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# The Sharp Perspective

#14 MONTHLY COMMENTARY
APRIL 2025

## Gold Hits $3,500/oz in April as Market Turmoil Sparks Choppy Trading

- **President Donald Trump's** reciprocal tariffs caused widespread sell-offs across markets, with even gold being sold as investors needed to raise money for margin calls in less liquid markets
- **After dropping** 6.6%, prices rallied to set fresh highs, before rebounds in other markets, including the US dollar, led to another pull-back in gold prices. At the end of April, prices were 6.5% below the April high
- **Central banks** and ETF investors continued to buy gold, with ETF purchases in April the largest since buying resumed in May 2024. Central banks bought a net 17 tonnes in March
- **The funds trading** Comex gold have been profit-taking. The net long fund position dropped 35% during April. Despite this selling, gold still managed to set a new high and closed up on the month
- **Geopolitical risks** remain elevated and the changes underway are not temporary - a new world order is forming and there are significant risks as this happens

### Silver is still underperforming gold, failing to rebound to March highs after its early-April sell-off

There is a significant anticipation for silver prices to rise as demand is set to grow at a faster pace as the energy transition expands geographically and the AI evolution gains momentum. But, silver seems in no hurry to start this journey

### PGM prices are following silver. The trade-related risks to industrial demand are keeping the outlook muted

There is more talk of production cuts if prices do not climb. There was good fund-buying interest in platinum into the sell-off

## KEY TAKEAWAYS

- Gold prices are now consolidating after a record setting run that has seen prices rally 33.4% so far this year. Given this, it is not surprising some investors have decided to take profits
- All the bullish factors that have driven gold prices higher have not gone away and unfortunately are unlikely to, so any sell-off in price is likely to be short-lived, even if it is steep
- Trump's tariffs have unsettled global markets and there could be further bouts of risk reduction as trade deals are struck, or not, as the case may be
- Outside the economic concerns, there are political concerns as the world's leaders are vying to secure their place in the new world order. This makes for an uncertain outlook
- Silver is still being held back as all the interest is in gold, but with the gold/silver ratio at over 1:100, silver's time lies ahead
- PGM demand remains weak, as does the outlook, but a long period of low prices is likely to force more supply restraint, which would speed up the tightening of the fundamentals

# Gold Reaches Record Highs – Straddling Profit-Taking and Geopolitical Tailwinds

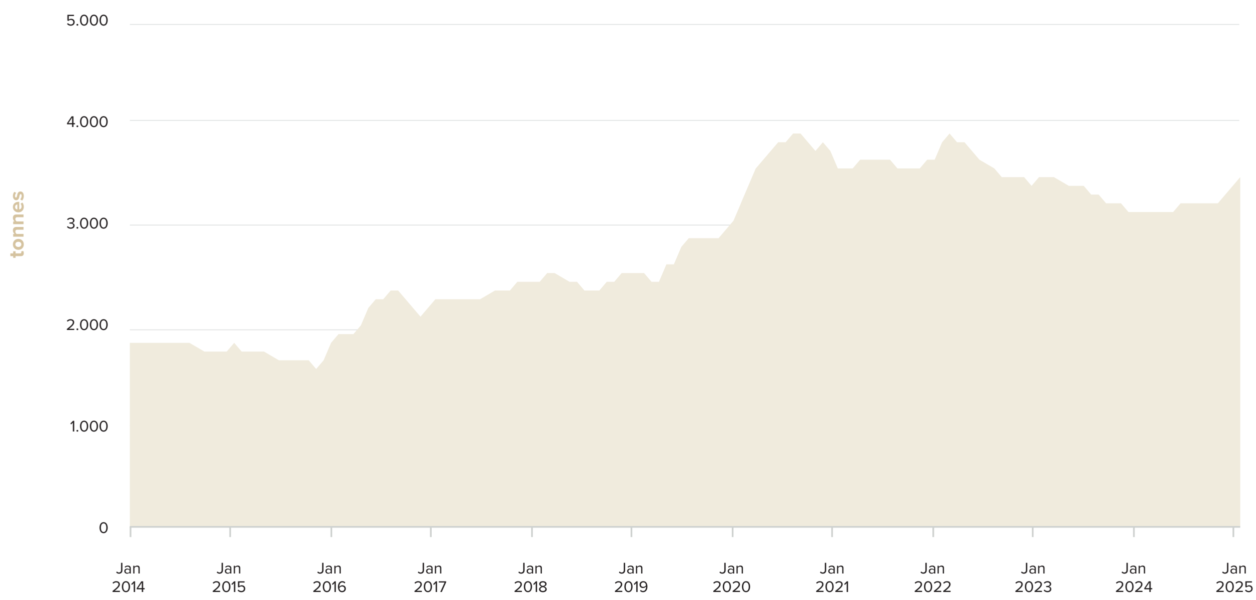
**After reaching $3,500 per ounce, gold prices are consolidating, yet structural uncertainties and continued institutional demand suggest lasting support for the uptrend.**

Gold prices set another series of record highs in March, as the world appears increasingly unstable on geopolitical, economic, climate, and humanitarian fronts — to name the most pressing. Gold's latest record high was just shy of $3,149 per ounce, set on 1st April. This means prices have already climbed 20% since the end of 2024 and are up 95% from the triple lows around $1,615 per ounce seen between September and October 2022.

## End of rally, or just a pause?

Since setting a fresh high at $3,500 per oz, prices have slipped back to $3,202.65 per oz, a drop of 8.5% from the high. Given the strength of the rally, such a pullback does not look much and indeed could be just a bout of consolidation as the market absorbs profit taking. While there has been some thawing in the tariff wars, which has provided some relief to the economic/trade situation, many of the other underlying supporting factors that have been driving gold prices higher, such as geopolitical concerns over Russia, the Middle East and China, as

CHART 1
**Gold ETFs – AUM**



well as deglobalisation, de-dollarisation and high debt levels, have not gone away. Indeed, it seems unlikely that the economic/trade issues have gone away for good, given "Tariff is the most beautiful word in the dictionary", according to President Donald Trump. With Trump relaxing some of his excessive stances on tariffs, broader markets have recovered and the dollar, as seen by the Dollar Index, has managed to halt its decline and rebound 2.5% from April's low of 97.91. That said, the rebound is not much considering the dollar had fallen 11% from its January high at 110.18. The Dow Jones Industrial Average has reclaimed 77% of its recent losses, it was around 42,500 before the recent sell-off, it fell to a low of 36,612 on April 8 but has since recovered to 41,165.

## Unclear times as global dynamics shift

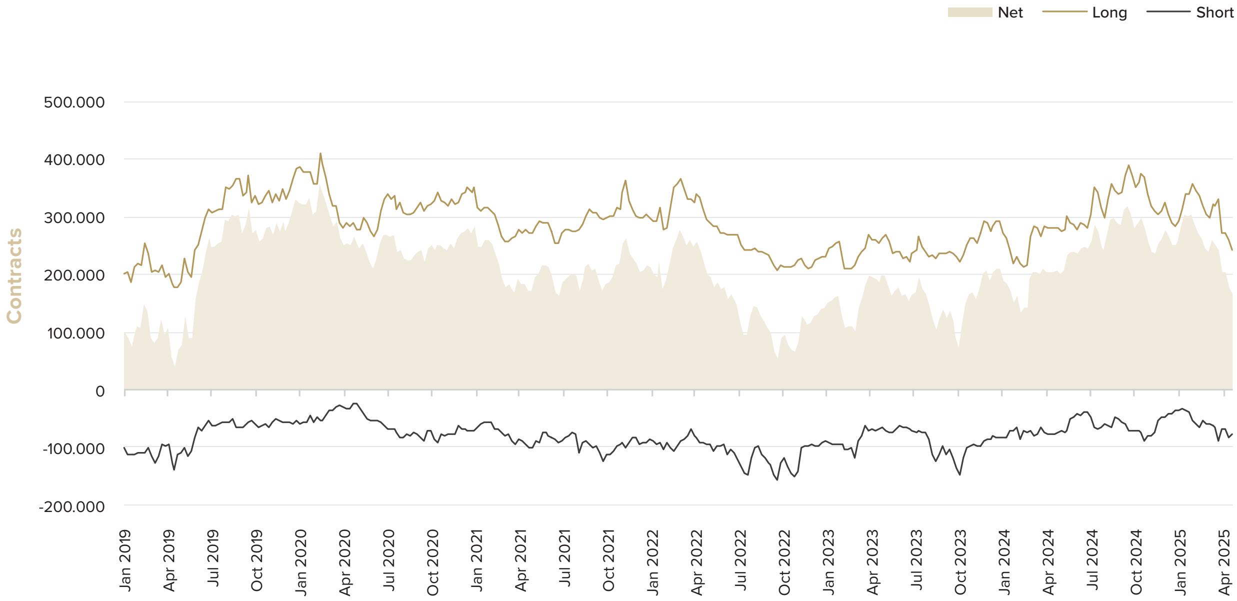
Globalisation took off after the Iron Curtain fell in 1989 and as the US was left as the main superpower. But, in recent years, China has become a formidable economic and military superpower and Russia's aggressive foreign policy shows it has ambitions to reclaim its status as a superpower too. So the world is in a state of flux with China leading in energy transition, the US and China battling for supremacy in AI and the countries aligned with the BRICs are questioning whether the US should continue to hold the power associated with being the world's reserve currency. Given Russia's ambitions in Central Europe, China's in the South China Sea and Trump's over Greenland and Canada, the world faces a lot of uncertainty. The Western world has also been asleep on the job, as it has allowed China to dominate in processing raw materials – nowhere is this more noticeable than in rare earths. The US has also drifted into a vulnerable position by building up so much debt. The US national debt is around $36 trillion and as of the end of 2024, $8.5 trillion was held by foreign countries with Japan and China the two largest holders. Will they weaponise this? Japan's finance minister recently hinted that their $1 trillion holdings of US Treasuries could be used as a bargaining card in tariff negotiations, and China may well be in position to do the same. But, it's not just the West that is in a pickle, China also has its issues, whereas growth was routinely above 8% in the early 2000s, it has struggled to make 5% in recent years, with India taking over the high-growth baton from China. All of which suggest a new world order is indeed unfolding and that brings with it significant risks for investors to contend with.

## ETF and Central bank buying accelerates

Given the above, it should not be surprising then that investors and central banks have been buying gold at a faster pace. Back in May last year, when ETF investors first started to increase their holdings again, they were described as late-starters as the bull rally had been going since October 2023. But, they have proved to be reliable buyers. They bought 123 tonnes in April, up to April 25th. In the past three months their monthly average purchases have been 102 tonnes, while in the May 2024 to December 2024 period, purchases averaged 25 tonnes per month, excluding November when investors were net sellers of 28 tonnes. Central banks reported buying a net 17 tonnes in March (35 tonnes bought and 18 tonnes of sales), taking purchases in the first quarter to a net 61 tonnes. Poland and Kazakhstan were the two largest buyers in March, with purchases of 16 tonnes and 11 tonnes respectively, while Uzbekistan sold 11 tonnes. Over the first quarter, China bought 13 tonnes and Russia has sold 3 tonnes.

**MANY OF THE OTHER SUPPORTING FACTORS THAT HAVE BEEN DRIVING GOLD PRICES HIGHER, SUCH AS GEOPOLITICAL CONCERNS OVER RUSSIA, THE MIDDLE EAST AND CHINA, DEGLOBALISATION, DE-DOLLARISATION AND HIGH DEBT LEVELS, HAVE NOT GONE AWAY.**

CHART 2
**Gold – Fund long, short and net position on Comex**




## Gold sets fresh highs despite fund selling

The funds trading Comex gold were net sellers of 86,478 contracts of gold in April, which took the net long fund position to 163,318 contracts, down from the end of March position of 249,796 contracts and a recent peak position of 302,508 contracts from early February. The fact that gold prices set a fresh record high into the headwind of fund selling suggests there was initially good amounts of dip buying. That said, with the fund selling continuing into month-end, it does look as though the buyers have moved to the sidelines, perhaps to wait for better buying opportunities.

## Dollar rebound, another headwind

The weaker US dollar has been a tailwind for gold prices this year, with the Dollar Index falling to a low, around 97.90 on April 21, from a multi-year peak of around 110 in January. So, the start of a rebound in the dollar in late-April has removed one of gold's tailwinds. The Dollar Index had rebounded back over the 100 level in early-May.

CHART 3
**Spot Gold ($ per oz)**

## Gold Statistics

| | 2021 | 2022 | 2023 | 2024 | Q4 2024 | Q1 2025 | Mar 25 | Apr 25 |
|---|---|---|---|---|---|---|---|---|
| **London prices** | | | | | | | | |
| $/oz | 1.799,87 | 1.801,17 | 1.942,99 | 2.386,42 | 2.662,47 | 2.862,28 | 2.982,50 | 3.209,81 |
| £/oz | 1.308,41 | 1.457,43 | 1.562,57 | 1.866,06 | 2.077,17 | 2.271,36 | 2.309,94 | 2.443,00 |
| €/oz | 1.308,41 | 1.457,43 | 1.796,32 | 2.206,46 | 2.495,63 | 2.718,29 | 2.758,98 | 2.862,29 |
| **Parity prices** | | | | | | | | |
| Australian - A$/oz | 2.393 | 2.590 | 2.924 | 3.619 | 4.081 | 4.562 | 4.738 | 5.111 |
| South Africa Rand/kg | 26.519 | 29.139 | 35.952 | 43.505 | 47.643 | 52.960 | 54.594 | 60.736 |
| Japan Y/g | 197.644 | 241.248 | 273.806 | 361.653 | 405.537 | 436.362 | 444.929 | 463.348 |
| India Rupee/oz | 133.434 | 142.184 | 160.596 | 199.820 | 224.866 | 247.906 | 258.342 | 274.766 |
| **COMEX - futures contracts** | | | | | | | | |
| Stocks ('000oz)# | 33.805 | 23.180 | 19.191 | 21.908 | 21.908 | 44.112 | 44.112 | 41.367 |
| Vol (million contracts)* | | | | 60,24 | 13,77 | 14,39 | 5,18 | 5,83 |
| OI ('000 contracts)# | | | | 459,42 | 459 | 506 | 506 | 443 |
| **CFTC (Futures Only Data) non-commercial** | | | | | | | | |
| Net Positions# | 268.872 | 213.157 | 136.880 | 247.629 | 247.629 | 249.796 | 249.796 | 163.318 |

Figures are period averages unless marked by *, indicating total in the period, or #, indicating value at the end of the period.
~ = data not available yet, italics = estimates, OI= Open Interest on the exchange

THE WEAKER US DOLLAR HAS BEEN A TAILWIND FOR GOLD PRICES THIS YEAR, WITH THE DOLLAR INDEX FALLING TO A LOW.


## Summary

**After** an exhaustive bull run, gold prices do seem to be pulling back to absorb profit-taking. Given the significant gains seen in recent months and years, the profit-taking sell-off could feed on itself and take prices considerably lower. But, many of the reasons behind gold strength have not gone away, they are not temporary, but structural and tied into the uncertainty that the new world order brings.

# Silver Lags Gold in Rebound – Poised for a Catch-Up

**Industrial concerns weigh on silver, yet a high gold/silver ratio and supply deficits point to upside potential.**

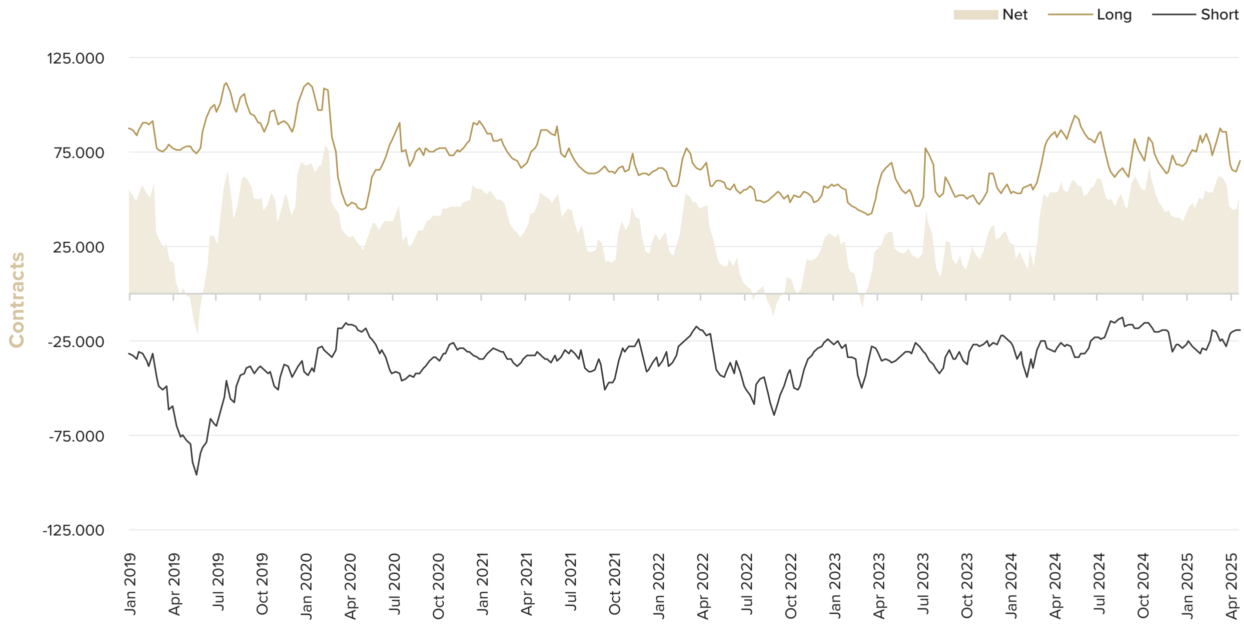
Silver prices sold-off with the rest of the metals as the US announced severe tariffs. Prices fell 18.1% to $28.36 per oz, from the March high of $34.61 per oz. This compared with gold's 6.6% fall. Indeed, silver's performance matched that of the base metals, that fell by an average of 17.8%. Also, while gold went on to set a fresh high, some 10.5% above its March high, silver failed to climb back even to the March high, let alone move above it. As such, silver continues to underperform gold on the upside. That said, silver still has considerable potential to outperform gold, as the gold/silver ratio remains above 1:100. Indeed, when gold reached $3,500 per oz, the ratio peaked at 1:107, the highest it had been since the pandemic, when it reached a high around 1:128. In the months following that peak, it fell back to around the 1:70 level. With gold at $3,200 per oz a 1:70 ratio would put silver at $45.70 per oz.

## Silver marred by industrial outlook

Silver's underperformance seems to be linked to the markets' outlook for industrial demand. Over the past year, overcapacity in China's solar panel industry has slowed demand for silver and concerns about the tariff wars have damaged the outlook for global growth and industrial production for 2025 - both headwinds for silver. But in reality, demand for silver bars and coins fell in 2024, suggesting investors have been into gold more than they have silver. While this is likely to have held silver back, relative to gold, it might end-up being a strong driver of silver prices, if investors see gold as overbought, while the gold/silver ratio at 1:100, clearly shows silver is significantly cheap relative to gold.

CHART 4

**Silver – Fund long, short and net position on Comex**



## Funds liquid longs but do not add shorts

The funds' net long position fell to 49,943 contracts at the end of April, down from a mid-March peak of 62,298. Long positions were reduced by 17,302 contracts, while short positions also declined by 4,947 contracts. This indicates that shorts were closed out rather than increased during the sell-off, suggesting limited confidence in further silver price declines. With gold potentially overextended, silver may now appear to some investors as the safer haven.

CHART 5

**Spot Silver ($ per oz)**


### Silver Statistics

| | 2021 | 2022 | 2023 | 2024 | Q4 2024 | Q1 2025 | Mar 25 | Apr 25 |
|---|---|---|---|---|---|---|---|---|
| **London prices (US$/oz)** | | | | | | | | |
| Spot London price | 25,14 | 21,73 | 23,39 | 28,24 | 31,34 | 31,91 | 33,18 | 32,26 |
| **Parity (London) Prices** | | | | | | | | |
| Japan (Y/g) | 2.761 | 2.911 | 3.296 | 4.283 | 4.772 | 4.865 | 4.950 | 4.657 |
| India (Rupee/oz) | 1.864 | 1.715 | 1.933 | 2.365 | 2.646 | 2.764 | 2.874 | 2.762 |
| **COMEX - futures contracts** | | | | | | | | |
| Stocks ('000oz)# | 355,7 | 299 | 253,9 | 318,9 | 318,9 | 478,5 | 478,5 | 500,9 |
| Vol (million contracts)* | | | | 21,6 | 4,74 | 4,21 | 1,33 | 2,07 |
| OI ('000 contracts)# | | | | 151,1 | 151,1 | 171,0 | 171,0 | 137,9 |
| **CFTC (Futures Only Data) non-commercial** | | | | | | | | |
| Net Positions# | 26.458 | 31.027 | 31.863 | 40.163 | 40.163 | 60.950 | 60.950 | 49.943 |
| **Other Indicators** | | | | | | | | |
| Gold/Silver ratio# | 1:78 | 1:76 | 1:86 | 1,9 | 1:90 | 1:96 | 1:96 | 1:101 |

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~ = data not available yet, italics = estimates, OI= Open Interest on the exchange

## Summary


**There is** a significant anticipation for silver prices to rise as demand is set to grow at a faster pace as the energy transition expands geographically and the AI evolution gains momentum. Another year of supply deficit this year, which will be the fifth year in a row, should also be supportive. Over the past four years, the World Silver Survey puts the cumulative shortfall at 678 million ounces (21,000 tonnes). All in all, it seems as though silver is still well positioned to put in a strong performance, but it may not get the green light to start, until the outlook for global growth and industrial demand improve.

# PGMs Struggle to Recover – Deep Discounts May Hold Long-Term Potential

**Despite increased bargain hunting and signs of emerging supply deficits, platinum and palladium prices remain under pressure due to persistently weak industrial demand and large above-ground stockpiles.**

Platinum and palladium prices had a month of two-halves, selling off to fresh lows for the year in early-April after reciprocal tariffs threatened to hit industrial demand, but with the sell-offs then attracting bargain hunting once Trump started to back pedal on tariffs. Like silver, the PGM prices got close to their March highs when they rebounded, but overall remain stuck in their sideways ranges, with prices struggling to get back above $1,000 per oz.

## Prolonged low prices likely to lead to cuts

Sibanye-Stillwater has warned that it might close unprofitable mine shafts if PGM prices do not pick-up. In recent years, efforts have been made in South Africa to cut costs and reduce Capex, but this has not fed through to higher prices yet. In recent years, the South African PGM mining sector has cut around 10,000 jobs and more may now follow. If there are production cuts, then that will help speed up the drawdown in inventories and provide a better outlook for the PGMs. At present the World Platinum Investment Council reports that the platinum market moved into a supply deficit in 2023, but has enough above ground inventory, from previous periods of supply surplus, to last until 2029. The drawdown in inventories could speed up if either more production is cut, or if platinum jewellery demand picks-up at a faster pace. The fact it is struggling to capture more market share from gold, given gold prices are 235% higher than those of platinum, is hard to fathom. In the past, China was the main consumer of platinum jewellery, but demand started to wane from 2014, once prices fell below those of gold, as platinum then lost its image as being the premium precious metal. But, with platinum rarer than gold and a third of its price, there should be some catch-up / bargain hunting potential.

## Funds decrease exposure in March

The reciprocal tariff sell-off led to a sharp decline in the fund's net long position. The CFTC report for April 8, showed the net fund position turn net short 794 contracts, from net long 14,975 contracts the week before. It has since climbed back to being net long 9,962 contracts. This suggest that despite the malaise in the PGMs, there is still good dip buying interest. The funds trading palladium, have been increasing their net short position. It stood at net short 10,918 contracts on April 29, down from net short 7,864 on April 1.

**AT PRESENT THE WORLD PLATINUM INVESTMENT COUNCIL REPORTS THAT THE PLATINUM MARKET MOVED INTO A SUPPLY DEFICIT IN 2023.**

CHART 6

**Platinum – Fund long, short and net position on Nymex**

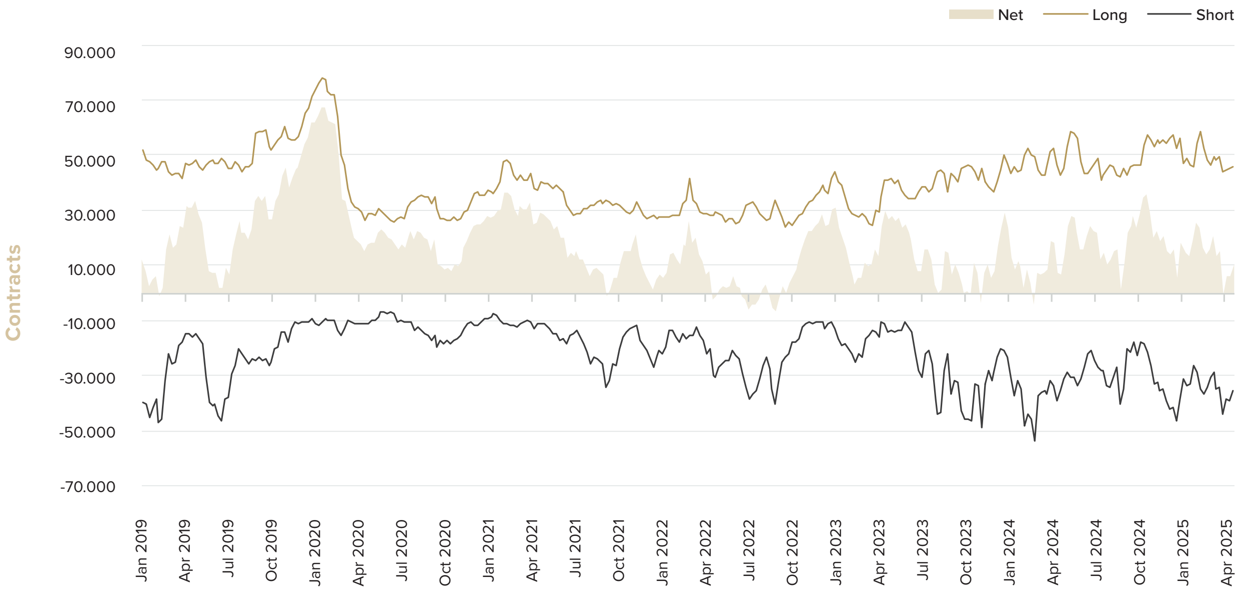



CHART 7

**Palladium – Fund long, short and net position on Comex**

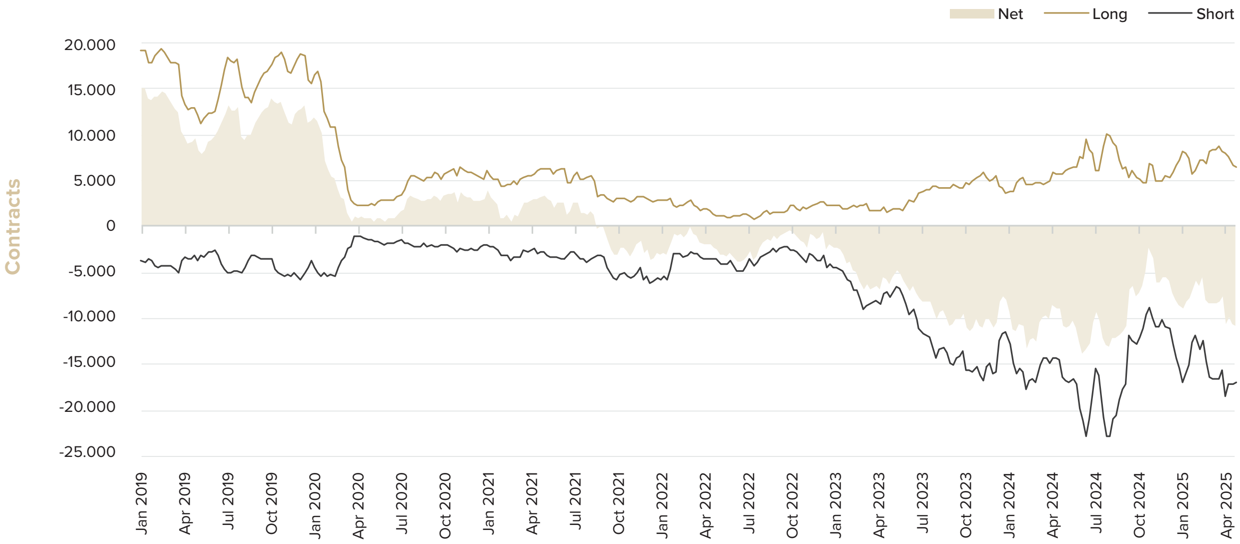
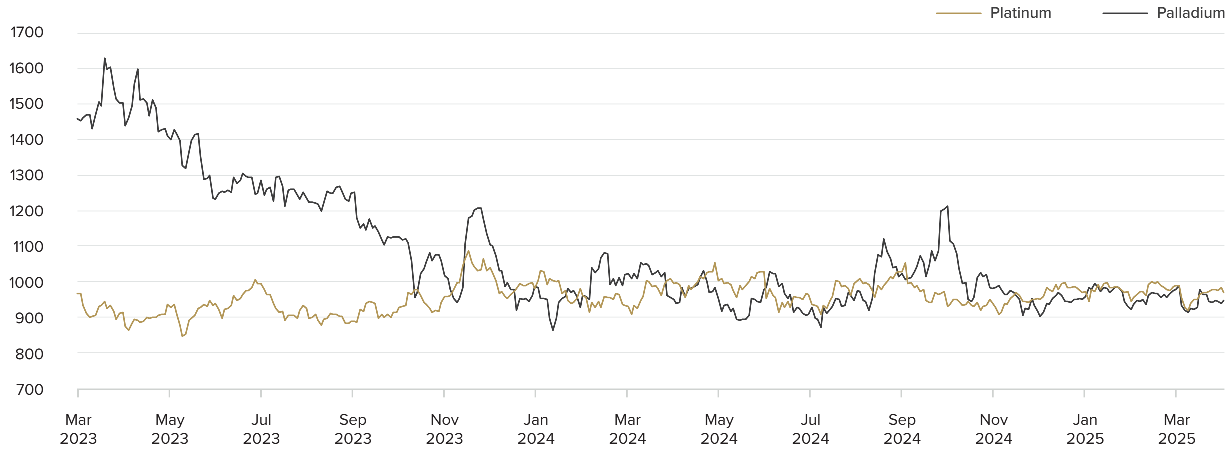



CHART 8

**Spot Platinum & Palladium ($ per oz)**



## PGM Statistics

| | 2021 | 2022 | 2023 | 2024 | Q4 2024 | Q1 2025 | Mar 25 | Apr 25 |
|---|---|---|---|---|---|---|---|---|
| **London Prices (US$/oz)** | | | | | | | | |
| Platinum | 1091,24 | 961,24 | 966,88 | 955,205 | 965,98 | 969,53 | 980,31 | 958,93 |
| Palladium | 2398,86 | 2108,33 | 1338,69 | 983,20 | 1010,77 | 961,76 | 958,60 | 943,63 |
| **Japanese Parity Prices (Y/g)** | | | | | | | | |
| Platinum | 119.829 | 128.748 | 136.253 | 144.787 | 147.102 | 147.884 | 146.243 | 138.425 |
| Palladium | 263.419 | 282.390 | 188.648 | 148.911 | 153.891 | 146.730 | 143.003 | 136.216 |
| **South African Parity Prices (Rand/kg)** | | | | | | | | |
| Platinum | 16.078 | 15.551 | 17.891 | 17.438 | 17.280 | 17.943 | 17.944 | 18.145 |
| **NYMEX Stocks ('000oz)** | | | | | | | | |
| Platinum# | 482,00 | 167,20 | 206,20 | 269,97 | 269,97 | 630,61 | 630,61 | 447,40 |
| Palladium# | 95,2 | 53,4 | 36,7 | 38,5 | 38,5 | 78,9 | 78,9 | 56,2 |
| **CFTC (Futures Only Data) non-commercial#** | | | | | | | | |
| Platinum | 4.469 | 24.666 | 23.662 | 15.648 | 16 | 13.558 | 13.558 | 9.962 |
| Palladium | -3.109 | -2.206 | -7.801 | -8.089 | -8,089 | -8,309 | -8.309 | -10.918 |
| **Other Indicators (US$/oz)#** | | | | | | | | |
| Pt-Au spread | -858 | -747 | -1.056 | -1.703 | -1.703 | -2.166 | -2.166 | -2.275 |
| Pt-Pd spread | -966 | -723 | -113 | 12 | 12 | 20 | 20 | 10 |

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IF THERE ARE MORE PRODUCTION CUTS AND THE OUTLOOK THEN IMPROVES, PLATINUM'S HUGE DISCOUNT TO GOLD MAY START TO ATTRACT MORE INVESTMENT INTEREST.

## Summary

**PGM prices remain** depressed and with the global economy facing recession at the hands of Trump's tariffs, perhaps now is not the time to be looking to buy the PGMs. That said, if there are more production cuts and the outlook then improves, platinum's huge discount to gold may start to attract more investment interest. If palladium then follows platinum's lead, then the fund shorts in palladium may start to feel uncomfortable, which could spark a short-covering rally.

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