Gold, Silver prices peak amidst growing inflation fears

The value of precious metals like gold and silver increases, maintaining their highest prices in over three months. Investors were drawn back to these metals as inflation concerns continue to grow with the latest dip in US treasury yields.

The price hike strengthens the recovery of the said metals after a slump brought about by the pandemic.

The numbers speak for themselves

Since January 29, spot gold has had its highest value of $1,875.10. Last Tuesday, it grew from as much as 0.1% to $1,869.44 an ounce.

On the other hand, silver for immediate delivery increased from 2.1% to $28.7533 an ounce, the highest since early February, when the metal was trading near an eight-year peak before it dropped to $27.82.

Fears of inflation continue to grow

The steady increase in the prices of these precious metals indicates that investors are getting uneasy with the lack of significant progress in the economic recovery.

The price hike followed after US stocks dipped for two consecutive days. As a result, investors are urged to speed up the reopening of the economy as inflation becomes an urgent concern as the market sees the increase in the prices of general commodities.

At the beginning of 2021, gold was determined by higher bond rates. By the second quarter, a significant shift was observed.

The turnaround was brought about by Federal Reserve Officials' consistent pledge that they are not going to raise rates or scale back bond-buying anytime soon.

According to John Feeney, the business development manager at Guardian Gold Australia (a Sydney-based bullion dealer), investors of the ETF (exchange-traded fund), are already set out to buy more than sell as inflation fears "translating into higher precious metals prices."

The national economy missed its target

According to Richard Clarida, Vice Chairman of the Federal Reserve, the US economy fell short of hitting the threshold for “substantial further progress” that would allow the regulators to begin cutting back considerable asset acquisition.

Additionally, Robert Kaplan, president of the Dallas Fed, mentioned that price pressures could be expected to loosen up in 2022.

Nonetheless, investors are keen on examining the minutes from the Federal Reserve’s April meeting on Wednesday to look for any signs of stimulus reduction that can be carried out earlier than planned.

With the financial damages of the pandemic, the Fed has been purchasing $80 billion in treasuries and $40 billion of asset-backed mortgages monthly. At the same time, it is maintaining a zero-interest rate or at least close to that number. This move was undertaken to protect the national economy.