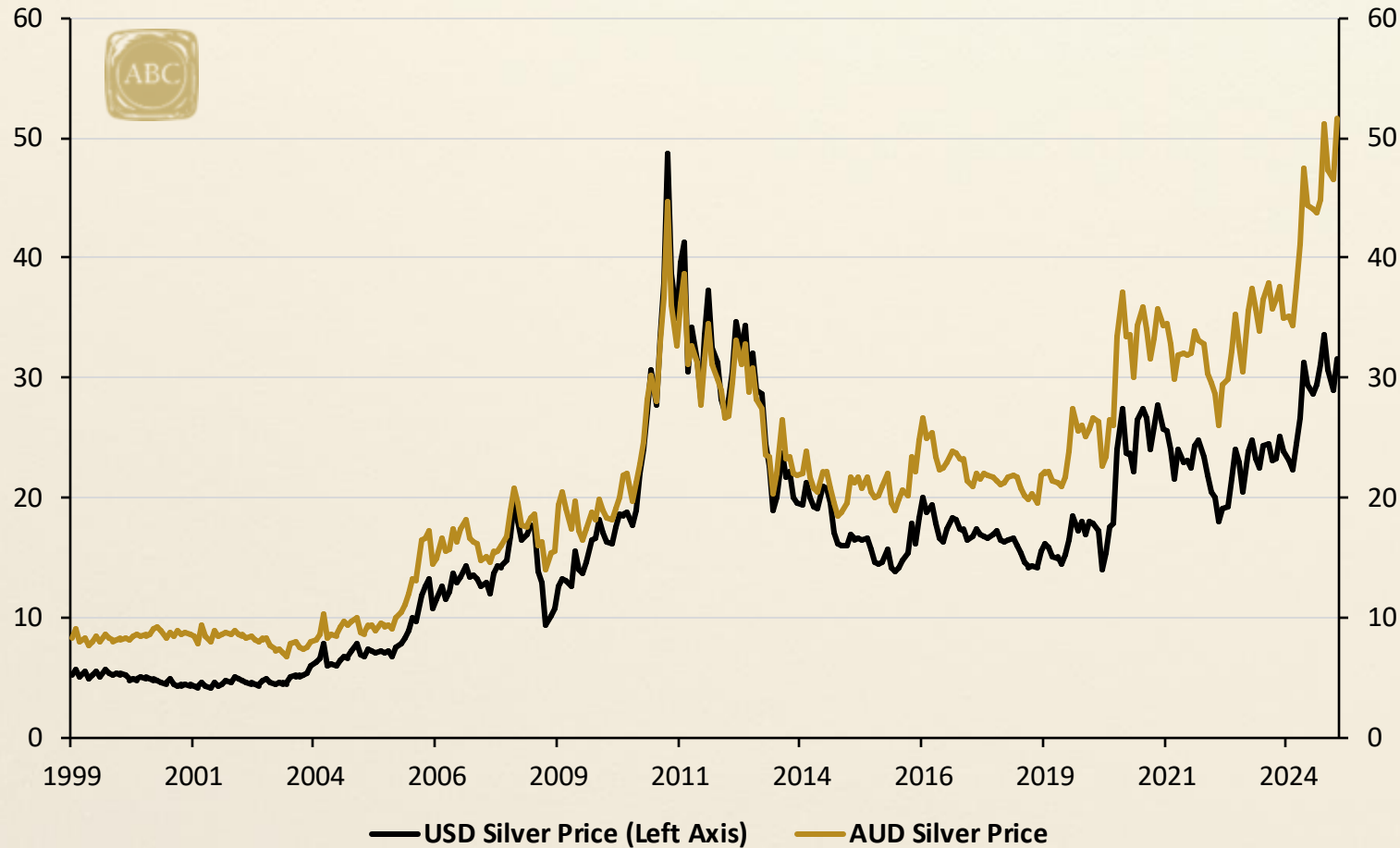


Gold in USD & Gold in AUD (Jan 1999–Jan 2025)



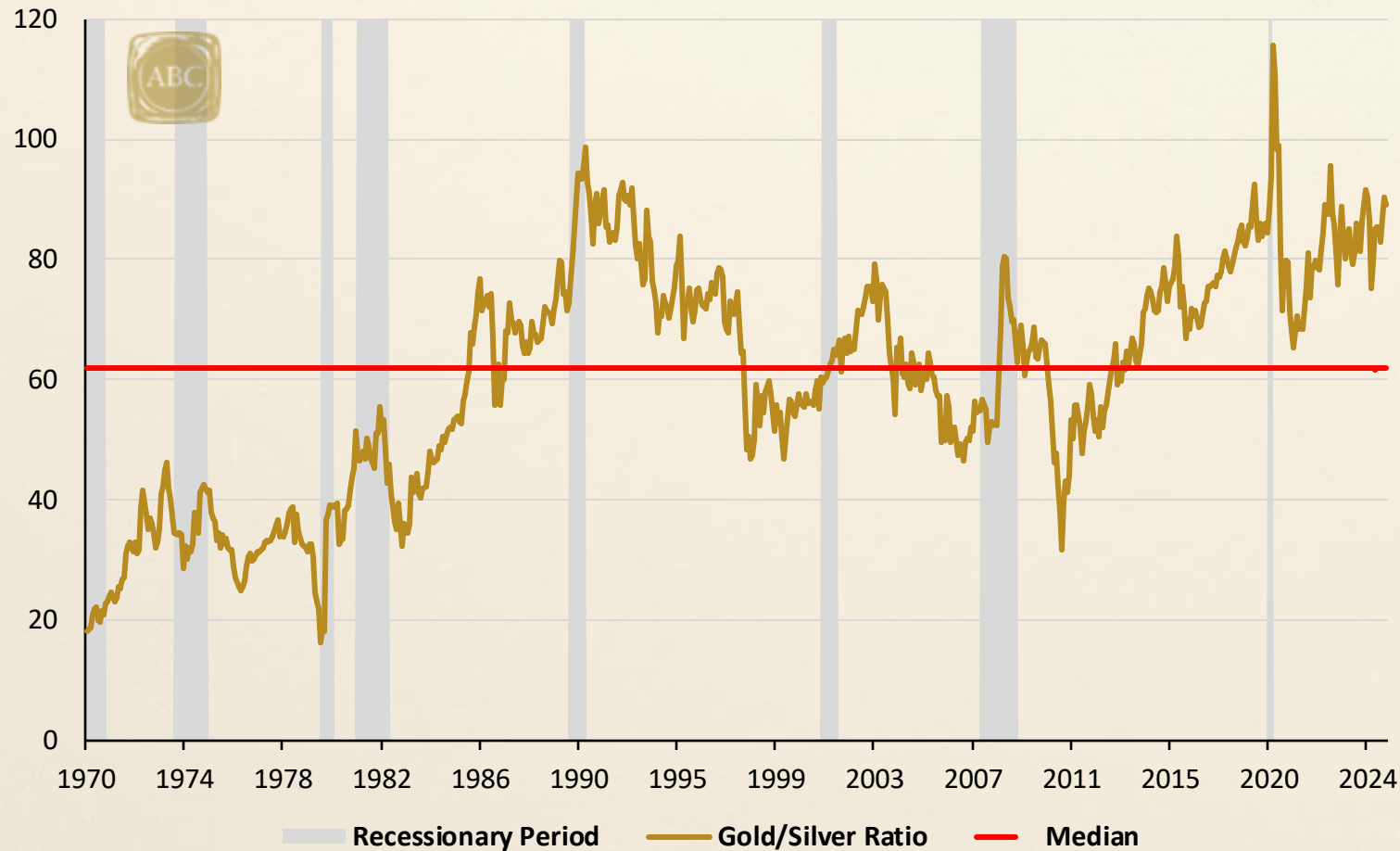
- Gold prices surged in January 2025, with the precious metal recording one of its strongest starts to the year on record.
- Across the course of the month, gold posted a 7% rally in USD terms, while in AUD terms the gold price rose by almost 10%.
- The rally in gold saw prices hit new highs in multiple currencies, with the precious metal trading up toward USD \$2,800/oz and above AUD \$4,500/oz for the first time.
- The move was driven by a combination of momentum that carried on from gold's strong performance in 2024, and the uncertainty caused by the Trump administration around tariffs, with safe haven assets in strong demand and support for precious metal prices.

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



- Silver investors also saw a surge in prices in January, with the precious metal rising by over 10% in Australian dollar terms.
- The move was mimicked across most developed and developing market currencies, with silver rising by double digits across the board
- The rally saw prices reclaim the AUD \$50oz price level, with interest in buying silver also increasing, while some investors took the chance to take profits as the rally unfolded.
- The move in silver was propelled by the same forces that have driven gold, with silver also boosted by continued strong industrial demand, while momentum investors are allocating to silver in the expectation it will outperform gold across this bull market.

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



- Despite the surge in precious metals that we saw in January, the gold-silver ratio (GSR) ended last month at 89:1, largely unchanged from where it finished in December (90:1).
- 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 all markets contain uncertainty, 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.

Gold Performance in Multiple Currencies (Jan 1999–Jan 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	7.7%	9.5%	7.5%	8.4%	5.4%	8.9%	6.7%	7.7%	6.4%
Average	8.8%	11.5%	10.1%	11.0%	11.9%	12.0%	10.5%	10.8%	10.8%
5 Year	13.0%	16.3%	14.9%	14.6%	21.5%	17.6%	14.5%	20.4%	20.2%
10 Year	8.9%	12.0%	10.5%	11.3%	11.6%	12.3%	10.6%	13.8%	13.9%
20 Year	9.7%	11.1%	11.2%	12.2%	12.1%	13.6%	9.0%	12.6%	13.5%
Since 1999	10.0%	10.0%	10.5%	11.3%	11.4%	13.3%	9.3%	12.2%	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.
- Indeed across developed and developing countries as a whole, 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 monthly returns for January that exceed full year calendar returns in some of the more modest period for gold price performance.
- With central banks continuing to buy, retail investment ever-present, and ETFs looking like they will increase allocations, the outlook remains positive across the rest of 2025.

Silver Performance in Multiple Currencies (Jan 1999–Jan 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	9.3%	11.1%	9.1%	10.1%	7.0%	10.5%	8.3%	9.4%	8.1%
Average	7.5%	10.0%	8.7%	9.9%	10.3%	10.7%	9.2%	9.5%	9.5%
5 Year	11.9%	14.9%	13.7%	13.4%	20.2%	16.4%	13.3%	19.5%	18.9%
10 Year	7.1%	10.3%	8.6%	9.4%	9.8%	10.4%	8.7%	12.2%	12.0%
20 Year	8.0%	9.3%	9.4%	10.4%	10.3%	11.8%	7.2%	11.0%	11.6%
Since 1999	8.0%	8.0%	8.5%	9.3%	9.4%	11.2%	7.3%	10.6%	11.5%

- 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 thus far, rallying by 8-11% depending on the currency.
- While prices will remain volatile, the outlook remains positive, especially with silver still looking so cheap relative to gold on a historical basis.



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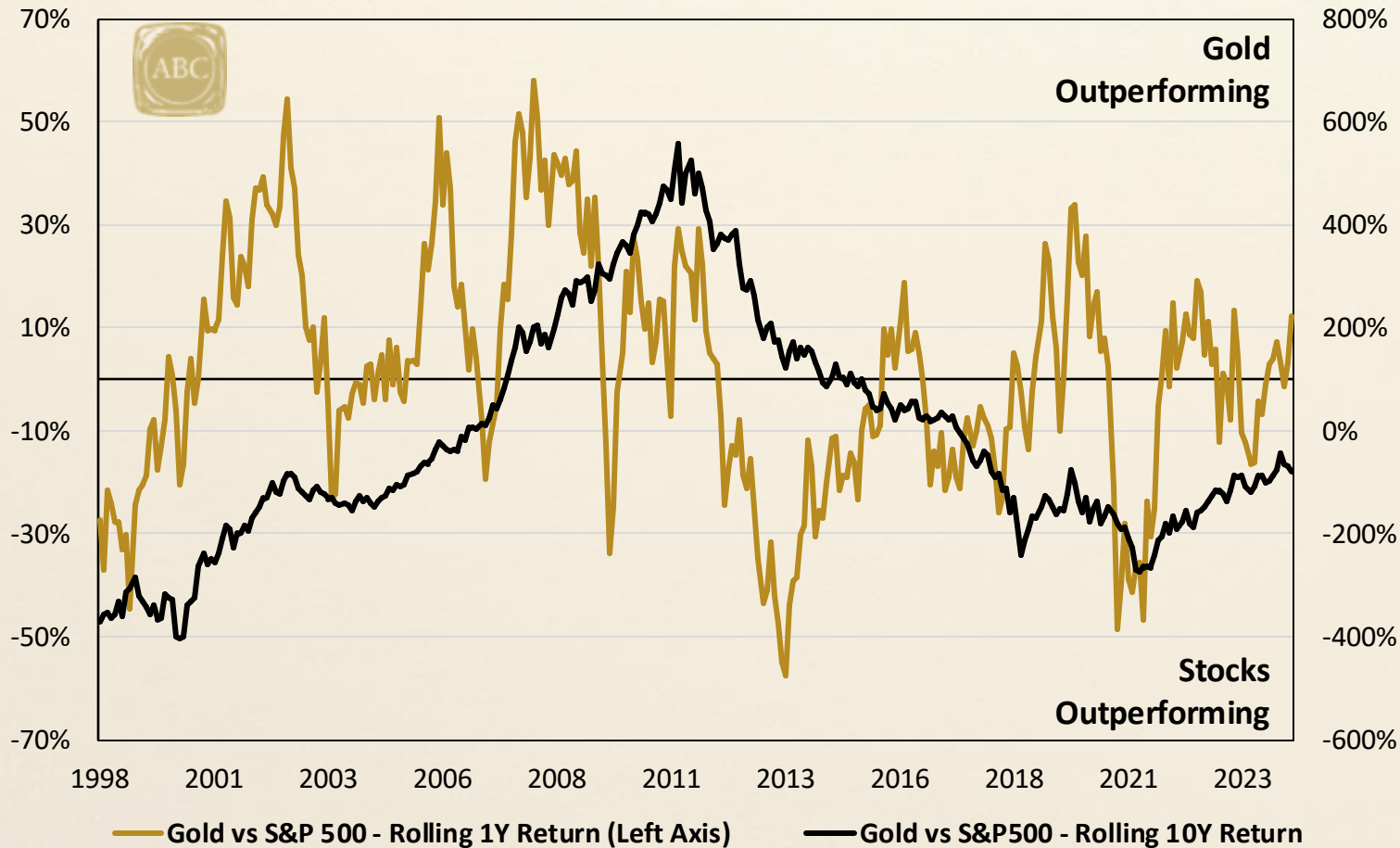


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PRECIOUS METALS vs. THE MARKET



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



- Both gold and equities performed strongly across 2024 and in the first month of 2025, with equities now up over 4% YTD.
- While equities have performed strongly, the chart (gold line) makes it clear that momentum is now on gold's side, with the precious metal outperforming the S&P 500 by 12% on a rolling 1 year basis.
- Expectations for further rate cuts from the US Federal Reserve throughout 2025, and market positivity regarding the new Trump administration (despite the uncertainty that tariff developments is causing) continue to outweigh geopolitical risks in the Middle East, the potential for a trade war with China.
- 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–Jan 2025)



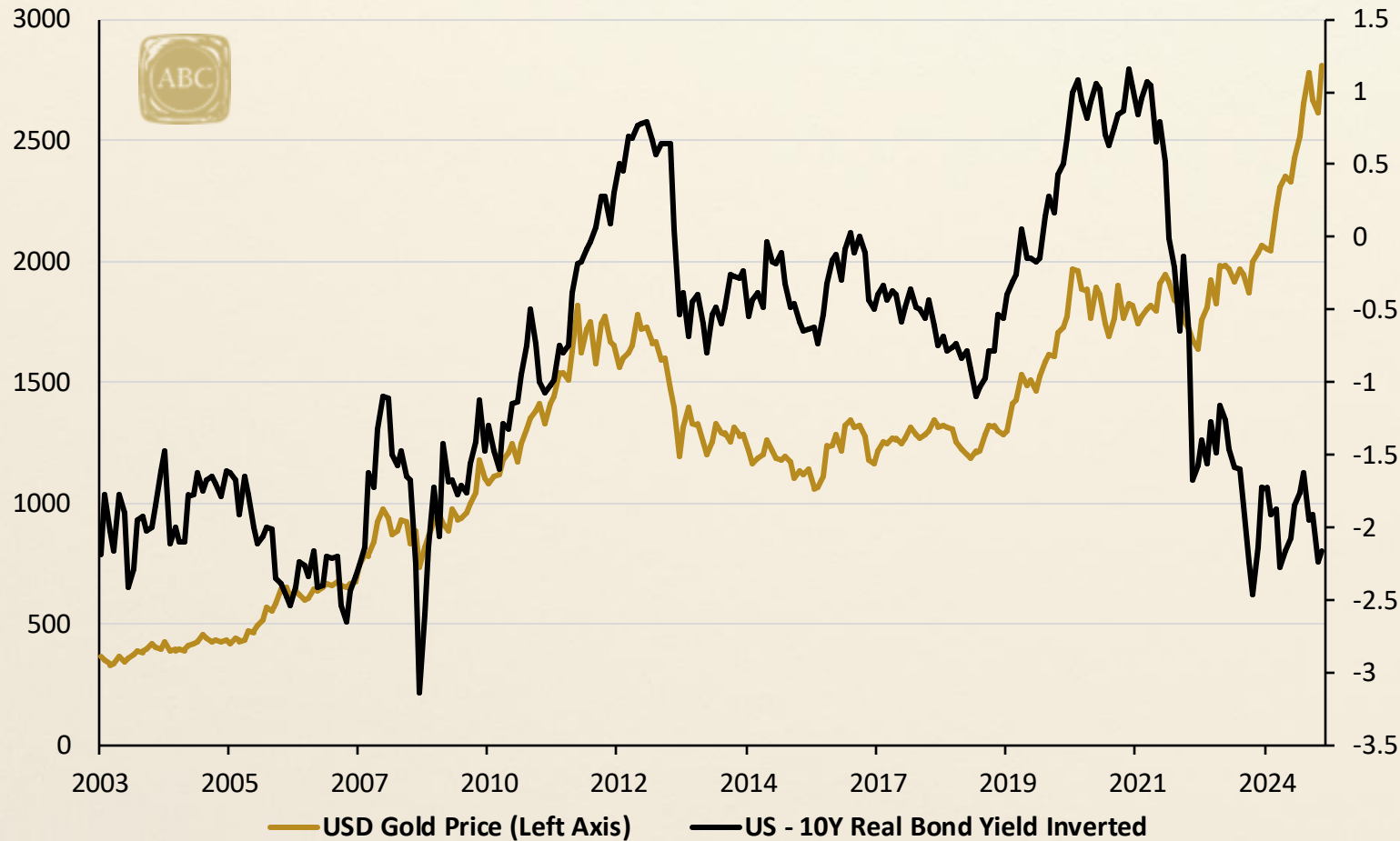
- The gold to oil ratio ended January 2025 at 39.
- The number is more than double the long-term average (dating back to 1983) of 18.5.
- The ratio peaked at almost 90 during COVID, when gold first spiked toward USD \$2,000/oz and oil prices cratered, before falling back toward the long-term average in 2021.
- The ratio increase over the past year has been driven by both the surge in gold prices (circa 40%) and gold rally and a 4% fall in crude oil prices.
- Longer-term we are more confident in the outlook for bullion than we are for oil, which suggests the ratio will remain elevated for looking forward.

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



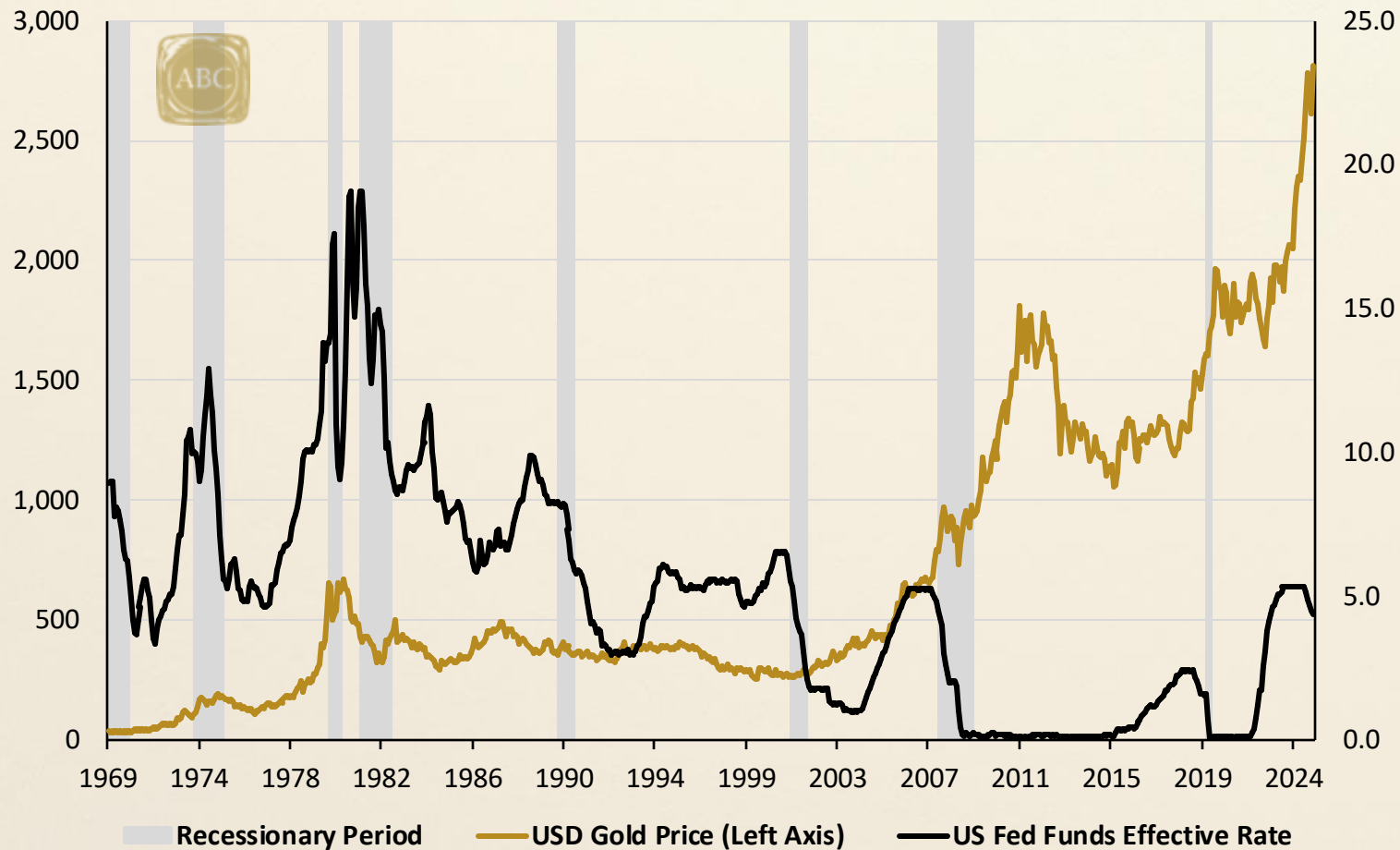
- The gold to Bloomberg commodity total return (BCOM) index ratio rose 4% on a month-to-month basis in January, ending the month at 27.5.
- Since 2022, the ratio has been in a near permanent uptrend, and is sitting at all-time highs, with the long-term average just 6.7.
- Looking ahead, a projected global slowdown from US imposed tariffs, growing fiscal deficits and reduced immigration into the US could stifle growth, all of which could be bearish for overall commodity demand.
- With a range of supporting factors likely to underpin bullion demand, we expect this ratio to stay elevated for foreseeable future.

Gold in USD & US 10Y Real Bond Yield Inverted (Jan 2003–Jan 2025)



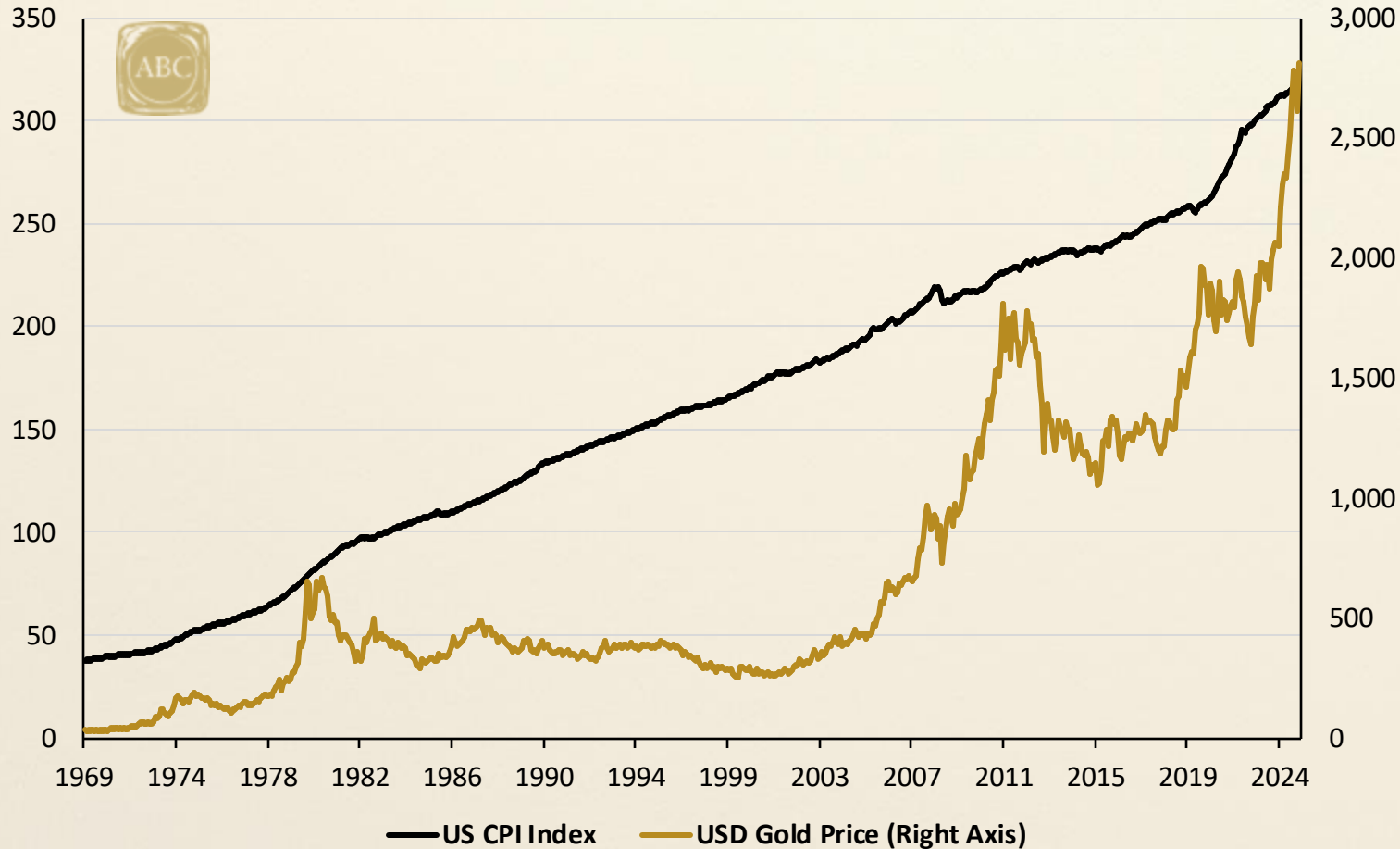
- For most of the past 20 years, U.S real yields and gold prices exhibited a negative correlation, where lower real yields tended to see gold prices trend higher, and vice versa.
- This relationship ended (for now at least) in early 2022, when both yields and gold began to increase in unison.
- Central bank gold buying, and the changing geopolitical landscape are primary causes of this relationship breakdown, as nation state actors chose to increase their bullion holdings, despite the higher relative returns available in US denominated debt securities.
- In the past year, as the chart shows, real yields on 10 year securities have remained range bound, oscillating between 1.60% on the lower end, and closer to 2.30% at the higher end.
- Gold has largely ignore movements in yields over this period, moving to new highs.

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



- 2025 is expected to see a continuation, and indeed possible acceleration of an interest rate cutting cycle that commenced last year.
- Moderating levels of inflation in the past two years (though as per next slide inflation is proving stubborn) have encouraged the policy shift, while the change in administrations within the White House has only amped up the pressure on the Fed to deliver further monetary relief.
- While the quantum of rate cuts will cause endless debate, there seems little doubt we will see further easing at some point in 2025, with markets already positioning for this outcome.
- This includes Australia, where the RBA is likely to commence a rate cutting cycle as soon as next week, at least if market forecasts are to be believed.
- Current monetary dynamics lend themselves to a continued period of strong gold demand, as more investors seek to protect themselves against the declining rates of return in cash and fixed income investments.

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

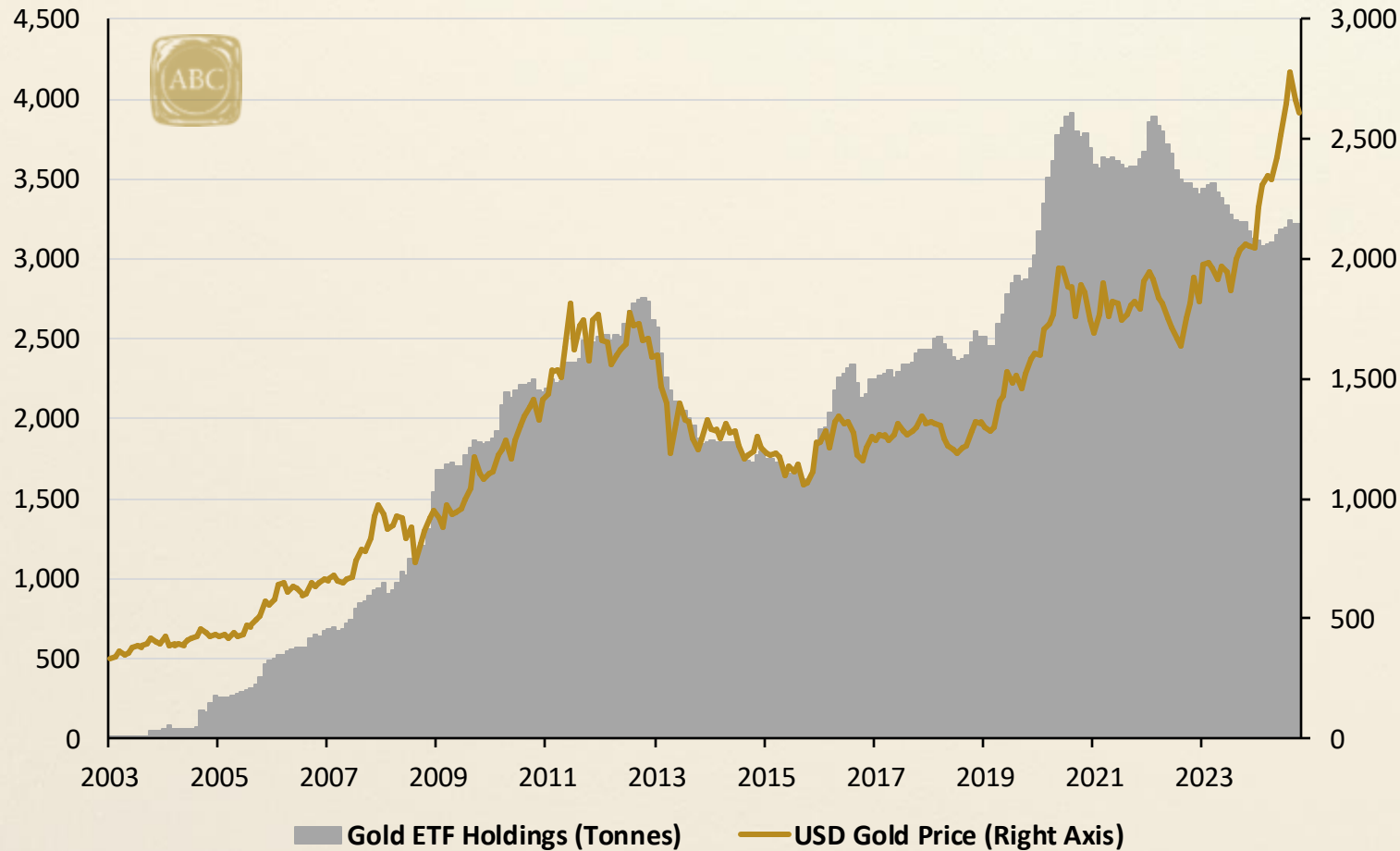


- While inflation has declined notable from its 2022 peak of 9.1% after the COVID period (it was just 2.7% y.o.y at end October), it remains at problematic levels, well above the Federal Reserve's 2% target.
- This was evident in the just released January inflation data from the United States, which showed headline CPI rising at 0.5% per month.
- The latest results saw year on year headline and core inflation rise (to 3% and 3.3% respectively), while median inflation is sitting at 3.6%.
- The latest inflation data may complicate the Fed's desire to stimulate the economy through lower rates, with Bank of America noting; *"Another January, another huge beat in the CPI. The headline CPI came in at 0.5 per cent (0.467 per cent unrounded, 3.0 per cent y/y) and the core CPI printed 0.4 per cent (0.446 per cent unrounded, 3.3 per cent y/y). In our view, the bottom line is clear: the Fed has no reason to cut further. Inflation seems to be stuck above target and the u-rate nearly had a 3-handle in January"*

PRECIOUS METALS POSITIONING

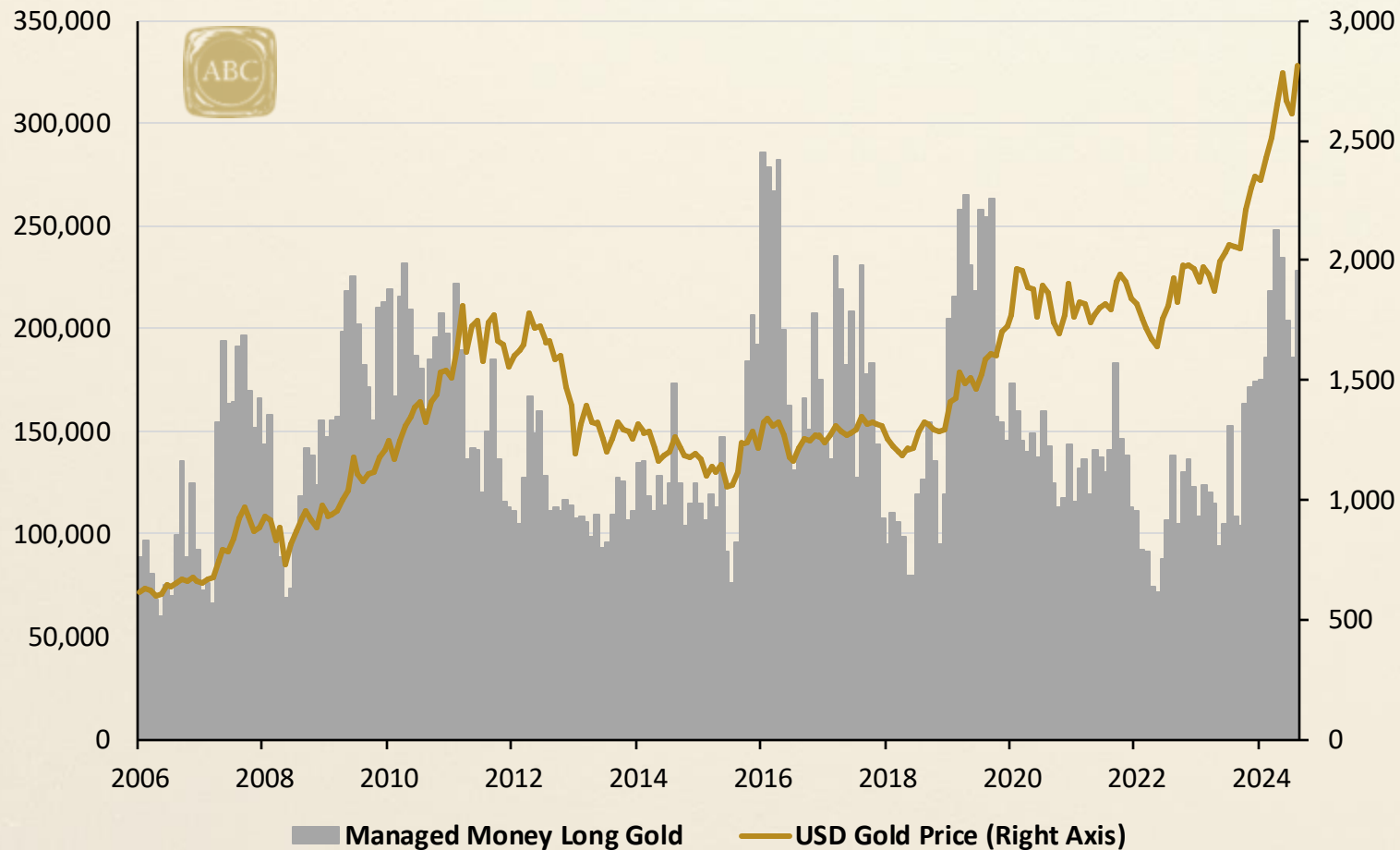


Gold in USD & Gold ETF Holdings (Mar 2003–Jan 2025)



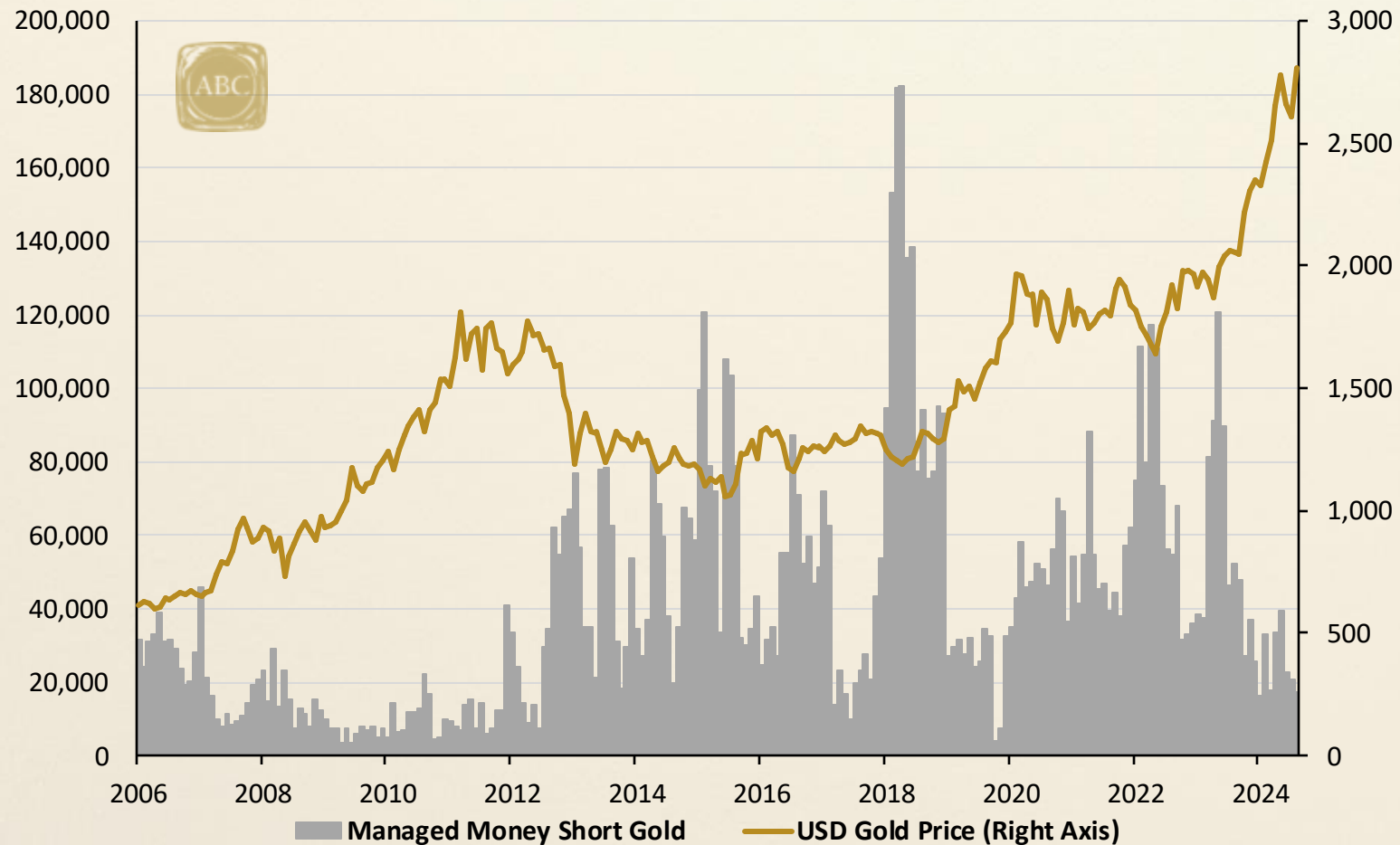
- Gold ETF holdings continued to rise in January 2025, with the total tonnage held in all products listed globally ending the month at 3,253 tonnes.
- The inflows into gold ETFs, while still modest, now appear to be part of a firm trend, with total holdings increasing by almost 200 tonnes since April 2024.
- The value of all holdings in gold ETFs is now approaching \$300 billion.
- Inflows are expected to increase as the year unfolds, as investors position for further rate cuts, as well as hedge against the likelihood of more volatility in risk assets.

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



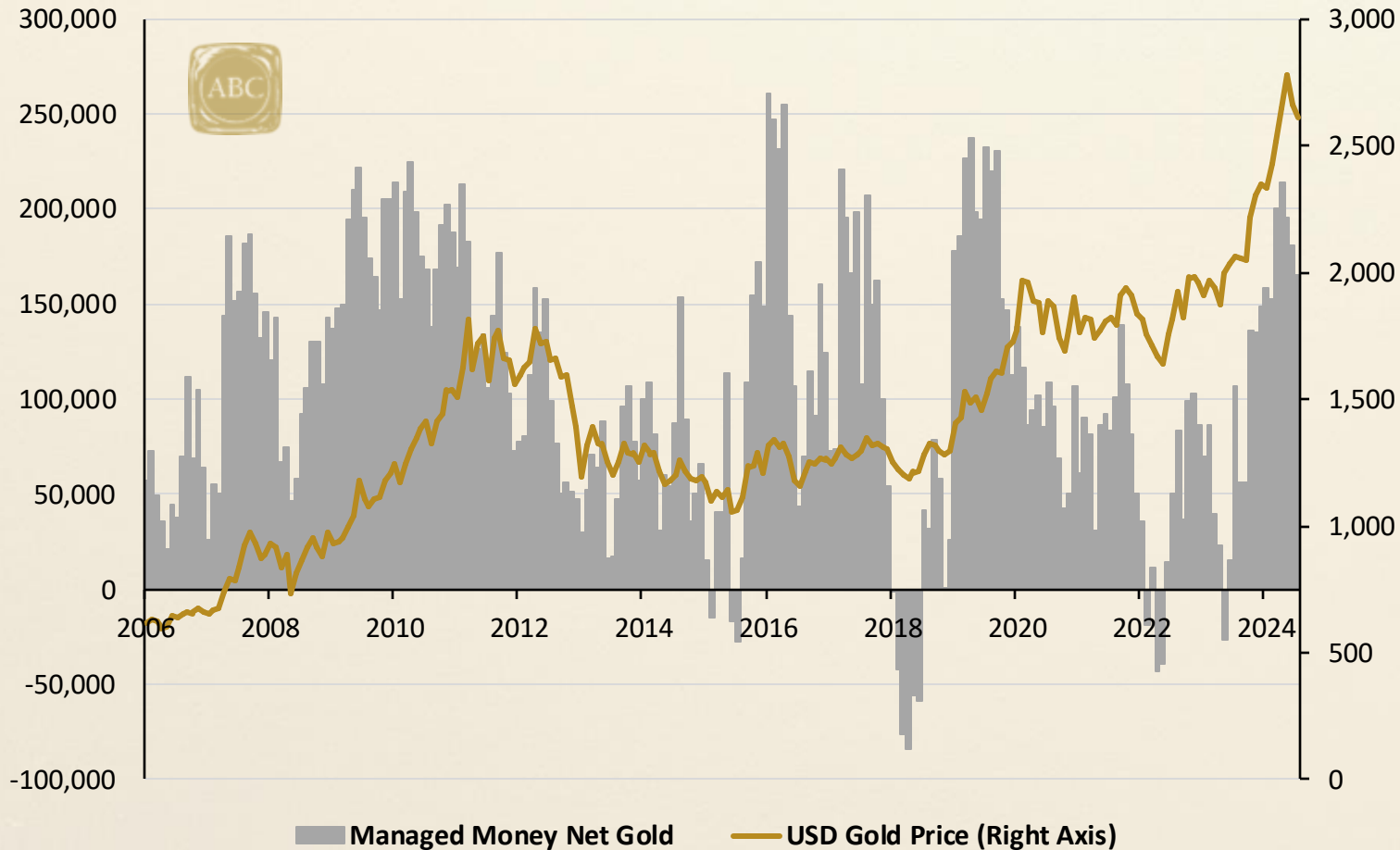
- Gross long positioning in the gold market rose from 182,128 contracts at end December 2024 to 227,871 at end January 2025, an increase of 25%.
- The increase was expected given the unfolding market dynamics, with long positioning continuing to grow in early February.
- Total long positioning has increased by almost 150% in the last year, as the surge in gold prices has encouraged investors to position for profit from this momentum.
- Despite the increase, positioning remains more modest than at prior points in the last 15 years, including surges seen in 2016 and 2020.

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



- Managed money short positioning remained stable in January 2025, with the market ending the month with a gross short position of just 17,331 contracts.
- Over the course of the past year, short positioning has declined substantially, falling by over 60% from almost 50,000 contracts in late February 2024.
- The changes in positioning are understandable given the substantial price gains seen across the past twelve months.
- 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–Jan 2025)



- The Managed Money net position ended January 2025 at +210,540 contracts.
- Across the course of the month, the net position increased by almost 50,000 contracts (25%), driven by both the increase in long positioning and a modest decline in short positioning.
- As the chart highlights, net positioning in the gold market has changed noticeably in the last twelve months, with net positioning sitting at just 56,000 contracts in January 2024.
- Given current market dynamics, it is expected net positioning will remain elevated across 2025, with investors and momentum traders likely to be more comfortable to sit on the long side of the market.

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