Equity Investment Advisers Gold Report

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Is Gold the Answer to the Next Global Financial Crisis?

New risks around Italy leaving the Eurozone could prompt investors to reallocate into risk-free assets, such as gold, according to a report by Rosa & Roubini Associates.

If Italy was to threaten to leave the EU, a global financial crisis could be triggered, stated the report. And aspolitical risks escalate, investors should adopt "moderate risk-taking stance, within a defensive positioning," wrote Brunello Rosa, CEO of Rosa & Roubini. Rosa added that "gold will remain a crucial component of diversified portfolios, as a hedge against potential corrections across asset classes."

The head of the macro-economic consultancy firm explained that the implications of an Italian departure from the euro for financial markets are falling equity prices, spikes in short-and long-term rates, and a rise in credit default spread premia.

"Political developments in Italy have catalysed investors' attention over the last few weeks, as the possibility emerged that the country might leave the Eurozone, or that its new 'populist' government might adopt a much more confrontational stance on key EU matters, such as fiscal discipline and migrants," said Rosa.

Italy's possible departure from the EU has re-emerged on investors' radar due to the rise of populism in the nation, as evidenced by the rise to power of the League and Five Star Movement, both parties which have advocated fiscal and monetary independence from the EU, the report noted.

Fed's 'Good Place' U.S. Economy Heads for Congressional Review

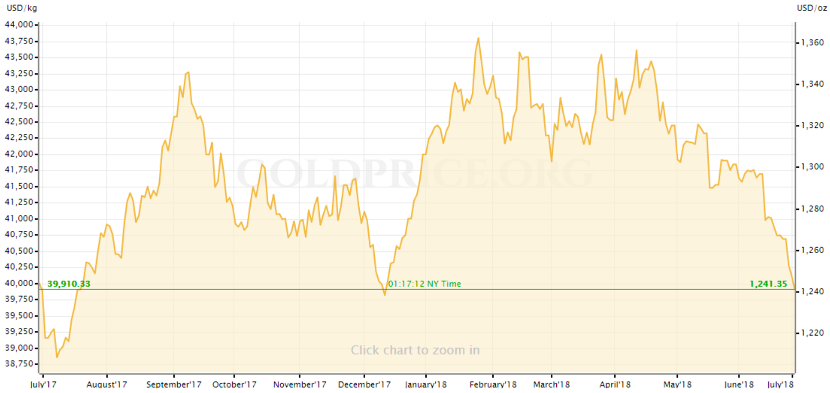
Federal Reserve Chairman Jerome Powell takes his upbeat view of the U.S. economy to Capitol Hill on Tuesday, with markets and many of Powell's colleagues expecting two more interest rate increases this year amid a continued economic expansion.

The Fed chair's semi-annual congressional testimony on monetary policy rarely breaks new ground, typically reviewing the Fed's recent policy statements and economic forecasts and allowing lawmakers to question the Fed chair about specific issues. The appearances have ranged from testy to civil under prior chairs, but Powell, appointed by President Donald Trump and confirmed by the Republican-controlled Senate earlier this year, has made improved relations with Congress a priority.

He is expected to face particular grilling before the Senate Banking Committee on Tuesday by Democrats likely to zero in on the Fed's lighter-touch approach to regulation. The Fed recently granted "conditional" approval to the capital plans of Goldman Sachs and Morgan Stanley, for example, even though they technically fell below minimum Fed thresholds during the central bank's annual stress tests.

However, the formal report that Powell will be presenting, released by the Fed last week, held to the Fed's core view that coming months will see the United States stick to a lane of steady growth, low unemployment and stability in the financial sector.

Gold Price



Silver Price

Gold To Silver Price Ratio

Bitcoin Holders are learning something Goldbugs already knew, says Clint Siegner

Precious metals investors have learned a difficult truth in recent years. The best way to control a market is to put Wall Street in charge of it.

Gold and silver futures were created in the 1970s with the admitted purpose of "increasing volatility" in the markets and discouraging the ownership of physical bullion. It is a lesson that participants in other markets would do well to learn – specifically the Bitcoin and cryptocurrency markets.

Officials were terrified that free markets built around the supply and demand for tangible (not paper) gold and silver would wind up destroying confidence in the fiat dollar.

President Richard Nixon defaulted on the Bretton Woods agreement with other nations to redeem dollars for gold in 1971. The confidence in the dollar would evaporate if the dollar price of gold spiraled higher.

The COMEX launched trading in gold and silver futures in the early 1970s. The gambit nearly failed by the end of that decade as the gold and silver priced in dollars began rising exponentially. But the Wall Street insiders behind the COMEX, with the support of federal regulators, managed to regain control.

They were able to pin the blame for price increases on the Hunt Brothers' attempt to "corner the market" rather than on failing confidence in the dollar and the rapid price inflation going on at the time.

Futures trading in Bitcoin launched in December, 2017. The uninitiated were thrilled by the prospect of institutional money flooding in. And it certainly has. Supporters just shouldn't have assumed the money and influence would come from firms betting on higher prices with the best interest of Bitcoin at heart.

The list of exactly what traits Bitcoin and gold have in common is controversial. But there is at least one thing most sound money advocates can agree on: Bitcoin and gold share the animosity of bankers and politicians. We won't know the real price of either asset until both of those parties no longer control price discovery via exchanges they run, rig, and regulate.

The Quick Rundown: Gold Shortage Soon? (Maybe?)

- Gold running out has become a familiar refrain in the industry in the past few decades. Much like the oil industry, it's a refrain that's not taken very seriously.
- However, a couple of big players in the industry have come out with their own thoughts on the issue.
- Pierre Lassonde, formerly of Newmont Mining and Franco Nevada, has shared the view of Goldcorp CEO Ian Telfer that peak gold is already here.
- He stated that in the past few decades (70s, 80s, 90s), the industry always found at least one 50+ million-ounce deposit, at least then 30+ million-ounce deposit and countless 5-to million-ounce deposits.
- But, he continued, in the past 15 years, there have been no discoveries of 50 or 30 million-ounce deposits at all, and only very few 15+ million-ounce deposits.
- These views were echoed by Barrick Gold's Kevin Dushnisky, who noted that ore grades and production levels continue to deteriorate as discovery of new mines falls off.

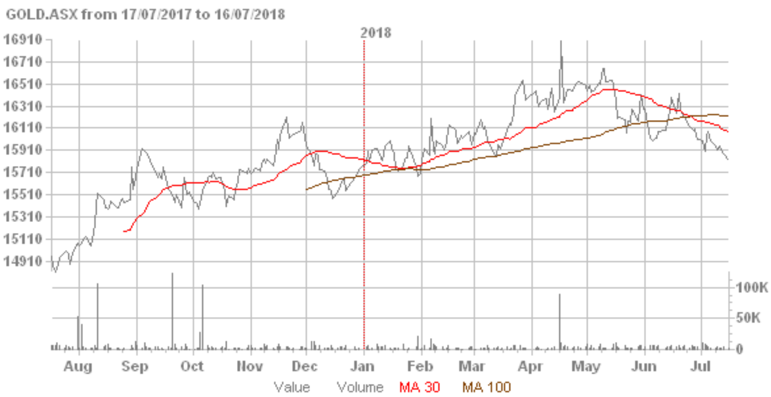
You may also be interested in:

https://seekingalpha.com/article/4187485-problem-modern-gold-miner

https://www.moneymetals.com/news/2018/07/11/two-largest-gold-producing-countries-in-history-001573

ETF – Betashares Gold

ETF – Physical Gold



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.040	1.262%	$3.130
Newcrest Mining	0.280	1.333%	$20.720
Northern Star	0.095	1.336%	$7.205
Rio Tinto	0.260	0.327%	$79.150
South32	0.065	1.791%	$3.565

As at 5:00 pm NZT, 17 July

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