



# MONTHLY MARKET UPDATE

May 2025

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# PRECIOUS METALS PERFORMANCE

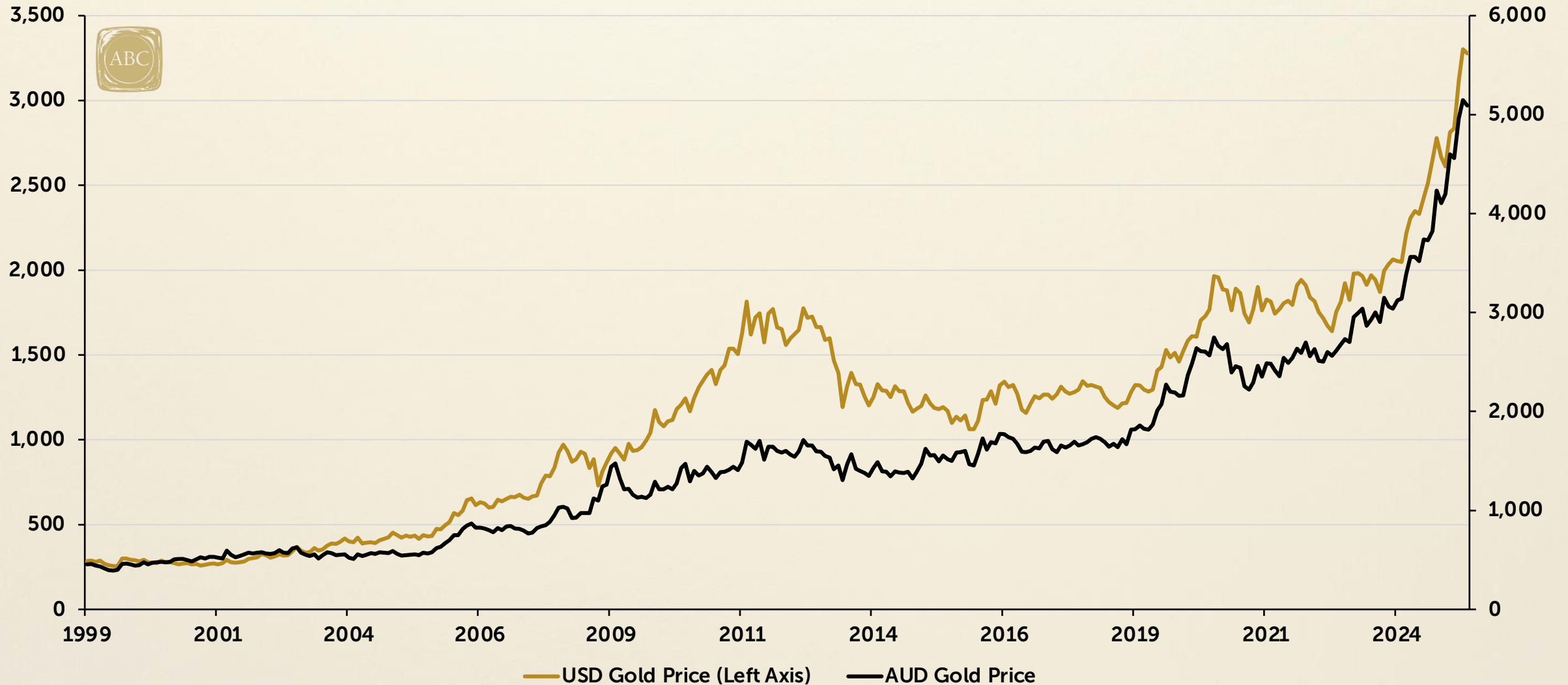


# Precious Metals Performance

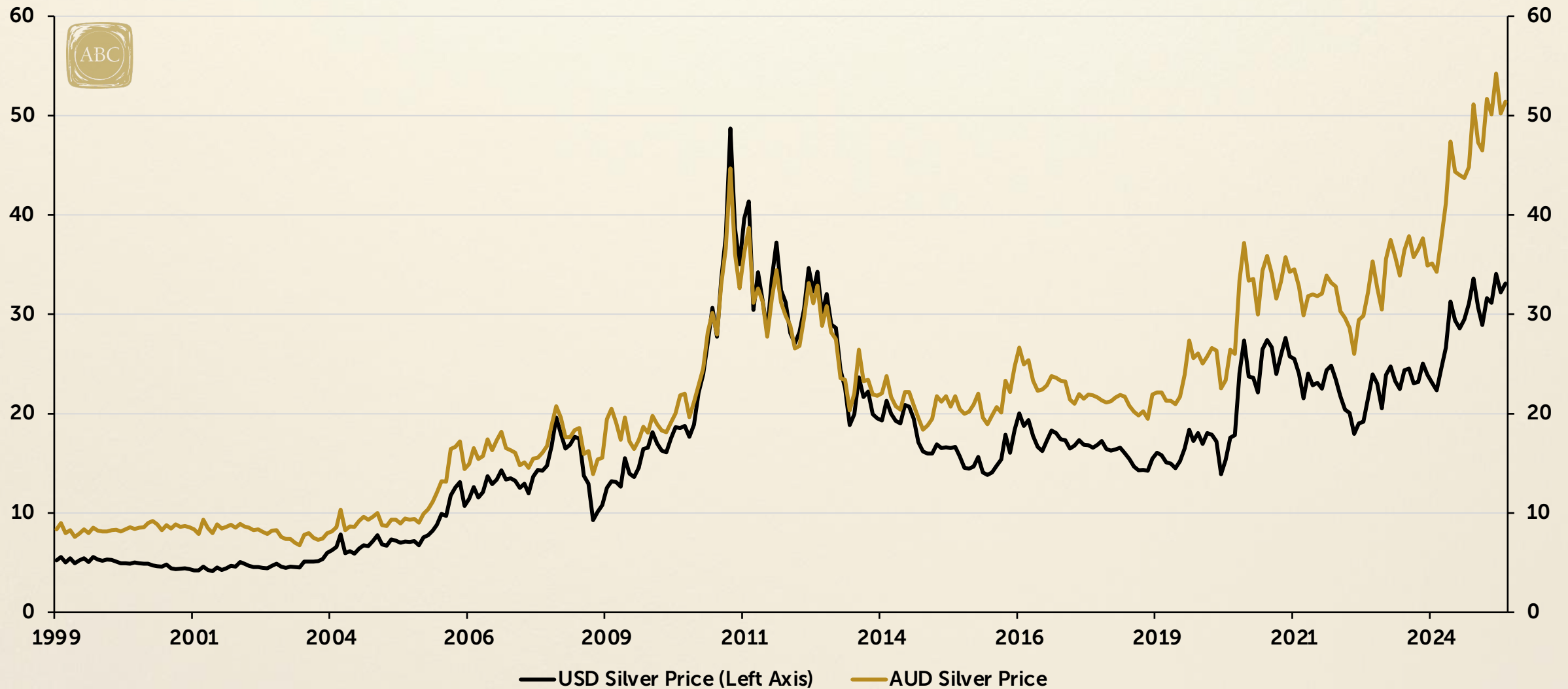
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- Gold prices consolidated throughout May, following one of the strongest Q1 performance for the precious metal on record. Across the course of the month, gold posted a marginal 0.74% loss in USD terms, reaching a monthly low near USD \$3120 per troy ounce (oz) before recovering to USD \$3289oz by month end. Australian dollar investors experienced comparable losses, with gold falling by 1%, with the Australian dollar largely unchanged over the month, ending May at USD 0.6436.
- The fundamental backdrop for gold remains strong, with persistent central bank demand, anticipated interest rate cuts and mounting debt and deficit concerns providing continued support. Additionally, rising recession risks driven by continued global tariff and geopolitical tensions, sticky inflation and weakening consumer confidence reinforces the metals appeal as a safe-haven asset and a hedge against monetary instability.
- Silver experienced marginal gains over May, rising by 2.65% and 2.33% in USD and AUD terms, respectively. The precious metal hit a monthly low of USD \$31.65 per troy ounce (oz), before finishing May at USD \$32.98oz. The metal continues to be driven by a combination of robust industrial demand, an ongoing structural supply deficit and sticky inflationary pressures.
- The gold to silver ratio (GSR) continues to remain elevated relative to its long-term historical median, ending May at 99:1. Historically, the ratio has ranged from as low as 20:1 to as high as 115:1, with a median of 62:1 since 1969. This indicates silver remains undervalued and suggests it may strongly outperform gold in the period ahead, particularly given historical observation that shows silver doing exactly this in precious metal bull markets .
- Platinum prices saw a large spike over May, with gains of more than 10% in USD terms as investors priced out of the gold market search for an alternative. The rise was largely fueled by a structural undersupply and a resurgence of Chinese demand particularly across jewelry and industrial applications, with the nation importing 11.5 tonnes in April alone.
- Gold delivered exceptional gains in 2024, with returns ranging from as “low” as 26.6% in USD terms, to over 40% in YEN. This 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 developing market currencies have marginally outperformed those in developed markets in 2025 YTD, averaging 21.4% and 21.3% respectively.
- Silver delivered exceptional gains in 2024, with returns ranging from as “low” as 21% in USD terms, to almost 35% in YEN. The silver market has continued to generate strong returns in 2025 YTD across multiple currencies (despite the April pullback) with gains of 10.8% across developed markets and 10.7% in developing markets on average.

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



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

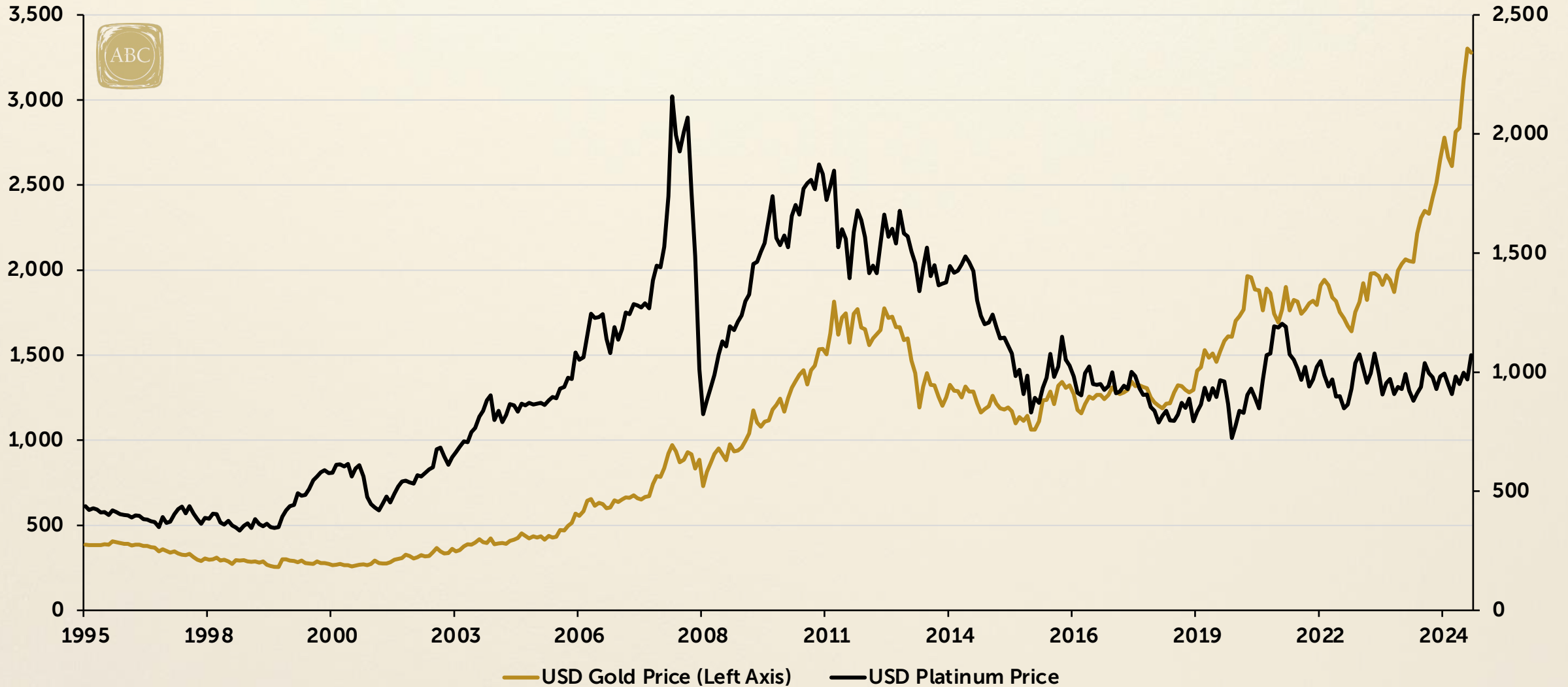


# Gold/Silver Ratio (Jan 1970–May 2025)



Source: LBMA

# Platinum in USD & Gold in USD (Jan 1995–May 2025)



# Gold Performance in Multiple Currencies (Jan 1999–May 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	25.5%	21.3%	15.9%	17.8%	15.1%	25.1%	23.9%	21.3%	21.4%
Average	8.8%	11.5%	10.1%	11.0%	11.9%	12.0%	10.5%	10.8%	10.8%
5 Year	14.0%	14.3%	13.3%	12.7%	21.1%	16.9%	14.7%	19.3%	18.4%
10 Year	10.8%	13.0%	10.7%	12.3%	12.9%	14.1%	12.3%	14.9%	15.3%
20 Year	10.6%	11.7%	11.4%	12.6%	12.4%	14.4%	9.9%	13.3%	14.3%
Since 1999	10.7%	10.5%	10.9%	11.7%	11.8%	13.9%	10.0%	12.8%	14.2%

# Silver Performance in Multiple Currencies (Jan 1999–May 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	14.4%	10.5%	5.6%	7.4%	4.9%	14.1%	12.9%	10.8%	10.7%
Average	7.5%	10.0%	8.7%	9.9%	10.3%	10.7%	9.2%	9.5%	9.5%
5 Year	16.6%	17.1%	16.0%	15.3%	23.9%	19.6%	17.4%	22.2%	21.1%
10 Year	7.2%	9.5%	7.1%	8.7%	9.3%	10.4%	8.7%	11.5%	11.6%
20 Year	8.1%	9.1%	8.8%	10.0%	9.9%	11.8%	7.4%	11.0%	11.7%
Since 1999	8.2%	8.0%	8.4%	9.2%	9.3%	11.4%	7.5%	10.7%	11.6%



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# PRECIOUS METALS vs. THE MARKET

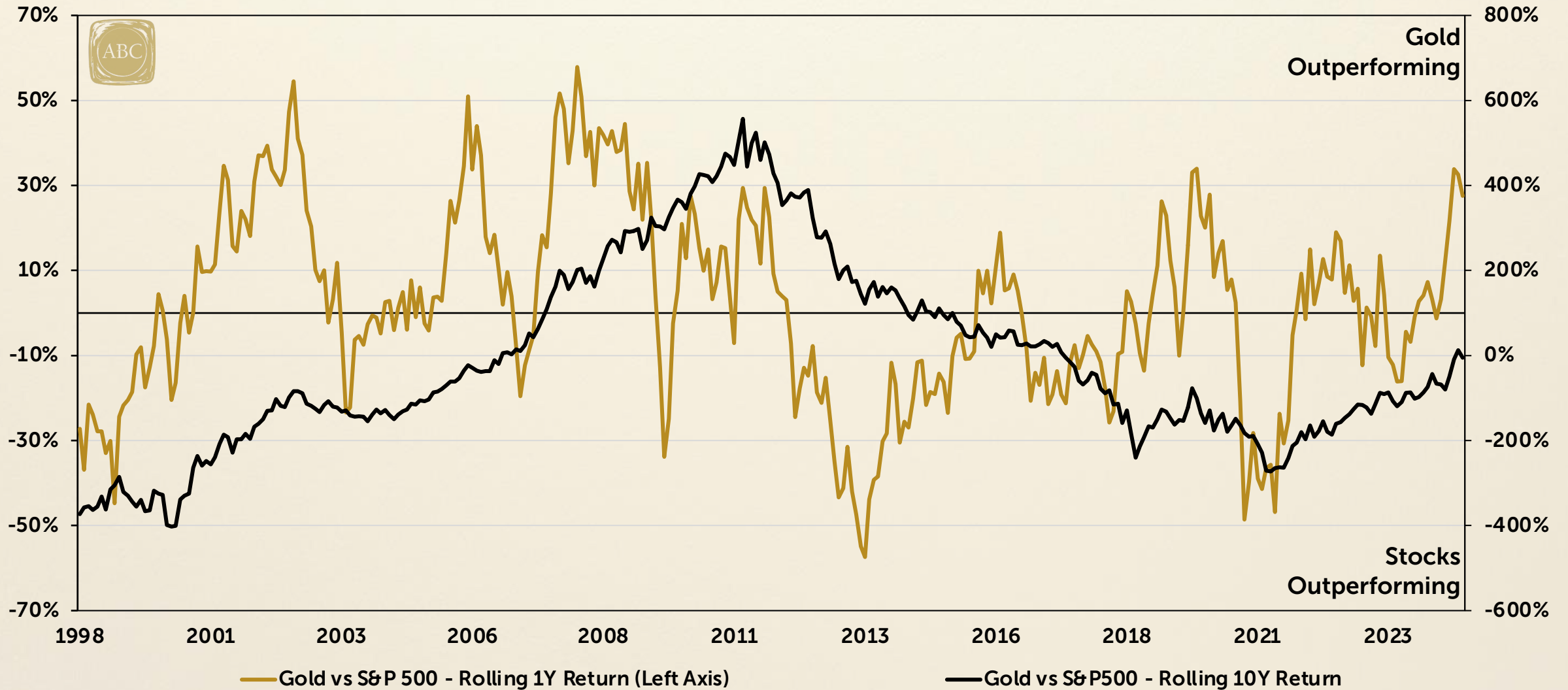


# Precious Metals vs The Market

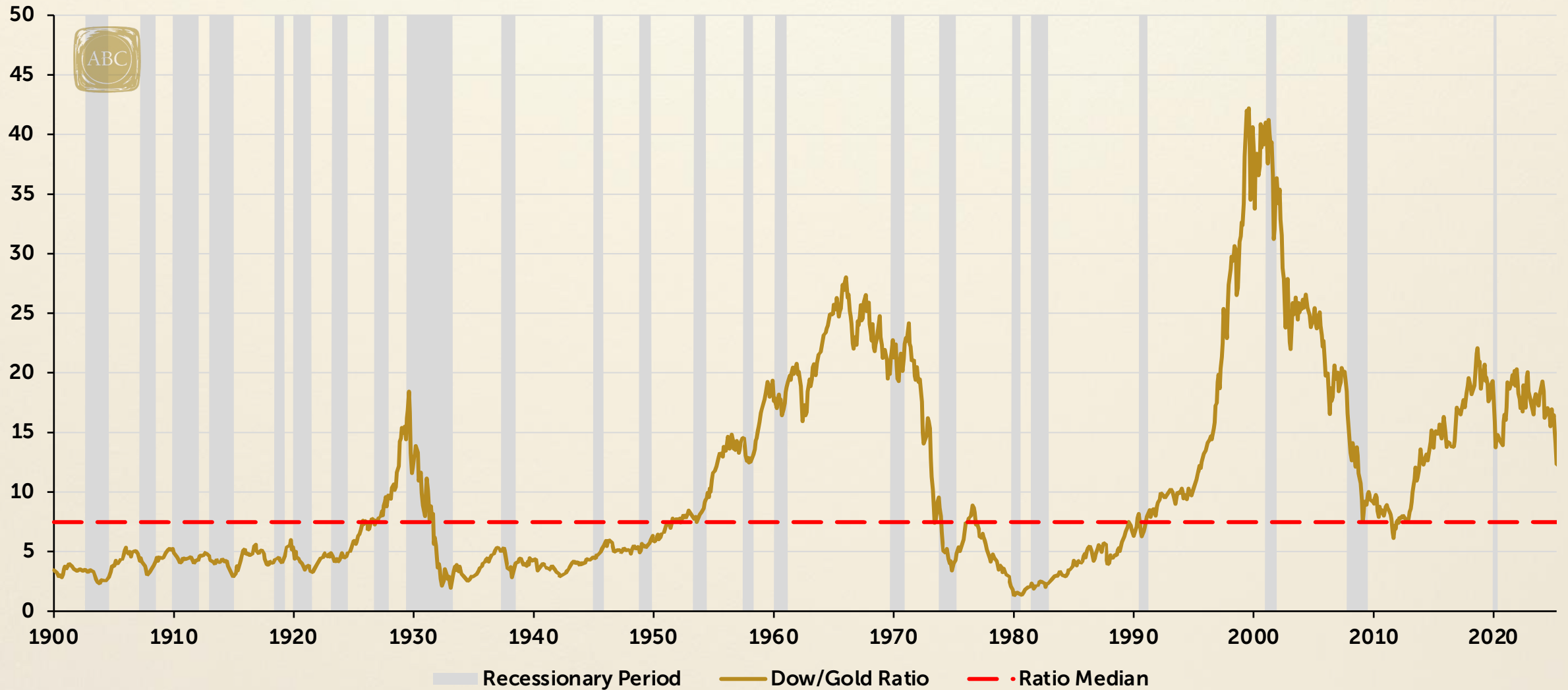
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- YTD gold returns (+25.4%) continue to dwarf the S&P 500 (+0.51%). Equity markets remain under significant pressure driven by concerns over a potential resurgence in inflation and growing probabilities of a global recession, following widespread trade policy and geopolitical uncertainty. By contrast, gold's fundamental drivers, as previously highlighted, could support continued outperformance against the S&P 500, especially given stretched equity valuations.
- Historically, the three major declines in the Dow/Gold ratio (1930s, 1970s, and 2000s), were driven by a combination of a significant rally in the gold price and stagnation or declines in US equity market (the 30's was largely driven by the latter, given gold prices were fixed at the time). With the ratio currently at 12.90, well above the historical median of 7.48, gold appears relatively undervalued compared to US equities, suggesting continued upside potential.
- The Gold/Oil ratio remained elevated throughout May, ending the month at 53.92. The number is over triple the long-term average (dating back to 1983) of 18.75, hovering around levels not seen since the peak of the COVID pandemic. The increase in the ratio has been driven by both the recent gold surge (+25.4%) and fall in crude oil prices (-15%) YTD. Short-term, the ratio may increase further, amid gold's continued strength, whilst escalating trade tensions and tariffs signal a weakening global economic outlook and softer demand prospects for oil.
- The Gold/BCOM ratio reached all time highs in May, ending the month at 32.77, well above the long-term average of just 6.95. 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. Given this backdrop, it would not surprise to see this ratio remain at elevated levels throughout 2025 and beyond.
- The United States Federal Reserve (The Fed) continued to hold interest rates steady at 4.25%-4.5% at their May meeting, given sticky inflation remaining above target levels and modest GDP growth. Further rate cuts could be put on hold, given fears of Trump's global trade policies reigniting inflation, with JPM recently forecasting no rate reductions until H2 2025. This may act as a short to medium-term headwind for the precious metals sector, with gold rallying substantially during rate cutting cycles this century.
- While CPI continues to decline from its 2022 peak of 9.1%, it remains above the Fed's 2% target (CPI 2.27% as of April 2025). Median, mean and core inflation in the US ended May at 3.43%, 2.88% and 2.77% respectively. Turning to output, the US economy's annualized GDP growth contracted 0.3% in Q1 2025, reversing a 2.3% annualized GDP growth rate from Q4 2024. Looking ahead, a continued slowdown in the US economy throughout 2025 and 2026 is predicted, with GDP growth expected to ease to 1.1% and unemployment anticipated to increase to 5%.

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



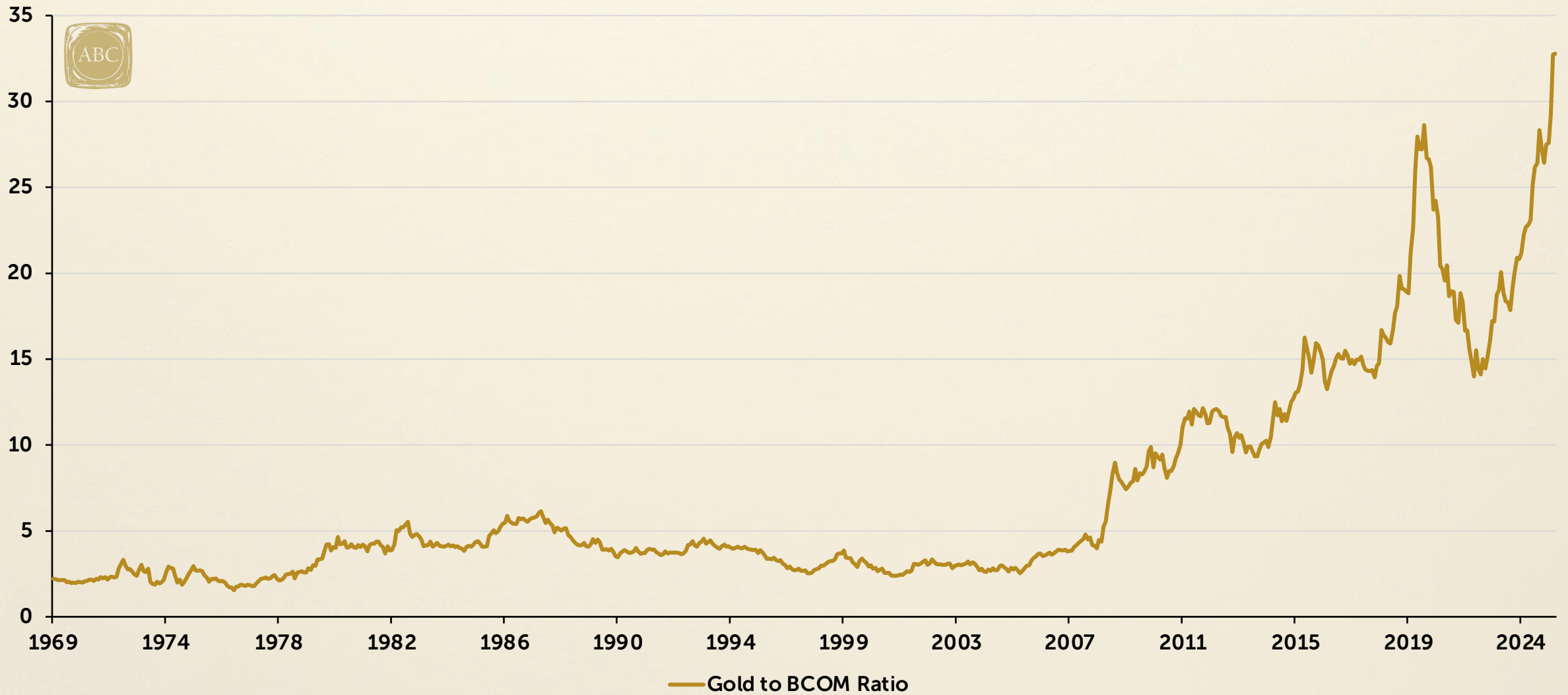
# Dow/Gold Ratio in USD (Jan 1900–May 2025)



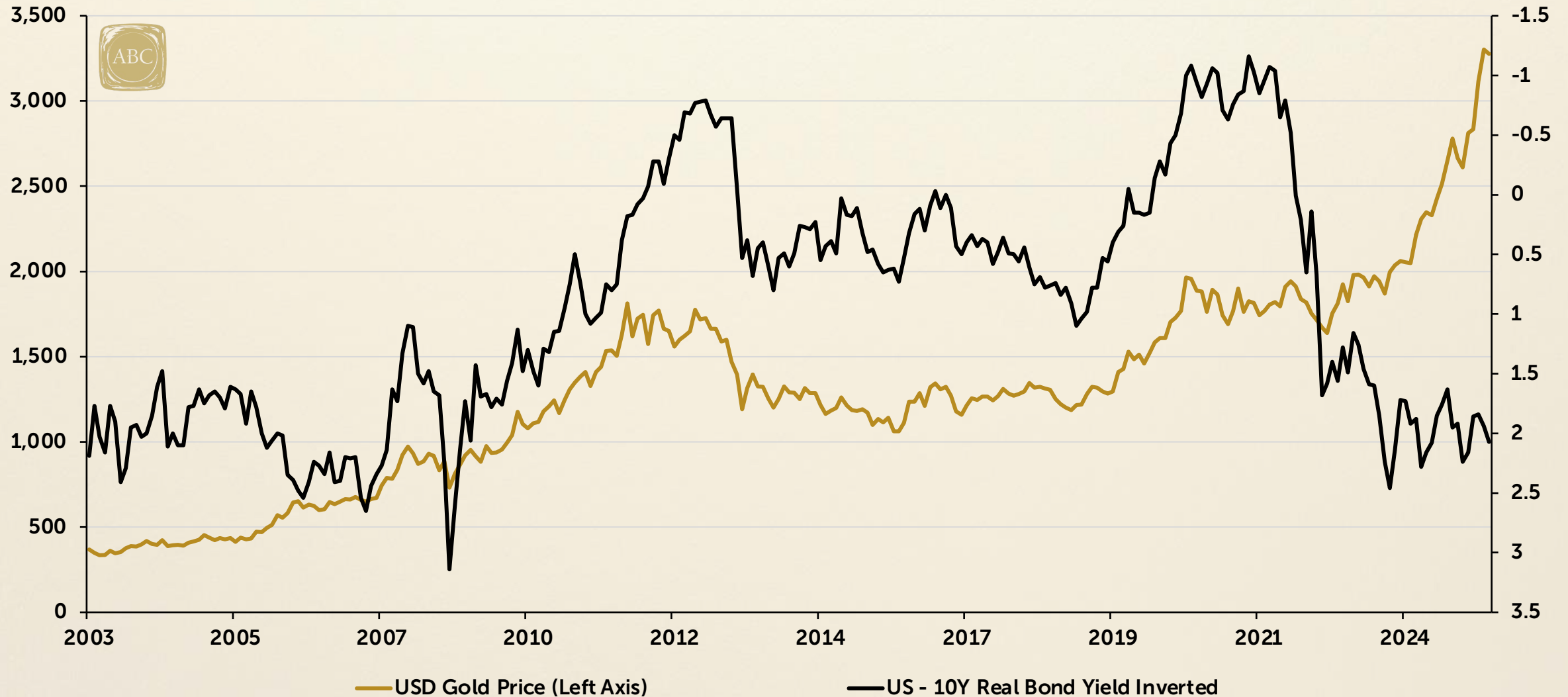
# Gold/Oil Ratio in USD (Jan 1999 – May 2025)



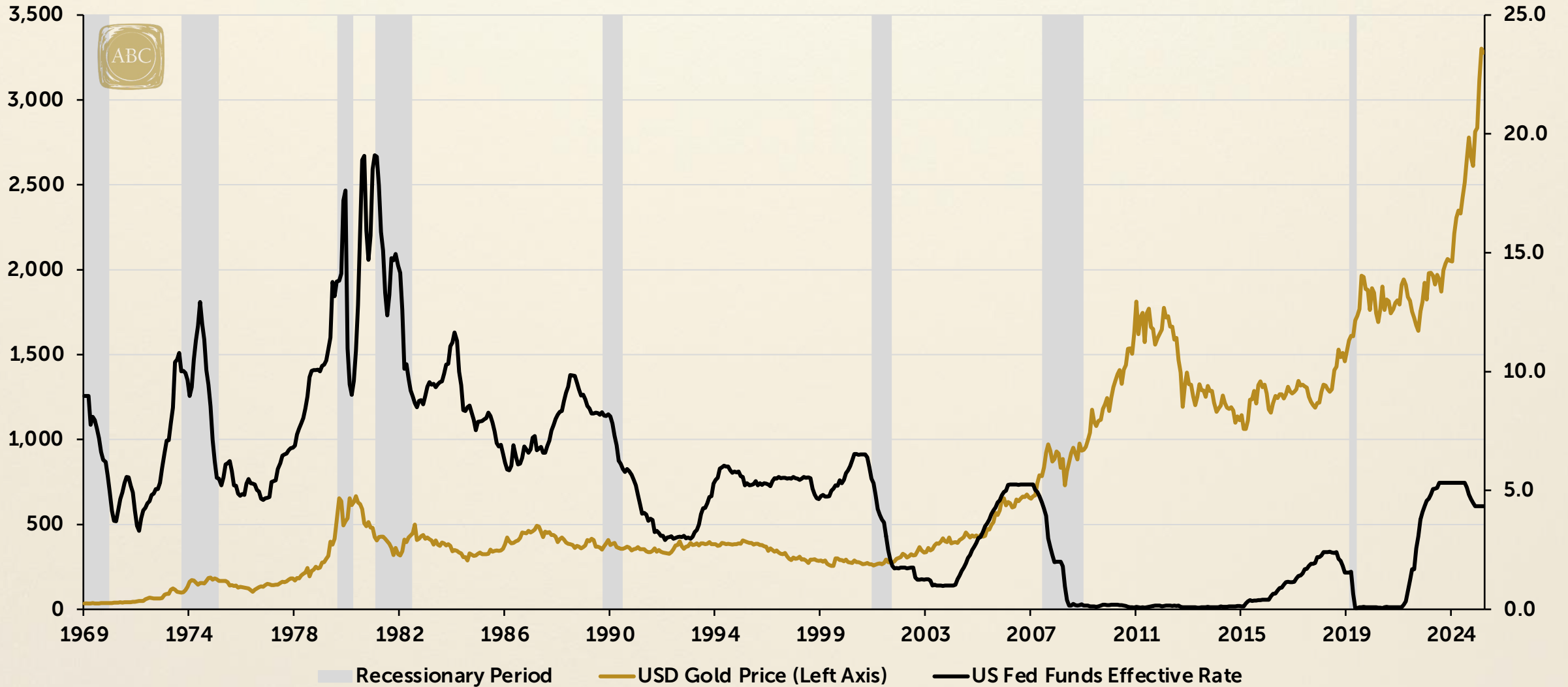
# Gold/Bloomberg Commodities Index (BCOM) in USD (Dec 1969–May 2025)



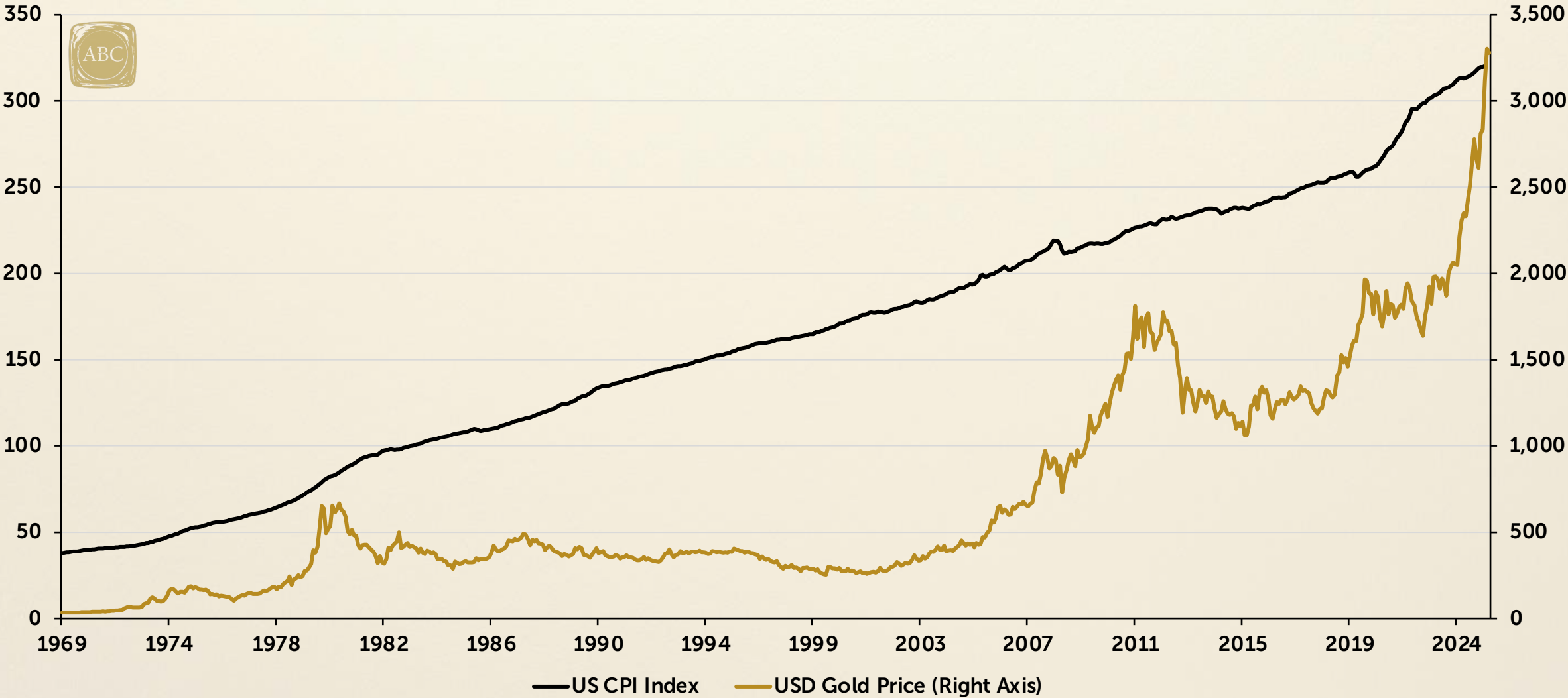
# Gold in USD & US 10Y Real Bond Yield Inverted (Jan 2003–May 2025)



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



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



Source: LBMA, Federal Reserve Bank of Cleveland, EY – CPI data 1 month lag





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# PRECIOUS METALS POSITIONING

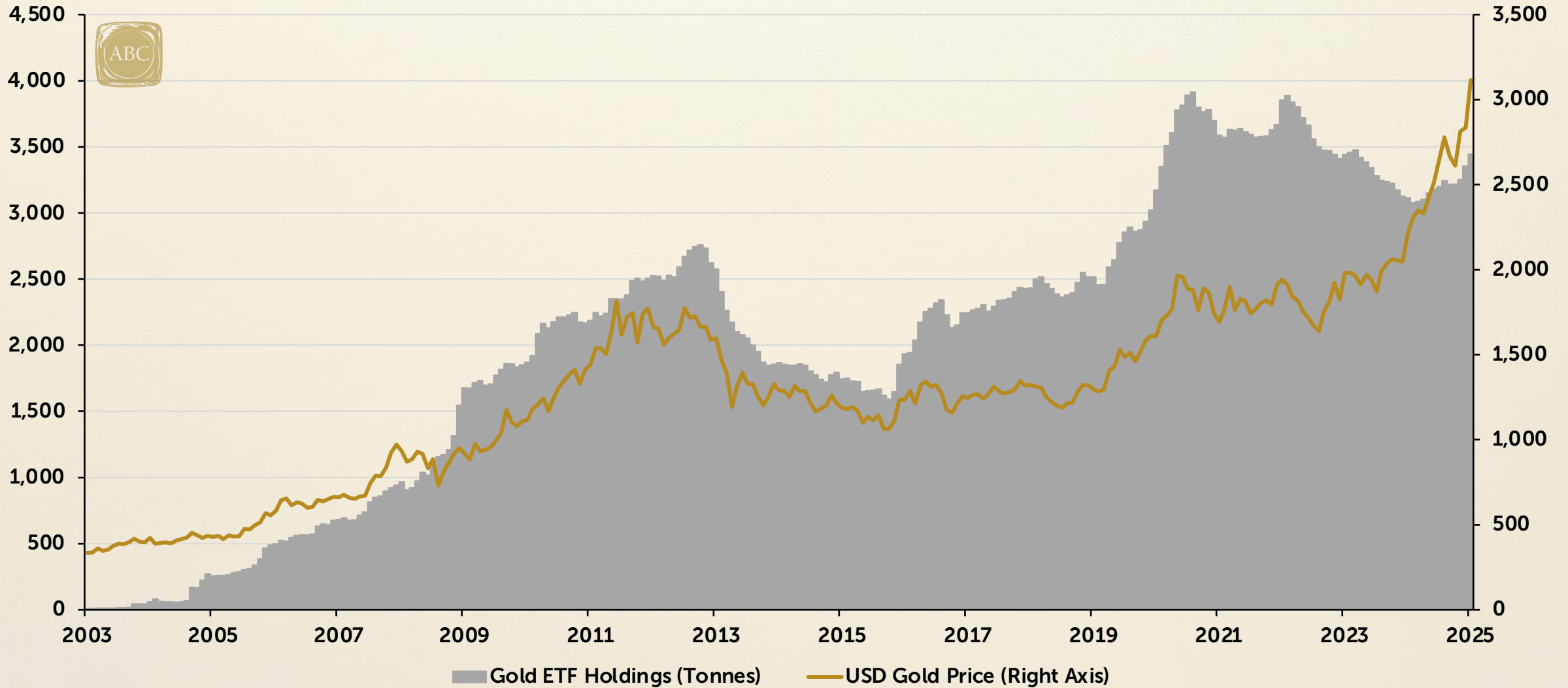


# Precious Metals Positioning

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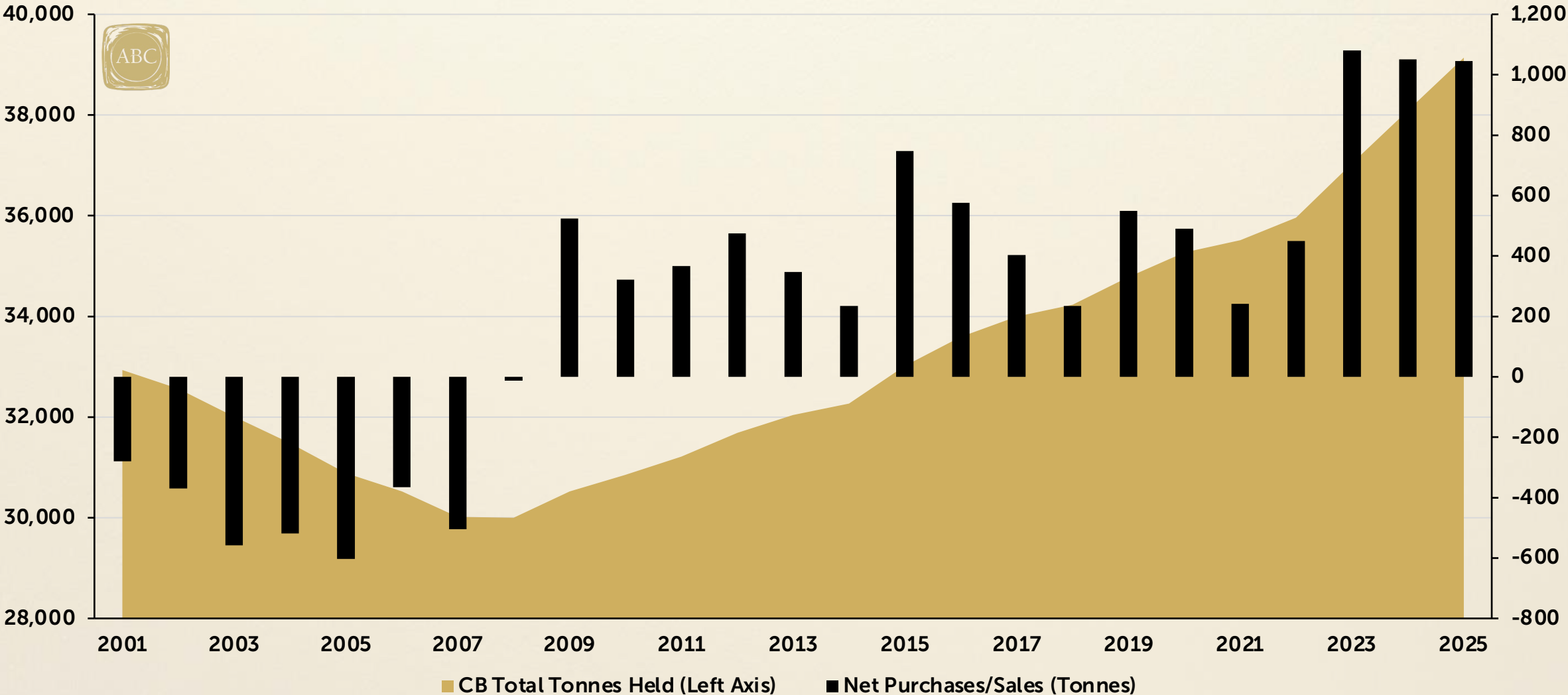
- Preliminary data for May suggest global gold ETFs saw around 30 tonnes of outflows, with price consolidation tempering demand from the sector. This follows a period of strong inflows, total holdings and AUM increasing by 3.3% and 9.5% respectively in April. Looking further into April (the last month we have complete data for) gold ETFs reported total inflows of USD \$1.74bn, with total Q1 inflows equating to USD \$21bn, the second highest quarterly increase historically speaking. While North America and Europe tend to lead the ETF market, Asia picked up the baton in April, with almost 70 tonnes of buying seen in the month, the largest figure in years. Inflows are expected to remain strong throughout 2025, as investors seek diversification and portfolio protection through gold allocations. The potential for a corrective period in the gold market may dampen expected inflows or even see a short-term reversal (with ETF investors shedding holdings) as we saw in May but this would likely only be a short-term phenomenon, if seen at all.
- Globally, central banks added 244 tones of gold to reserves throughout Q1 2025, 24% above the 5 year quarterly average driven primarily by increased geopolitical instability. Purchases across Q1 were led by Poland (+49t), China (+13t), Kazakhstan (+6t) and the Czech Republic (+5t).
- Gross long positioning remained elevated in May, continuing the downward trend reversal that began in September, closing the month with a +147,502-contract position. The current position represents a 21% decrease vs the prior month and a 37% decrease compared to September 2024 highs. The decline in gross long positioning reflects multiple factors, including profit-taking after extended price gains. The divergence between gold prices and managed money long positioning may signal broader macroeconomic drivers at play. It also bodes well for the gold market, which has been able to push back toward highs despite the absence of speculative froth.
- Managed money short positioning decreased by 18% across May remaining modest with respect to historical highs, at just 36,686 contracts. Suggesting a lack of conviction among bearish speculators at present, with the decline in positioning from its peak in 2023/2024 understandable given the substantial price gains seen across the past 18 months. Given 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.
- The Managed Money Net Position ended May at +105,895 contracts, representing a 5% decrease relative to the prior month, and a 48% decline relative to where the market sat at end September. Recent moderation in net positioning despite record gold prices suggests that institutional investors and speculative money is adopting a more cautious stance as it relates to gold (and/or is moving to ETFs and physical bars), with many expecting the market to spend some time consolidating recent gains.
- Given continued support evidenced by strong investor demand in physical and ETF markets, as well as a continued shift toward risk-averse strategies, we see room for net positioning to expand further across the rest of 2025.

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



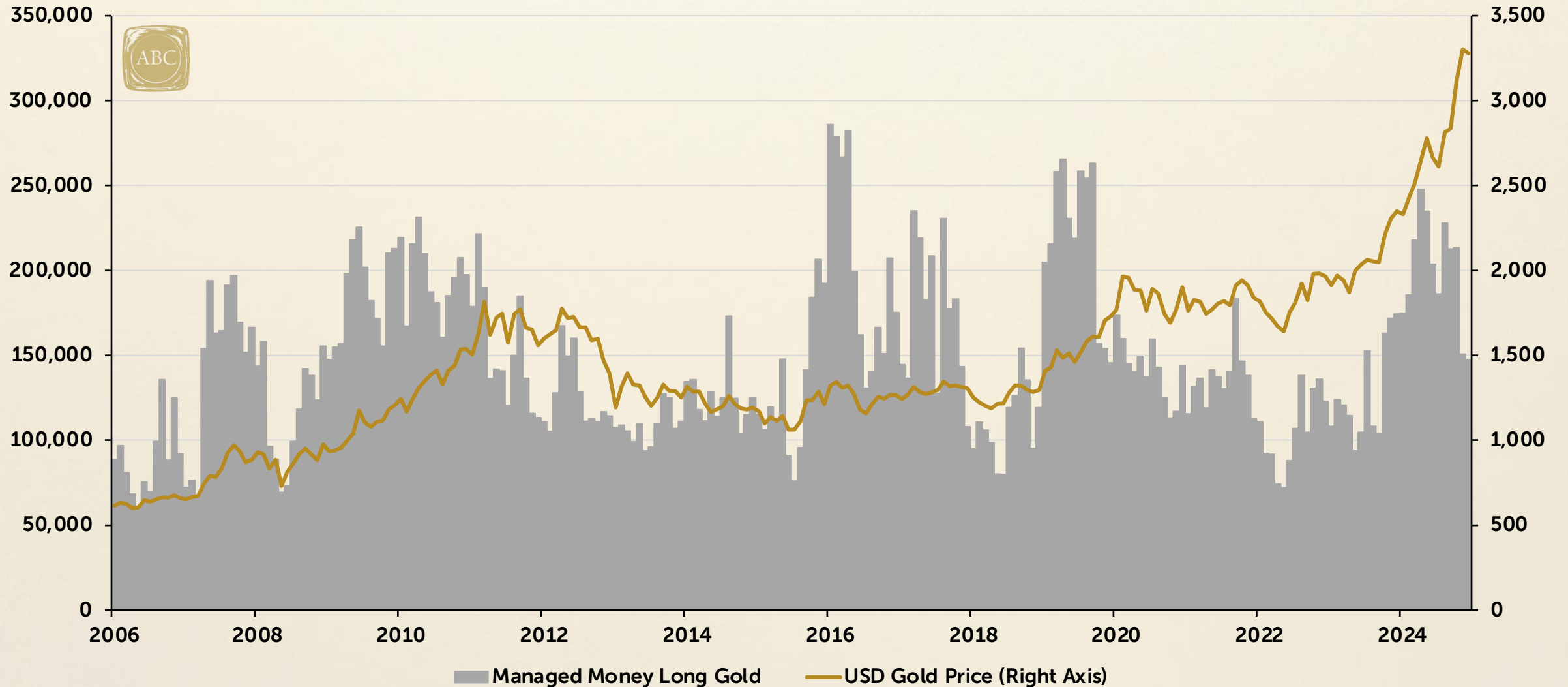
Source: LBMA, World Gold Council, AFR – ETF Holdings data 1 month lag

# Central Bank Gold Holdings & Net Purchases/Sales (2001–2024)

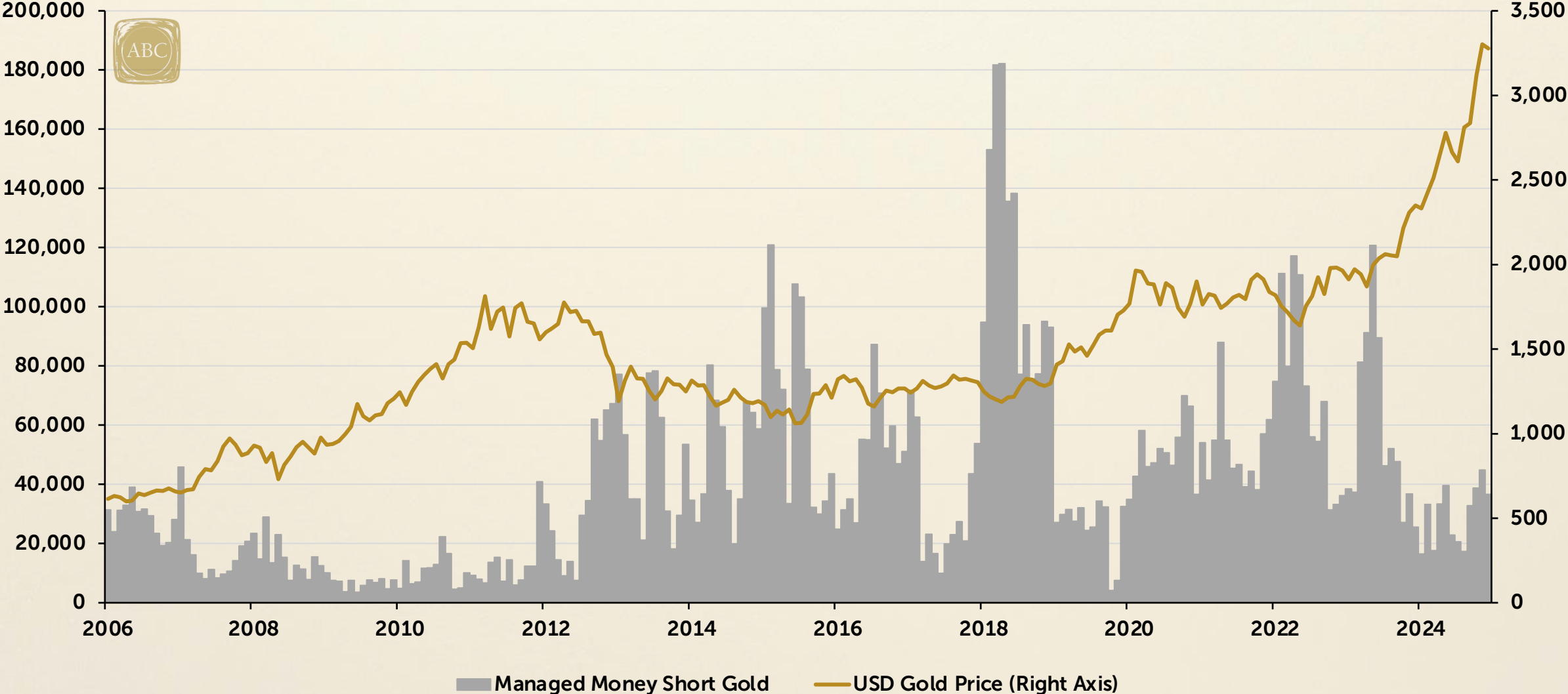


Source: World Gold Council

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

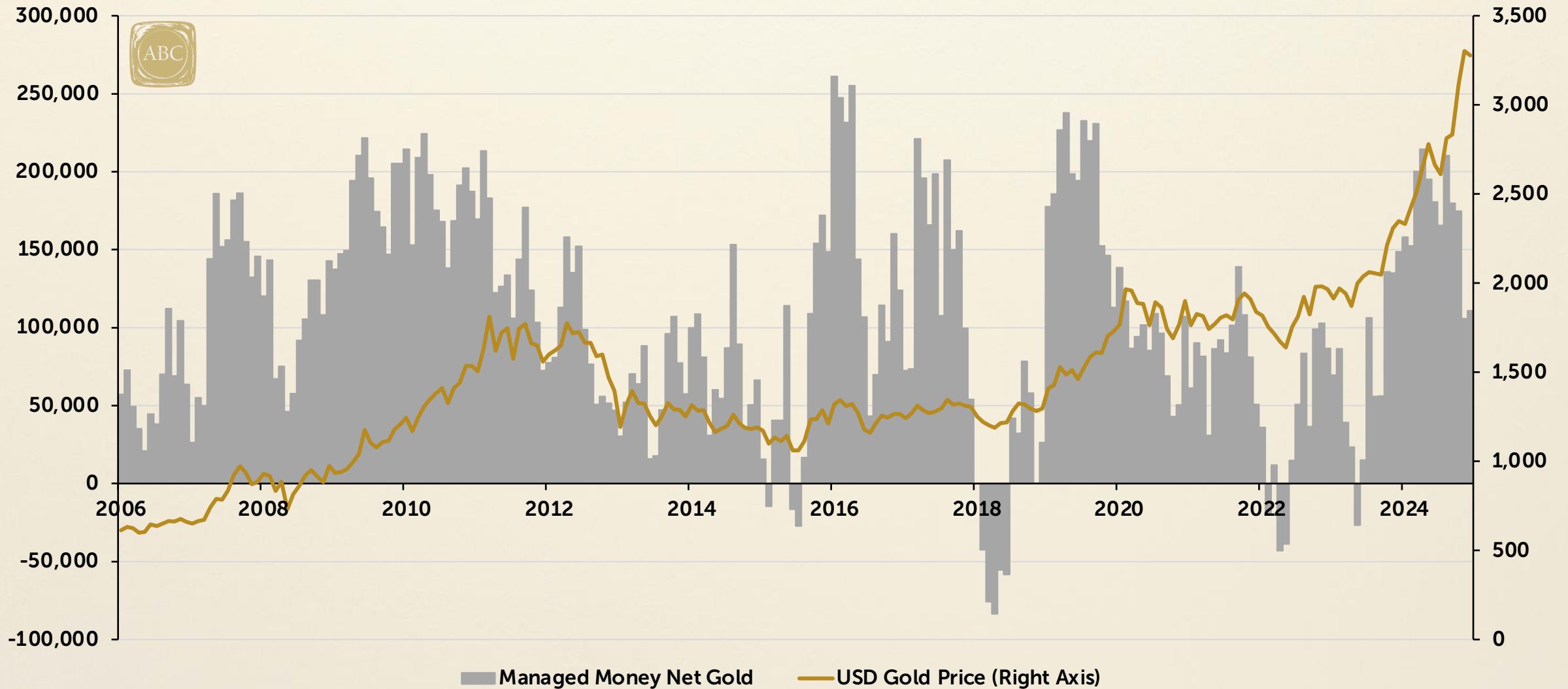


# Gold in USD & Managed Money Short Gold (Jun 2006–May 2025)



Source: LBMA, YCharts - Positioning data as at 27/05/2025

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





# PRECIOUS METALS TECHNICAL ANALYSIS

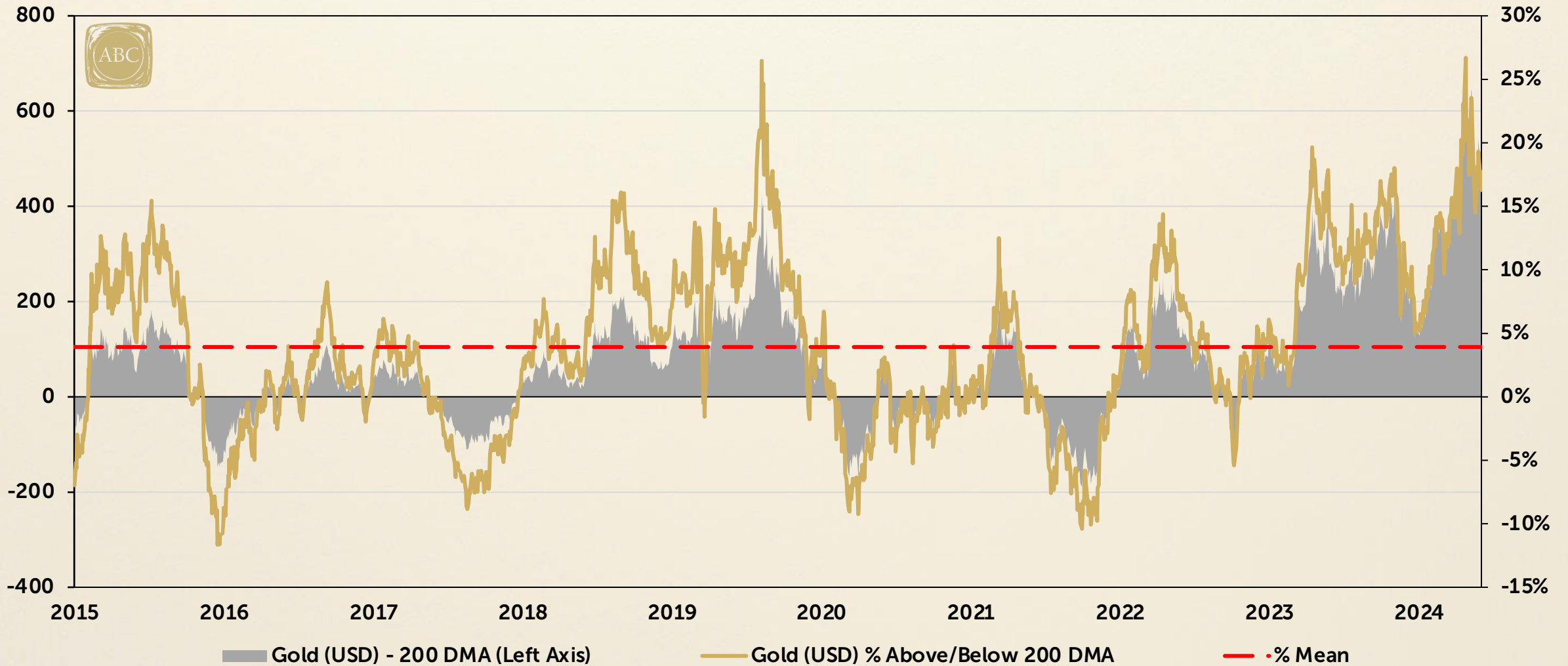


# Precious Metals Technical Analysis

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- Gold is currently trading significantly above its long-term trend, sitting \$459 or 16% above its 200-day moving average (200DMA).
- Historically, when gold trades significantly above or below the 200DMA, the price mean-reverts.
- The current elevated divergence suggests strong bullish momentum and a potentially stretched gold price relative to historical norms.
- Given this relationship and gold's current price levels above the 200DMA, a pullback in price over the short to medium term back towards the historical mean would not surprise from a technical viewpoint.
- Such a correction would likely be a healthy development for the market and create a buying opportunity for medium to long-term investors.
- Should gold hold onto end May price levels through to the end of June, its 50DMA and 200DMA will end the financial year at USD \$3,284oz and USD \$2,900oz respectively.

# Gold in USD & 200 Daily Moving Average (DMA) (Jan 2016–May 2025)



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