

# THE INFORMED STACKER:

UNDERSTANDING WHAT DRIVES  
PRECIOUS METALS PRICES.

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A plain-language guide to the forces behind gold and silver prices, from inflation and interest rates to geopolitics and the gold-to-silver ratio.



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## 01 | A Note from Jon

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Most of the precious metals content out there falls into one of two categories. There's the beginner stuff, which covers the basics well but stops short of anything useful for someone who already owns metal and wants to think more clearly about it. And then there's the fear-based stuff, the newsletters and ads that tell you the dollar is collapsing and you need to buy today before everything falls apart.

I don't find either of those particularly helpful. And I don't think you do either, or you wouldn't be reading this. This guide is for the stacker who wants to understand what's actually driving gold and silver prices. Not because knowing that will let you perfectly time the market. It won't. But because context makes you a more confident buyer. When you understand why prices move, you stop reacting to every headline and start making decisions based on something more durable than fear or excitement.

*"I just want to understand what I'm looking at when the price moves."*

That's what this guide is for. No predictions. No doom. Just a clear explanation of the forces behind the numbers you watch every day.

Warm regards,

**Jon Swyers**

CEO, Monument Metals

## 02 | HOW GOLD AND SILVER PRICES ARE ACTUALLY SET

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Before you can understand what moves the market, you need to understand how the price is set in the first place.

Gold and silver spot prices are determined on global commodity exchanges, primarily the COMEX in New York and the London Bullion Market. Prices update continuously during trading hours based on buy and sell orders from institutional traders, central banks, hedge funds, and other large market participants. The price you see on any given day reflects the collective activity of those markets in real time.

What most buyers don't realize is how much of that trading volume is paper rather than physical. Futures contracts, options, and other derivatives represent claims on metal that may never actually change hands. This means short-term price moves are often driven by financial market activity rather than physical supply and demand. It's one reason why prices can drop sharply even when physical demand is strong.

### Gold and silver don't move the same way.

Gold is primarily a monetary metal. Its price is driven largely by investor sentiment, currency values, interest rates, and global risk appetite. It doesn't have a factory consuming it every day.

Silver is both a monetary and an industrial metal. Roughly half of annual silver demand comes from manufacturing: solar panels, electronics, medical equipment, and other industrial applications. This dual role means silver responds to economic conditions in ways gold doesn't, and it makes silver more volatile in both directions.

***Short-term price moves are often driven by paper markets. Physical supply and demand tends to show up in premiums before it shows up in spot price.***

## 03 | THE BIG THREE MACRO DRIVERS

If you follow precious metals prices long enough, you'll notice the same three factors come up again and again. Inflation, interest rates, and the U.S. dollar. Here's how each one works and how they connect to each other.

### 1 Inflation

Gold has a long-standing reputation as an inflation hedge, meaning it tends to hold its purchasing power when the value of paper currency is eroding. This relationship is real but not mechanical. Gold doesn't go up every time inflation ticks up. What it does, over longer periods of time, is maintain value in ways that cash in a savings account does not.

The more useful way to think about it: gold tends to do well when real interest rates (meaning interest rates minus inflation) are low or negative. When your savings account is losing ground to inflation after accounting for the return, gold becomes more attractive as a place to store value.

***Gold is less about predicting inflation and more about protecting against prolonged periods when your money is losing value faster than it's earning a return.***

### 2 Interest Rates

Interest rates and gold have an inverse relationship that confuses a lot of buyers. When rates rise, gold often falls. When rates fall, gold often rises. Here's why.

Gold pays no yield. It just sits there. When interest rates are high, yield-bearing assets like Treasury bonds become more attractive by comparison. Money moves toward yield and away from gold. When rates fall, the opportunity cost of holding gold drops and demand tends to rise.

This is why Federal Reserve decisions are watched so closely by precious metals buyers. A surprise rate cut or a signal that rates will stay low for longer can move gold significantly, even with no change in actual economic conditions.

***Watch the real rate (interest rate minus inflation), not just the nominal rate. That's the number that most directly affects gold's relative attractiveness.***

### 3 The U.S. Dollar

Gold and silver are priced in U.S. dollars globally. This creates a straightforward inverse relationship: when the dollar strengthens, metals become more expensive for buyers in other currencies, which reduces global demand and tends to push prices down. When the dollar weakens, metals become more accessible globally and demand typically increases.

The DXY (U.S. Dollar Index) tracks the dollar against a basket of major currencies. It's one of the most useful indicators to watch alongside spot price because it often explains short-term moves that otherwise seem random.

*These three drivers, inflation, interest rates, and the dollar, don't work in isolation. They influence each other constantly. A rate hike affects the dollar, which affects gold, which affects silver. Understanding the connections matters more than tracking any one indicator alone.*

## 04 | THE WORLD STAGE

Precious metals have always served as a safe haven during times of uncertainty. When investors don't know what's coming next, whether it's a military conflict, a banking crisis, or a major policy shift, they tend to move capital into assets they trust to hold value. Gold and silver have filled that role for centuries.

This safe-haven effect is real, but it's worth understanding its limits.

The initial reaction to a major geopolitical event is often a spike in gold and silver prices as investors rush toward safety. But that spike frequently fades as the situation develops and uncertainty gives way to a clearer picture, even if that picture isn't good. Markets price in uncertainty, not just bad outcomes.

### **Silver's response is less predictable than you might expect.**

When uncertainty hits, safe-haven buying tends to lift both metals. But silver's industrial exposure means a crisis that signals economic slowdown can pull it in the opposite direction at the same time. The result is that silver often moves more dramatically than gold during geopolitical events, sometimes in ways that seem to contradict the safe-haven narrative. It's not that silver doesn't respond. It's that the response is harder to anticipate.

### **How to use this without overreacting.**

The temptation when a major geopolitical event breaks is to react immediately, either buying because prices might go up or waiting because the spike might reverse. Both instincts can get you into trouble. The more durable approach is to stay aware of the macro backdrop without making individual purchase decisions based on single news events. The buyers who do best over time aren't the ones who called the invasion or predicted the banking crisis. They're the ones who built a consistent position and used market dislocations as buying opportunities rather than panic signals.

## 05 | SUPPLY, DEMAND AND THE PHYSICAL MARKET

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Most market commentary focuses on the financial side of precious metals prices. But the physical market, actual mining output, industrial consumption, and investor demand for coins and bars, plays a role that's easy to underestimate.

### **Mining supply is inelastic.**

Opening a new gold or silver mine takes years and billions of dollars. This means supply can't respond quickly to price changes the way it can in other commodities. When demand spikes, miners can't just flip a switch. The result is that supply constraints tend to show up slowly, and when they do, they can have lasting effects on price.

### **Silver's industrial demand is growing.**

Silver's role in solar panel manufacturing has expanded significantly as the energy transition has accelerated. More solar panels mean more silver demand, and that demand is largely inelastic too, meaning manufacturers need it regardless of price. This structural shift is one reason some analysts are more bullish on silver's long-term supply-demand picture than gold's.

### **Watch premiums as a leading indicator.**

In the physical market, premiums often move before spot price does. When physical demand is strong and inventory is tight, dealers have to pay more to source product, and that cost gets passed on to buyers in the form of higher premiums. If you notice premiums rising across multiple dealers, it's often a sign that physical demand is outpacing what the paper market is reflecting in spot price.

***Premiums are the physical market's way of signaling what spot price hasn't caught up to yet. When premiums spike, pay attention.***

## 05 | ONE TOOL WORTH KNOWING

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The gold-to-silver ratio is one of the most referenced tools in the stacker's toolkit, and also one of the most misunderstood. Here's what it actually tells you and how I use it.

The ratio tells you how many ounces of silver it takes to buy one ounce of gold. If gold is at \$3,200 and silver is at \$32, the ratio is 100. Historically the ratio has averaged somewhere between 60 and 80, though it has ranged from below 20 to above 120 at various points.

### 01 What a high ratio means.

When the ratio is high, silver is cheap relative to gold on a historical basis. Some buyers use this as a signal to favor silver, on the theory that the ratio will eventually revert toward its historical average, meaning silver will outperform gold on the way down.

### 02 What a low ratio means.

When you buy a physical coin or bar, you pay spot price plus a premium. The premium covers manufacturing, distribution, and dealer margin. This is completely normal and expected. A generic silver round might carry a 3-8% premium. A U.S. Silver Eagle carries 15-25% because of its brand recognition and liquidity. Neither is a ripoff. They're just different products.

### 03 What a low ratio means.

Bullion simply means metal valued primarily for its metal content, not for rarity or collectibility. A bullion coin is priced close to spot. A numismatic (collectible) coin is priced for its rarity and condition, often at huge premiums that don't recover well. For investment purposes, buy bullion.

### My honest take on it.

The ratio is a useful reference point, not a buy signal. The historical average is a loose guide, not a law of nature. I've seen the ratio stay elevated for years at a time. Buying silver purely because the ratio is high is a reasonable consideration, but only as one factor among several, not a standalone strategy.

***Use the ratio to inform your metal preference at a given time, not to make binary buy or sell decisions. It's context, not a trigger.***

## 07 | HOW I ACTUALLY THINK ABOUT ALL OF THIS

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I've been in this business long enough to have watched a lot of buyers make a lot of decisions. The ones who do well over time share a few things in common that have nothing to do with predicting the market correctly.

### **They buy consistently.**

Dollar-cost averaging, buying a fixed amount at regular intervals regardless of price, removes the pressure of timing and builds a meaningful position over time. It won't get you the absolute best entry price. But it will keep you from sitting on the sidelines waiting for a perfect moment that may never come.

### **They understand what they own.**

The buyers who panic when prices drop are usually the ones who bought for the wrong reasons, either because someone told them prices were going to explode or because they were reacting to a single news event. The buyers who hold through volatility are the ones who bought because they understood the role precious metals play in a balanced approach to storing wealth.

### **They match the product to the goal.**

If liquidity matters, government minted coins in recognized sizes are the right call. If efficiency matters, larger bars carry lower premiums per ounce. If flexibility matters, fractional products let you move smaller amounts in either direction. There's no single right product. There's only the right product for what you're trying to accomplish.

### **They don't confuse short-term noise with long-term signal.**

The buyers who panic when prices drop are usually the ones who bought for the wrong reasons, either because someone told them prices were going to explode or because they were reacting to a single news event. The buyers who hold through volatility are the ones who bought because they understood the role precious metals play in a balanced approach to storing wealth.

I'm not making a prediction about what gold or silver will do. I never do. What I'm telling you is that the framework matters more than the forecast.

***The goal isn't to be right about where prices are going. It's to make decisions you'll feel confident about regardless of where they go.***

## Ready to Put This Into Practice?

No predictions. No pressure. Just straightforward access to gold and silver at competitive prices with a team that will answer every question you have.

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