

Gold & Silver: Is the rally over?

Strategic diversification remains supportive for a 5 to 10 % allocation in precious metals depending on the risk Profile.

As of late July, it was obvious that investors exposed to Gold and Silver did the right choice to include precious metals as a strategic allocation in their portfolios.

For those who were not yet exposed to this asset class, or not sufficiently exposed, we have suggested July highs to be subject for price set back with better entry levels in the weeks ahead.

The bulls had the upper hand till yesterday, now the bears have the upper hand. As we already suggested precious metals are bound to stay under pressure for the weeks ahead till probably September 2020 offering a potential price set back allowing a cheaper entry point.

Anyone looking at markets has spotted the significant volatility and the sharp swings markets have been displaying: silver even more than gold since it is a narrower and a less liquid market.

Strategic allocation is not affected by volatility because positions are held for long term price appreciation and only small portion of the portfolio is invested. However, entry levels make all the difference and should never be triggered by “euphoria buying”, or when markets are screaming to buy.

The rally in Gold has just started. As long as uncertainties prevail with trust and confidence deteriorating: precious metals will be contemplated for safe investments especially when interest rates are at such historical low levels. The current price set back is considered a healthy correction in a positive bull market.

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