

## That's Not Volatility

The financial press has been flooded in recent weeks with articles about the volatility present in markets today. This theme has been taken up in spades across markets. This **Market Commentary** contains 15 charts across precious and base metals, the equity, currency and interest rate markets, and economic trends such as growth in real gross domestic product and inflation. With the possible exception of currency exchange rates, the volatility of most of these financial, economic, and metal market prices has not been particularly high. In many cases, it has been very low. The markets protest too much.

### So What Is It

The question is what is causing the ill ease in markets if it is not actual volatility. Sensationalist reporting clearly has infected the financial press, but it merely is a symptom of larger problems, albeit clearly a symptom exacerbating conditions.

What seems to be gripping markets, causing corporate management and investors alike to hesitate in making investment decisions is *uncertainty* and *concern* over the future, fueled by the political rhetoric in the United States presidential election campaign and a wave of political problems ranging from the 23 June British referendum on staying in the European Union to the impeachment proceedings in Brazil, and U.S. Navy saber-rattling from the Baltic to the South China Sea.

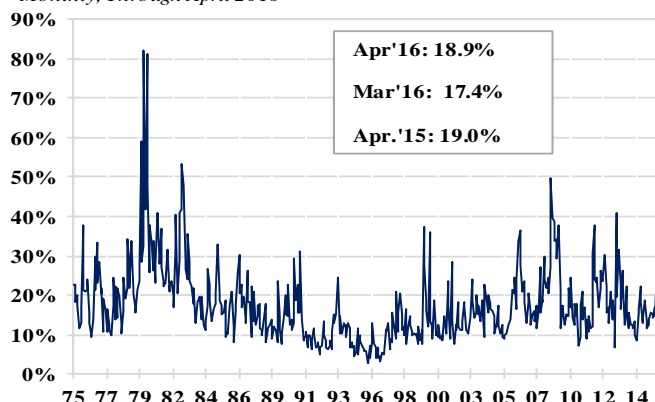
These political developments threaten to complicate the global economy's ability to grow, and that could lead to future volatility across markets. Shifts in the relative economic performance outlook away from the United States toward other countries is adding to the uncertainty, clear already in the currency markets, and limiting in its effects on overall growth and commodity use.

It is concern over *potential future volatility* that is what has caused markets to be dead in the water. This could be the calm period before storms arrive.

## Precious Metals

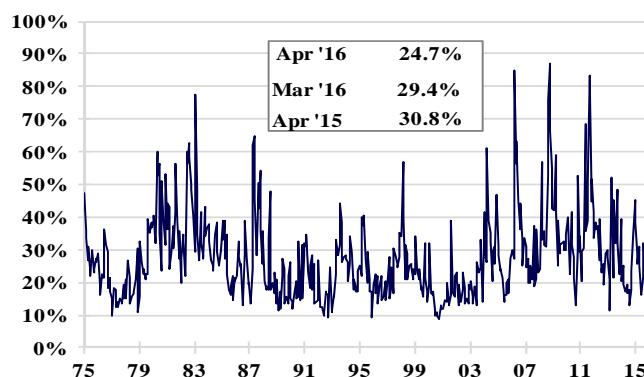
### Gold Price Volatility

Monthly, Through April 2016



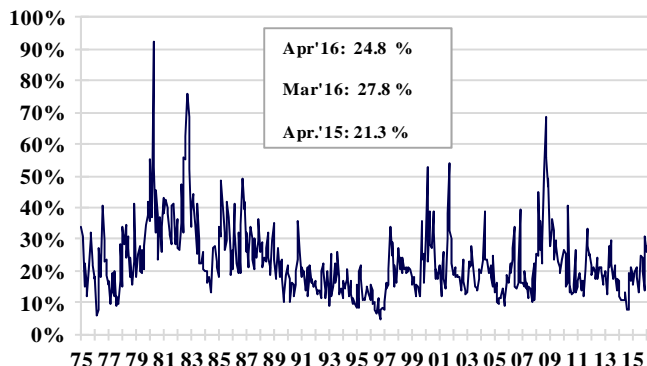
### Silver Price Volatility

Monthly, Through April 2016



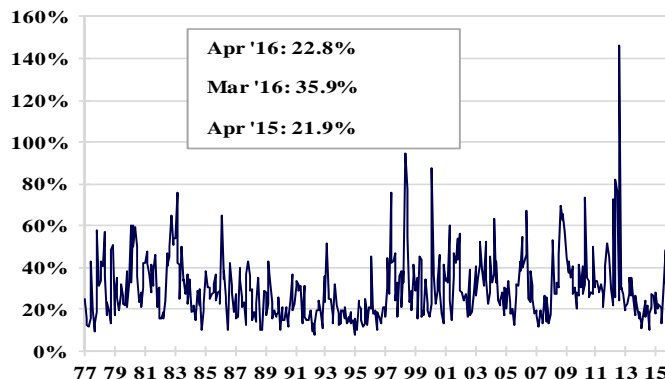
### Platinum Price Volatility

Monthly, Through April 2016



### Palladium Prices Volatility

Monthly, Through April 2016





## Economics and Markets

### CBOE Volatility Index: VIX

Daily Data, through 6 May 2016



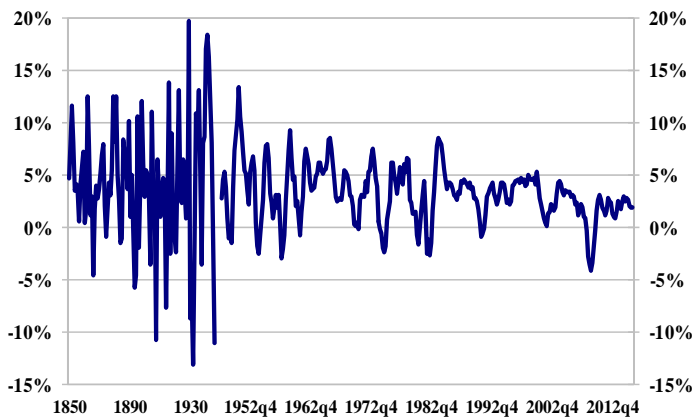
Source: Chicago Board Options Exchange/FRED

### DB Currency Volatility Index

Daily Through 9 May, 2016

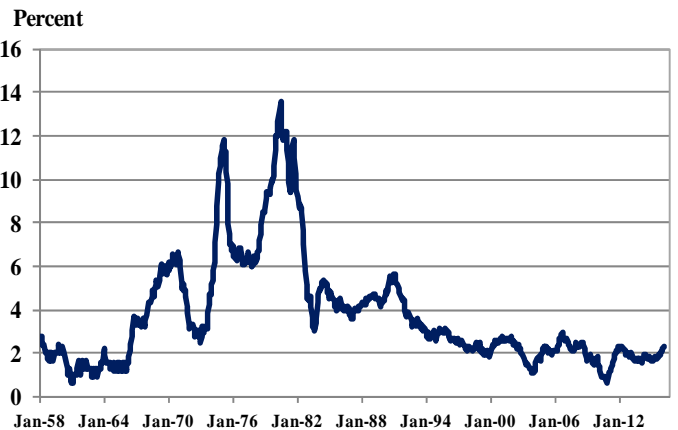


### United States GDP Since 1850, Yearly 1850-1946, Quarterly 1947-Present



### U.S. Core Inflation Rates

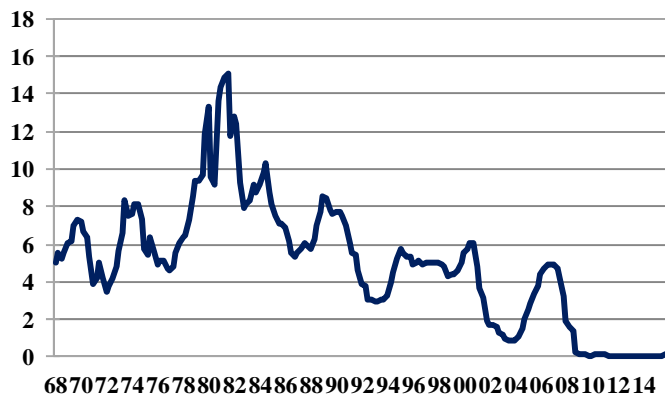
Monthly Data, Through February 2016



### Nominal T-Bill Rates

Quarterly, Through Fourth Quarter 2015.

Percent





## Base Metals

### Aluminum LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*



### Copper LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*



### Lead LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*



### Nickel LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*



### Tin LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*



### Zinc LME Three-Month Prices - 30-Day Volatility

*Daily, through 10 May 2016*

