

# Special Update

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## Precious Metals Update: William Devane is in a Sweat!

Precious metals, including gold, silver, platinum, and palladium, experienced a volatile week from January 26 to February 1, 2026, characterized by record highs mid-week followed by a sharp downturn toward the week's end. This period marked the culmination of a parabolic rally that had been building since late 2025, with prices surging due to geopolitical uncertainties, expectations of U.S. interest rate cuts, and central bank purchases. However, the week closed on a negative note, with significant losses erasing much of the earlier gains.

### Gold Performance

Gold began the week strong, building on momentum from the prior week where it had already risen 8.98% from January 19 to 26. On January 27, spot gold jumped more than 3% to a record high, with U.S. gold futures settling at \$5,082.60 per ounce. The rally peaked on January 29 at \$5,586.20 per ounce, representing a 28.7% increase for the month up to that point. However, a steep sell-off ensued, with gold tumbling 9% on January 30 to close at \$4,895, marking its worst daily drop since 1983. By the end of the trading week on January 30, gold settled at \$4,921.38, down 8.53% for that day alone. As of February 2 (post-week), prices had further declined to \$4,675.54 per ounce. Overall, the week saw gold transition from a net gain to a significant loss, with the downturn wiping out approximately 16% from its mid-week peak.



## Silver Performance

Silver outperformed other metals early in the week, surging 23.66% from January 19 to 26 and continuing its upward trajectory. It hit a record high of \$121.785 per ounce on January 29, up 72.5% for the month to date. Trading volumes reached records, with Micro Silver futures at CME Group hitting 715,111 contracts on January 26. The reversal was dramatic: on January 30, silver plunged 24.05% to \$88.00 per ounce. By February 2, it had dropped further to \$81.67 per ounce. This represented silver's worst day since 1980, with a 36% intraday decline at its peak. The week's performance highlighted silver's higher volatility compared to gold, ending with substantial net losses after an initial surge.

## Platinum and Palladium Performance

Platinum followed a similar pattern, rallying 16.24% from January 19 to 26 and reaching a record \$2,852.40 per ounce in January. On January 30, it fell 16.52% to \$2,206.70 per ounce. By February 2, platinum was at \$2,114.88 per ounce. Palladium rose 14.14% early in the week, hitting \$2,114.88 per ounce mid-month, but declined 5.1% to \$1,611.86 on January 30 and further to \$1,694.83 by February 2. Both metals experienced contagion from the broader precious metals rout, with platinum showing greater downside volatility.

Metal	Peak Price (Mid-Week)	End-of-Week Price (Jan 30)	% Change (Jan 30 Price as of Daily)	Feb 2
Gold	\$5,586.20	\$4,921.38	-8.53%	\$4,675.54
Silver	\$121.785	\$88.00	-24.05%	\$81.67
Platinum	\$2,852.40	\$2,206.70	-16.52%	\$2,114.88
Palladium	\$2,195.50	\$1,611.86	-5.1%	\$1,694.83

## Factors Contributing to the Downturn

The sharp downturn in precious metals prices at the end of the week was triggered by a confluence of factors, shifting market sentiment from bullish to bearish. The primary catalyst was U.S. President Donald Trump's nomination of Kevin Warsh as the next Federal Reserve Chair, interpreted as a hawkish signal favoring tighter monetary policy and a stronger U.S. dollar. This nomination reduced expectations for aggressive rate cuts, making non-yielding assets like precious metals less attractive. Additionally, the CME Group raised margin requirements on metals contracts by 2-4 percentage points, exacerbating forced liquidations and margin calls among leveraged positions. Technical factors played a role, as the rally had become overextended with parabolic gains—gold up 29.5% and silver 68.5% in January—leading to overbought conditions and RSI divergences signaling impending corrections. Spillover from \$1.7 billion in cryptocurrency liquidations and a repricing in tech equities further amplified the sell-off through correlated margin pressures. Geopolitical uncertainties and profit-taking after months of gains contributed, though the Fed nomination and margin hikes were the dominant mechanical drivers.

## Expected Performance for the Next Five Months (February to June 2026)

The outlook for precious metals from February to June 2026 suggests a potential recovery from the recent correction, supported by structural fundamentals, though with moderated gains and possible consolidation. Gold prices are forecasted to average higher than 2025 levels but may ease later in the period as U.S. monetary easing slows, potentially dipping below \$4,000 per ounce by Q3 if the Federal Reserve pauses rate cuts. AI-driven monthly forecasts indicate gold ranging from \$3,800-\$4,800 in February, rising toward \$4,500 on average, with experts predicting peaks of \$5,000-\$6,000 driven by ongoing geopolitical risks and central bank demand.

Silver is expected to benefit from persistent deficits and industrial demand, targeting \$88-\$100, though volatility remains high. Platinum and palladium may see upward pressure from supply constraints, with averages edging higher amid stabilizing global growth. Key supportive factors include unsustainable U.S. debt, fiscal dominance, and de-dollarization trends, potentially leading to a modest rebound. However, risks include stronger dollar strength from hawkish Fed policies and reduced tariff uncertainties, which could cap upside. Markets anticipate the first rate hike in June, with two cuts for the year, providing a baseline for cautious optimism. Overall, the period may see prices stabilize and trend higher, but not without interim pullbacks if macro sentiment shifts risk-off.

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