

Study: Gold and silver prices amid the COVID-19 pandemic, March 2020

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Precious metals such as gold and silver are often deemed "safe havens" by investors in times of economic uncertainty. In March, the price of unwrought gold and gold alloys rose 4.7% to its highest level on record, while the price of unwrought silver and silver alloys was down 12.6% from a month earlier, according to the Industrial Product Price Index.

A new study examines the value and price movements of these precious metals in the midst of the most serious health and economic crisis facing the world since the Second World War. It also sheds light on why gold has retained its lustre, while silver has lost some of its sheen amid the COVID-19 pandemic.

Gold is valued by central banks and investors

Since the financial crisis of 2008, many central banks have become net buyers of gold to diversify their reserve portfolio to avoid the risk of relying on a single unstable reserve currency. In 2019, for example, central banks purchased 650.3 tonnes of gold—the second highest level in 50 years.

Investors also value gold to diversify their portfolio during times of crisis mainly because it has a low or negative correlation to other assets. In March 2020, stock prices plummeted. The bear market may have led investors to switch to less risky assets such as gold.

As a result of these and other factors, the price of unwrought gold and gold alloys stood 28% higher in March compared with the same month a year earlier and more than doubled (+127%) from March 2008 to March 2020.

Silver prices fall on lower demand

In March 2020, silver prices recorded the largest monthly drop since October 2011. The decline was largely attributable to lower demand for silver in industrial fabrication, jewelry and silverware manufacturing due to restrictions on economic activities in response to the COVID-19 pandemic. The temporary suspension of non-critical production implemented by the Royal Canadian Mint in March just revealed the tip of the iceberg.

Note to readers

Statistics Canada launched the [Producer Price Indexes Portal](#) as part of a suite of portals for prices and price indexes. This web page provides Canadians with a single point of access to a variety of statistics and measures related to producer prices. The portal offers an array of information on topics such as manufacturing, construction, professional services, distributive trades and financial services. The portal will be updated regularly as new information becomes available.

Definitions, data sources and methods: survey number [2318](#).

The study "[Gold and silver prices amid pandemic](#)," released today as part of the series *StatCan COVID-19: Data to Insights for a Better Canada* ([45280001](#)), is now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).