

A close-up photograph of several gold nuggets of various sizes and shapes, scattered on a dark surface. The nuggets have a rough, crystalline texture and a warm golden-yellow color. A dark blue rectangular overlay is positioned on the left side of the image, containing the title and date.

# Gold Market Update

June 16, 2022



- **Q:** I heard from a bitcoin supporter that there was a very large gold find in South America. I think that would prove that gold is not a scarce commodity and gold prices could go lower and stay there as with this discovery gold would be plentiful. Do you know of a major find?
- **A:** There is no gold discovery large enough to have any impact on the gold price. All the gold ever mined is near at hand, about 180,000 metric tonnes according to estimates, or about 5.6 Billion Troy ounces above ground. This is growing at about 75 million ounces per year from new production, while discoveries and reserves are falling and the USGS estimates that we have hit and passed peak global production.
- **Q:** Management are experts and know that currently gold is selling off as investors cover other equity items. Bonds are beginning to show weakness, and so many things are going on that should be positive for gold but here we languish at \$1830. What does the management team think will be the catalyst that will change the gold price back towards \$2000?
- **A:** We think much higher. The key is the dollar, which is currently at record highs against other currencies. The Fed totally miscalculated inflation. That was their first mistake. The Fed is now making a second one...concluding the US economy is strong enough to endure a battle to bring inflation down by raising rates, reducing its balance sheet and tightening financial conditions. These actions are driving the dollar to new highs and putting pressure on the gold price but also driving the economy into a deep recession. The US economy is weak and getting weaker by the day. As this becomes increasingly evident, the Fed will need to reverse its tightening of financial conditions and the dollar will fall very rapidly, freeing gold to run to the upside.
- **Q:** Crypto was impacting the gold price, however it is showing major problems. Crypto investors should be running to gold but the gold activity is not reflecting this.
- **A:** We do not believe that crypto was ever a serious competitor to gold. We see it as a speculative plaything, co-related to NDX, while gold is a risk-off protector of wealth. It's time is now coming because there is no viable alternative to gold as all central banks are in the process of destroying the value of their currencies.