
Preview Chartbook of the *In Gold We Trust Report 2020*

Ronald-Peter Stoeferle

Mark J. Valek

March 2020

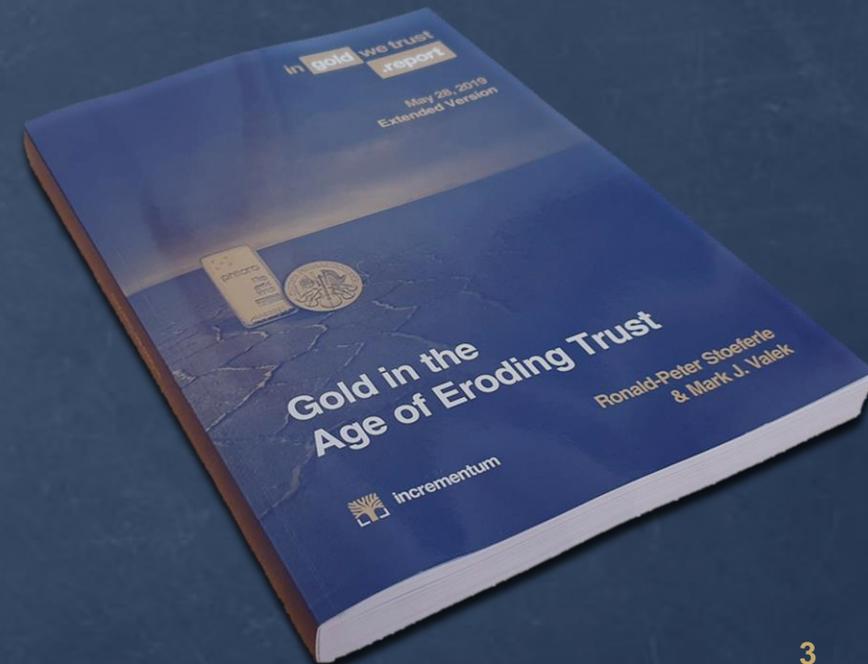
In Our Partners We Trust



The *In Gold We Trust* report 2020 will be published on May 27th!

Subscribe by following the link:

<https://ingoldwetrust.report/igwt/?>



Executive Summary of the *In Gold We Trust 2020* Preview Chartbook

1. Gold - What does the “7th sense of the financial markets” tell us?
 - Gold is trading at all time highs in many major currencies with an average rise of 9% in 2020 so far!
2. Recession - Despite numerous indications still a Black Swan?
 - Currently, we see the longest, but also the weakest economic expansion in the USA since 1945, which indicates an artificial maintenance of the economy!
 - The monetary U-turn is already happening with rapidly expanding balance sheets and panic rate cuts.
3. Inflation - The ultimate pain-trade?
 - In the last decades we underwent ever-weaker price inflation. This is prompting central bankers to take extreme measures. Even the raising of the inflation target from 2% to 4% is increasingly discussed among central bankers and economists!
4. Gold Mining Stocks - Gold up, gold stocks catching up?
 - Gold mining stocks have been performing excellent in the shadow of gold. However, the real breakout may still be pending in this promising environment for mining stocks!
5. Quo Vadis? - Will gold exceed its all time high in USD?
 - Low real interest rates and a rising amount of risk factors (corona crisis, trade war, US elections, etc.) play right into the hands of gold as a safe haven!

1. Gold

What does the “seventh sense of the financial markets” tell us?

“Where gold speaks every tongue is silent.”

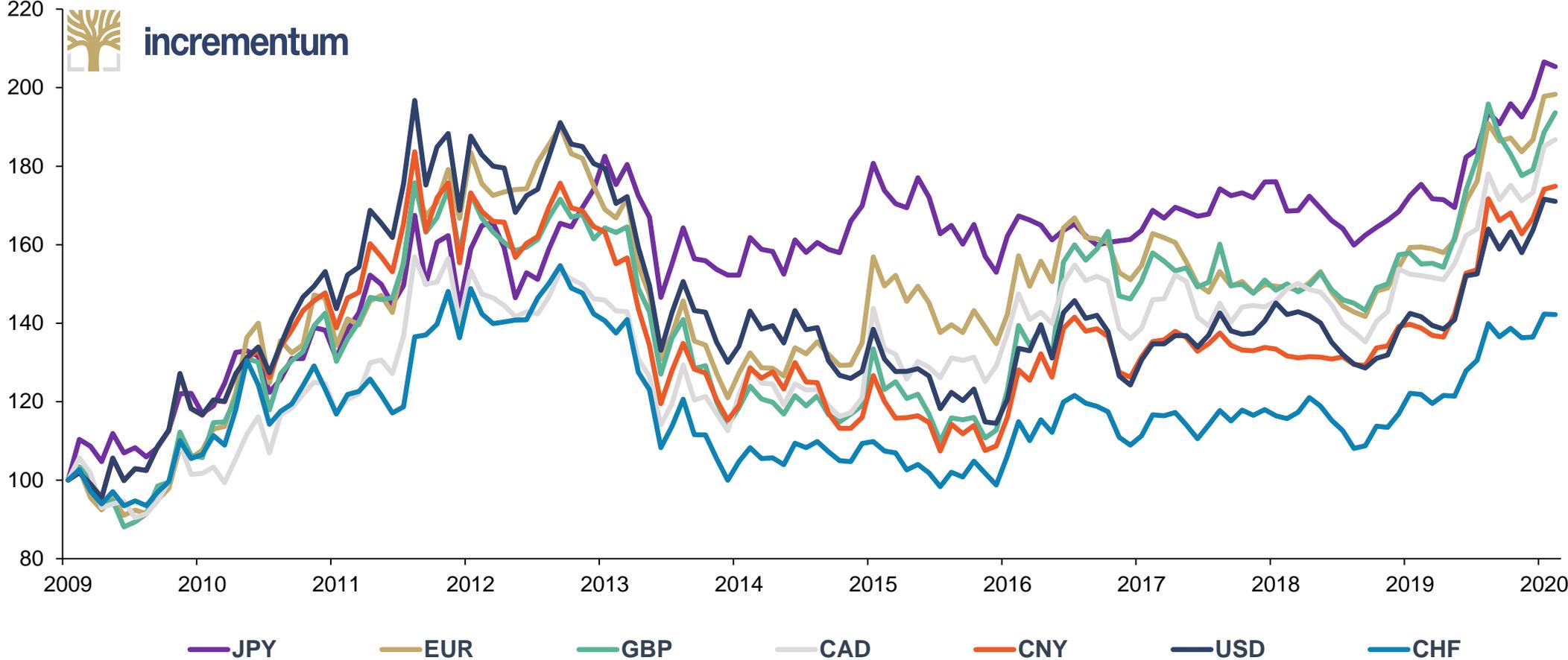
Proverb

Annual Gold Performance in Major Currencies

	EUR	USD	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2001	8.1%	2.5%	5.4%	11.3%	8.8%	2.5%	17.4%	5.0%	5.8%	7.4%
2002	5.9%	24.7%	12.7%	13.5%	23.7%	24.8%	13.0%	3.9%	24.0%	16.2%
2003	-0.5%	19.6%	7.9%	-10.5%	-2.2%	19.5%	7.9%	7.0%	13.5%	6.9%
2004	-2.7%	5.3%	-2.3%	1.8%	-1.9%	5.3%	0.7%	-3.4%	0.6%	0.5%
2005	36.8%	20.0%	33.0%	28.9%	15.4%	17.0%	37.6%	37.8%	24.2%	26.1%
2006	10.6%	23.0%	8.1%	13.7%	23.0%	19.1%	24.3%	14.1%	20.9%	17.2%
2007	18.4%	30.9%	29.2%	18.3%	12.1%	22.3%	22.9%	21.7%	16.5%	21.7%
2008	10.5%	5.6%	43.2%	31.3%	30.1%	-2.4%	-14.4%	-0.1%	28.8%	15.5%
2009	20.7%	23.4%	12.7%	-3.0%	5.9%	23.6%	26.8%	20.1%	19.3%	16.5%
2010	38.8%	29.5%	34.3%	13.5%	22.3%	24.9%	13.0%	16.7%	23.7%	25.2%
2011	14.2%	10.1%	10.5%	10.2%	13.5%	5.9%	4.5%	11.2%	31.1%	11.2%
2012	4.9%	7.0%	2.2%	5.4%	4.3%	6.2%	20.7%	4.2%	10.3%	7.5%
2013	-31.2%	-28.3%	-29.4%	-16.2%	-23.0%	-30.2%	-12.8%	-30.1%	-18.7%	-24.1%
2014	12.1%	-1.5%	5.0%	7.7%	7.9%	1.2%	12.3%	9.9%	0.8%	6.2%
2015	-0.3%	-10.4%	-5.2%	0.4%	7.5%	-6.2%	-10.1%	-9.9%	-5.9%	-3.8%
2016	12.4%	9.1%	30.2%	10.5%	5.9%	16.8%	5.8%	10.8%	11.9%	12.3%
2017	-1.0%	13.6%	3.2%	4.6%	6.0%	6.4%	8.9%	8.1%	6.4%	6.3%
2018	2.7%	-2.1%	3.8%	8.5%	6.3%	3.5%	-4.7%	-1.2%	6.6%	2.6%
2019	22.7%	18.9%	14.2%	19.3%	13.0%	20.3%	17.7%	17.1%	21.6%	18.3%
2020 ytd	8.8%	8.0%	11.4%	14.5%	11.3%	8.1%	6.8%	6.7%	11.5%	9.7%
Average	9.6%	10.4%	11.5%	9.2%	9.5%	9.4%	9.9%	7.5%	12.6%	10.0%

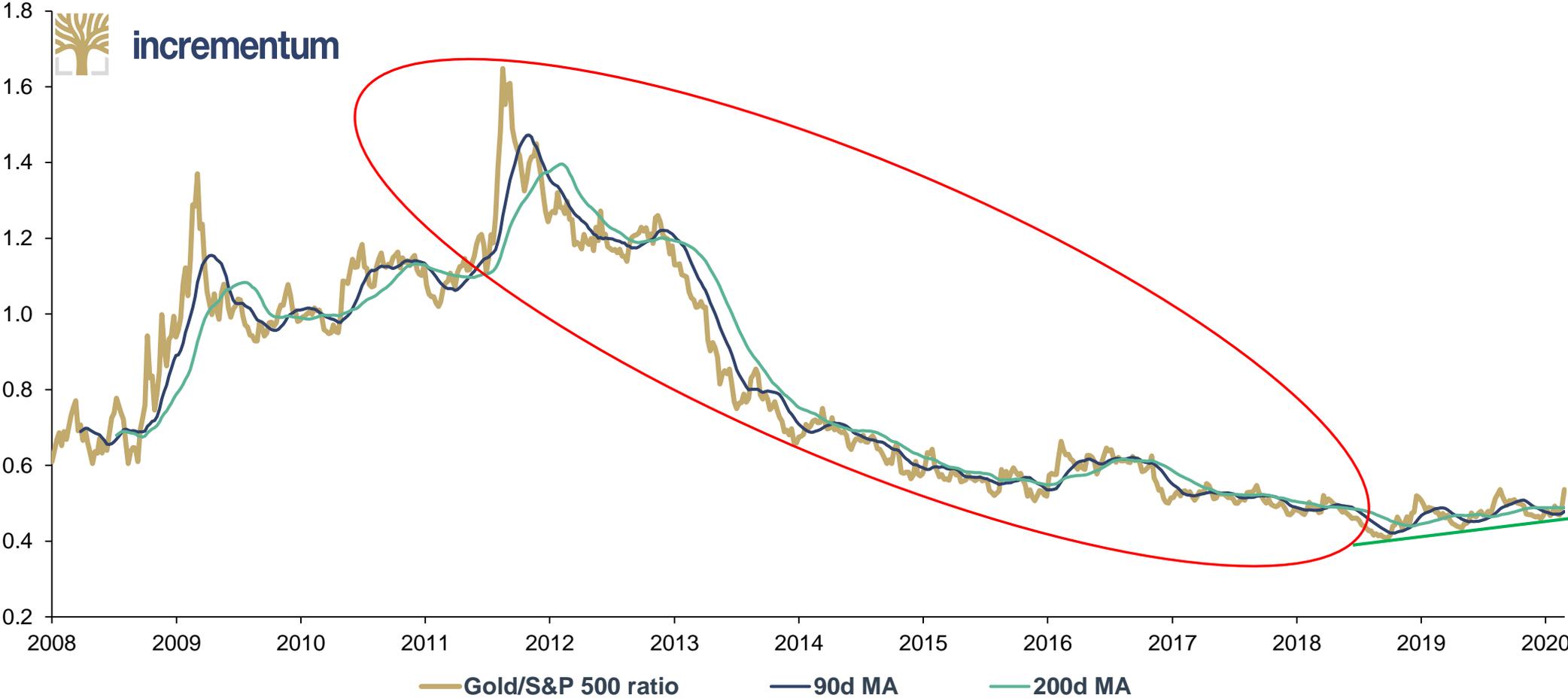
Source: www.goldprice.org, Incrementum AG, prices per 04/03/2020

Gold Performance in Major Currencies (indexed 100 = 01/2009), 01/2009–02/2020



Source: Reuters Eikon, Incrementum AG

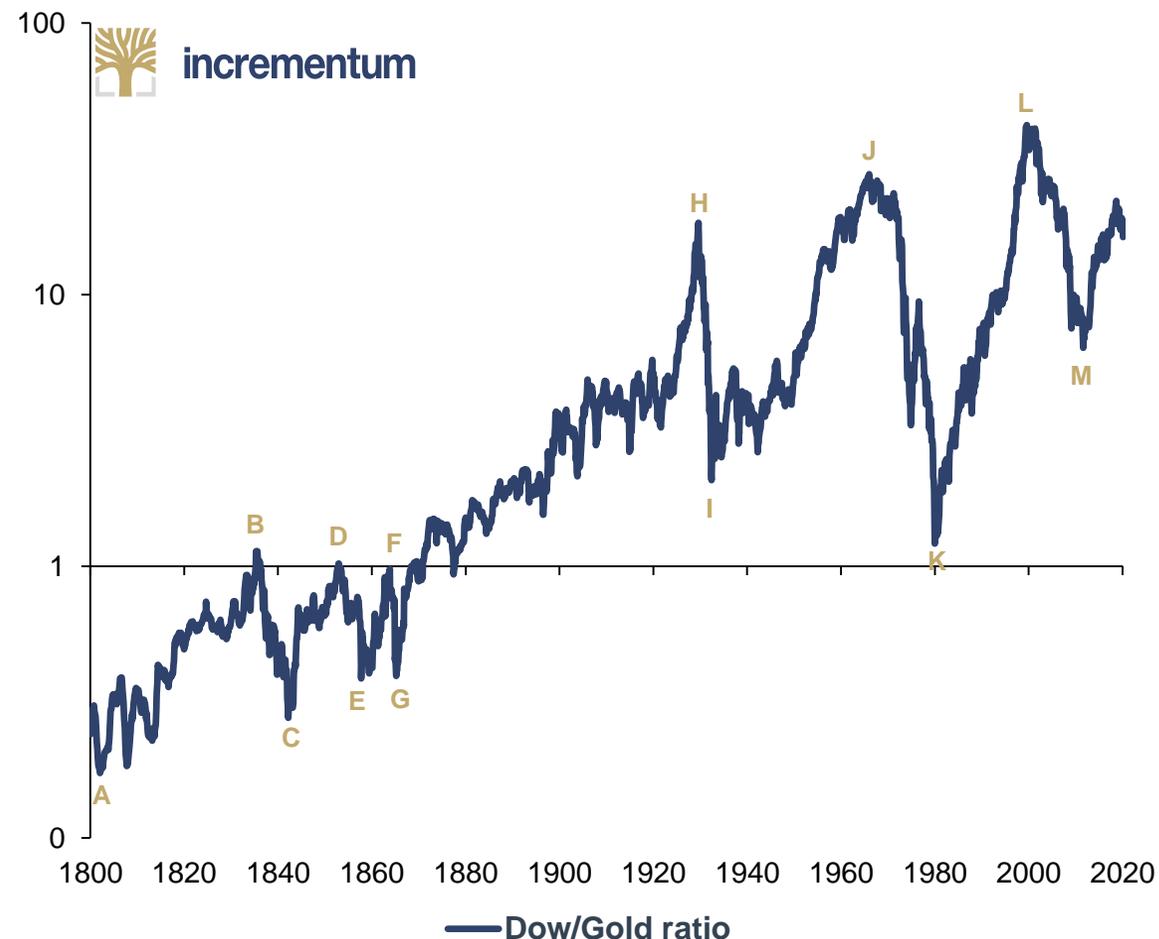
S&P 500/Gold Ratio, 01/2008–02/2020



Source: Reuters Eikon, Incrementum AG

Dow/Gold Ratio (log), 01/1800–02/2020

Period	Date		Stock Market (DJIA)			Gold price			Dow/Gold ratio	
	Start	End	Start	End	Return	Start	End	Return	Start	End
A-B	02/1802	08/1835	3	23	599%	19	21	7%	0.2	1.1
B-C	08/1835	03/1842	23	6	-76%	21	21	0%	1.1	0.3
C-D	03/1842	01/1853	6	21	268%	21	21	0%	0.3	1.0
D-E	01/1853	10/1857	21	8	-62%	21	21	0%	1.0	0.4
E-F	10/1857	08/1863	8	26	220%	21	27	32%	0.4	0.9
F-G	08/1863	03/1865	26	21	-18%	27	53	95%	0.9	0.4
G-H	03/1865	08/1929	21	380	1,705%	53	21	-61%	0.4	18.4
H-I	08/1929	06/1932	380	43	-89%	21	21	0%	18.4	2.1
I-J	06/1932	01/1966	43	984	2,196%	21	36	72%	2.1	27.7
J-K	01/1966	01/1980	984	876	-11%	36	722	1,934%	27.7	1.2
K-L	01/1980	08/1999	876	10,829	1,136%	722	258	-64%	1.2	42.1
L-M	08/1999	08/2011	10,829	11,614	7%	258	1824	608%	42.1	6.3



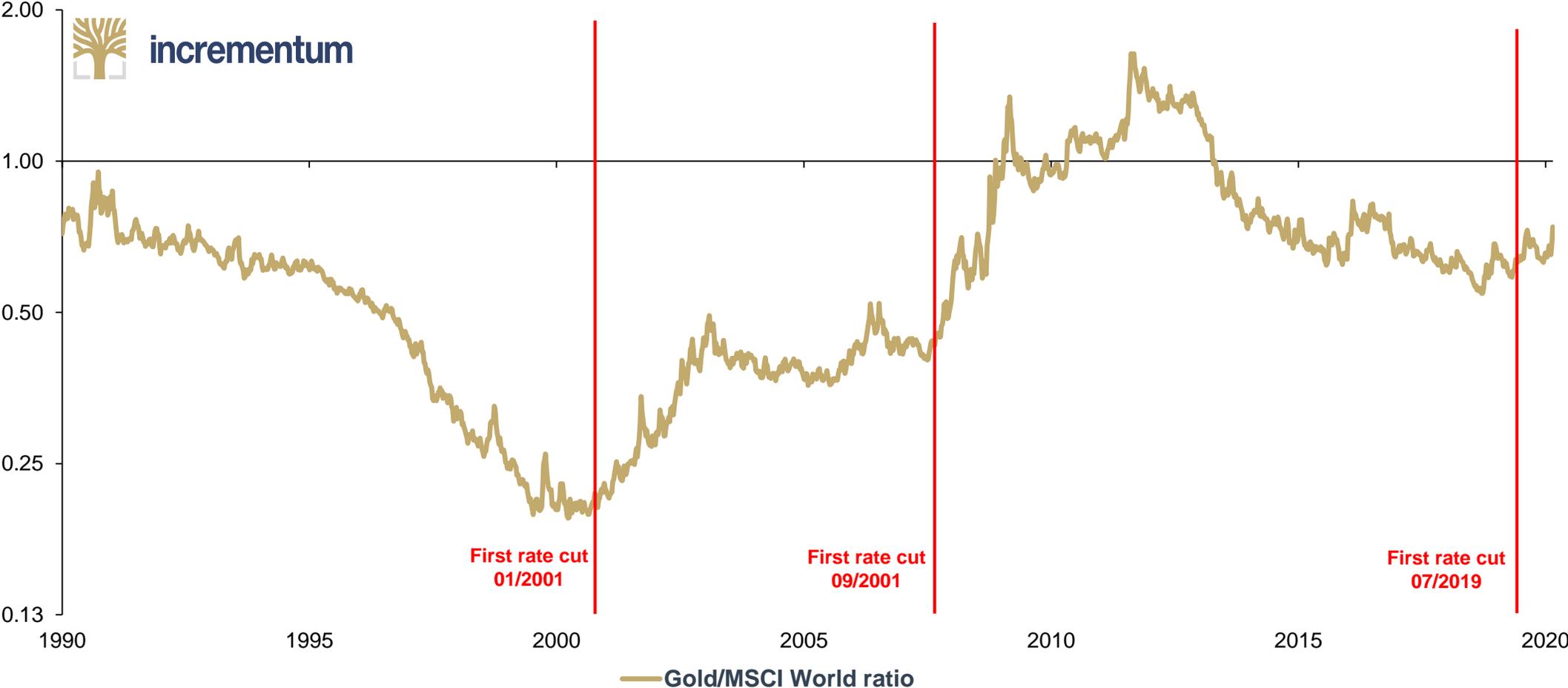
Source: Nick Laird, goldchartsrus, Reuters Eikon, Incrementum AG

Dow Jones Industrial Average (lhs), and Dow/Gold Ratio (rhs), 07/2018–02/2020



Source: Eric Pomboy, Meridian Macro Research LLC, Reuters Eikon, Incrementum AG

Gold/MSCI World Ratio (log), 01/1990–02/2020



Source: StockCharts.com, Reuters Eikon, Incrementum AG

S&P 500 and Gold Performance in Biggest S&P 500 Decline Phases

Biggest S&P 500 declines	S&P 500	Gold
09/1976 - 03/1978	-19.4%	53.8%
08/1987 - 12/1987	-33.5%	6.2%
07/1990 - 10/1990	-19.9%	6.8%
03/2000 - 10/2002	-49.0%	12.4%
10/2007 - 03/2009	-56.8%	25.5%
05/2011 - 10/2011	-19.0%	9.4%

Source: BMG Group Inc., Incrementum AG

Gold Returns in Various Currencies

Gold Returns	1971-1980	1980-1990	1990-2000	2000-2010	2010-today	2019
in USD	1,268%	-22%	-28%	281%	39%	19%
in EUR	1,256%	-3%	-15%	168%	80%	23%
in GBP	1,275%	9%	-28%	281%	84%	24%
in CHF	1,098%	-24%	-26%	148%	32%	19%
in JPY	1,219%	-53%	-49%	246%	59%	15%
in AUD	1,269%	7%	-18%	179%	85%	24%
in CAD	1,282%	-23%	-10%	177%	75%	16%
in INR	1,274%	30%	33%	313%	114%	23%
in RUB	1,296%	-17%	30%	306%	209%	15%
in ZAR	1,251%	142%	73%	357%	189%	27%
in CNY	1,204%	155%	26%	214%	46%	24%
in TRY	1,358%	74%	71%	939%	442%	31%
in BRL	1,360%	-24%	72%	278%	232%	27%
in ARS	1,356%	68%	-29%	1,370%	1,930%	75%

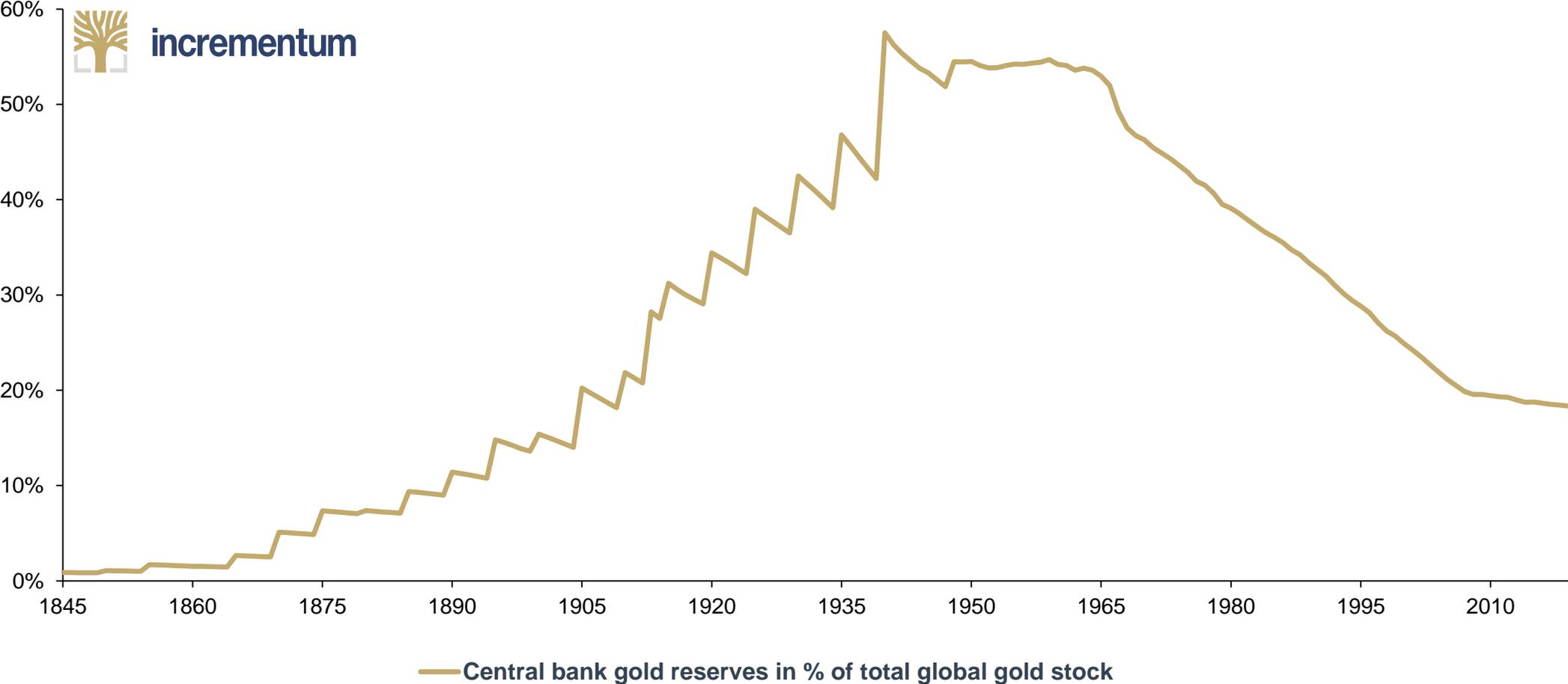
Source: Michael Nicoletos, Incrementum AG

Bloomberg Commodity Index TR (lhs), and US Dollar Index (rhs, inverted), 01/2009–02/2020



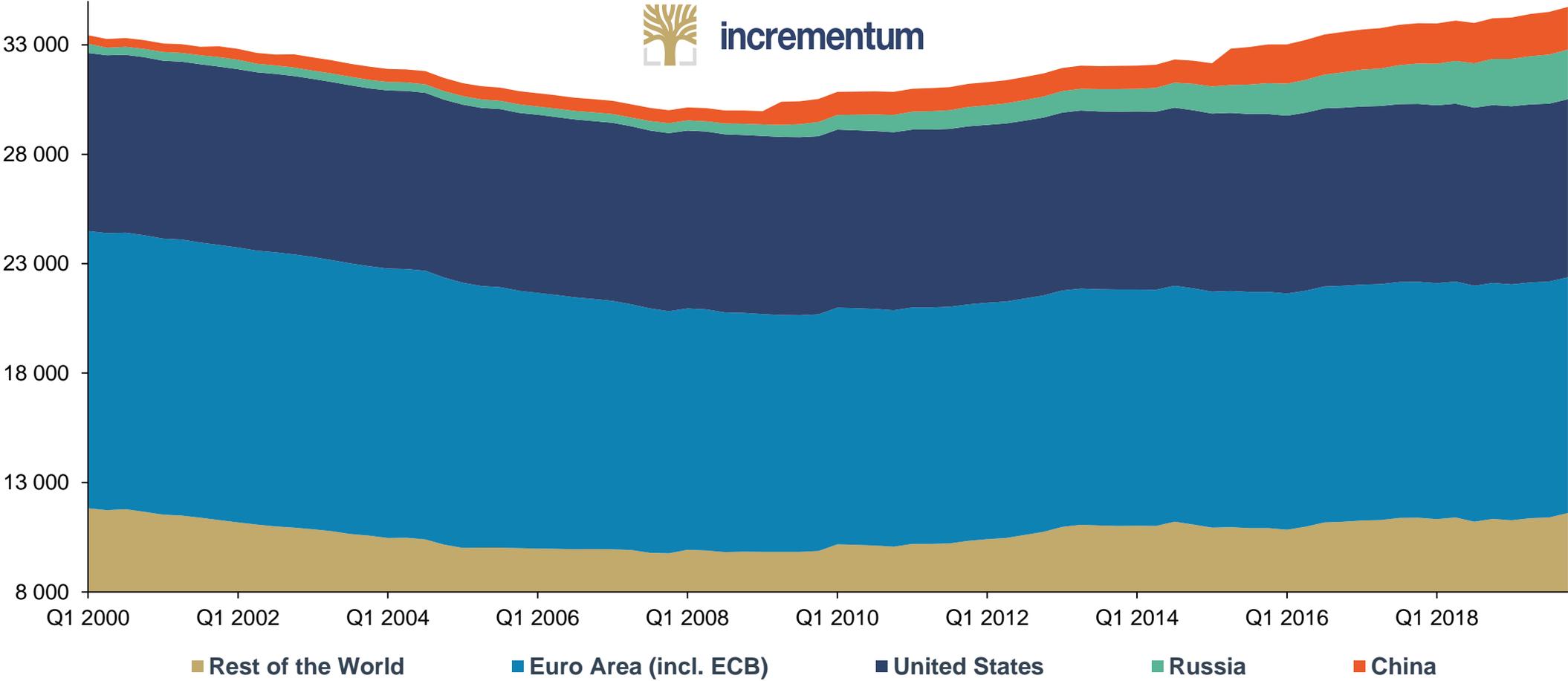
Source: Reuters Eikon, Incrementum AG

Central Bank Gold Reserves in % of Total Global Gold Stock, 1845–2019



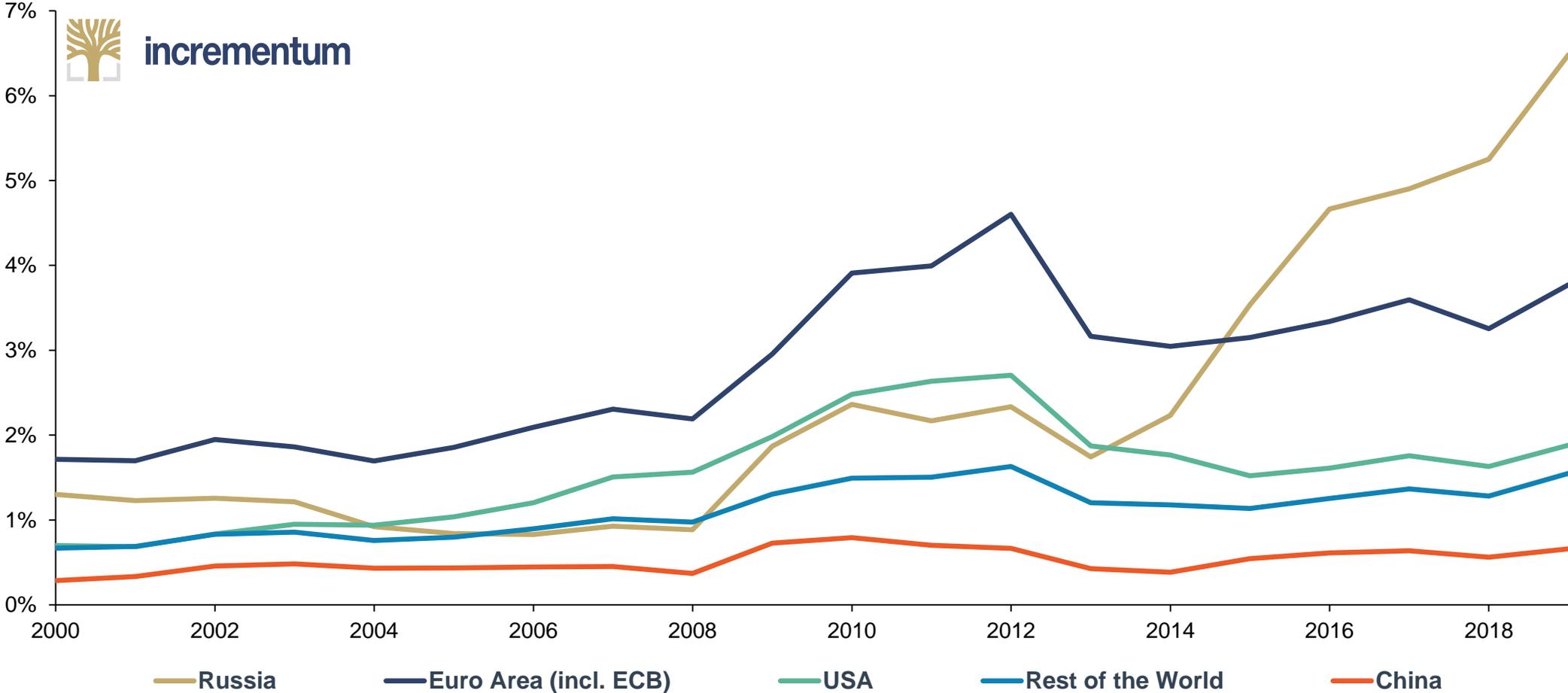
Source: Nick Laird, goldchartsrus.com, World Gold Council, Incrementum AG

Central Bank Gold Reserves, in tonnes, Q1/2000–Q4/2019



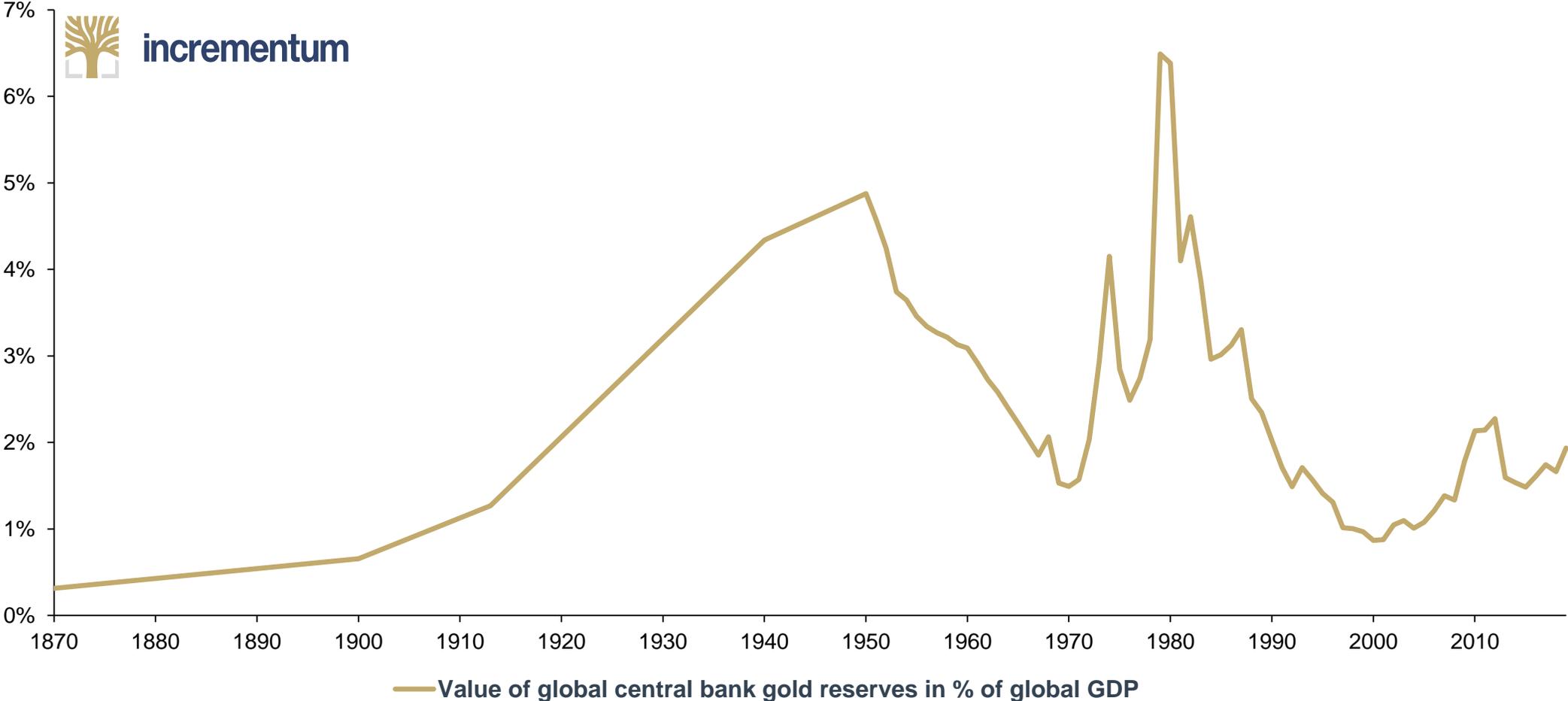
Source: World Gold Council, Incrementum AG

Value of Central Bank Gold Reserves in % of GDP, 2000–2019



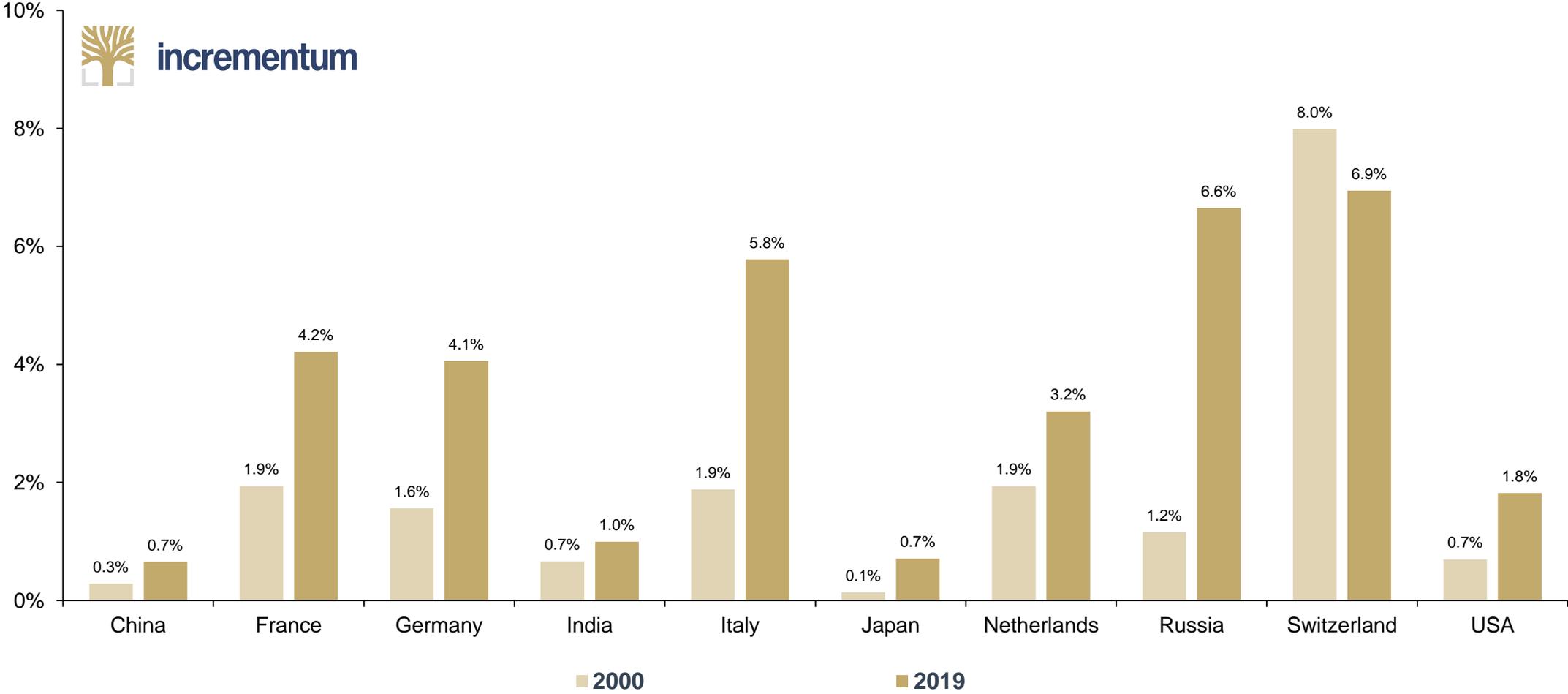
Source: Nick Laird, goldchartsrus.com, World Bank, World Gold Council, Incrementum AG

Value of Global Central Bank Gold Reserves in % of Global GDP, 1870–2019



Source: Nick Laird, goldchartsrus.com, World Gold Council, ourworldindata.org, IMF, World Bank, Incrementum AG

Value of Gold Reserves as % of GDP in Top 10 Countries with Largest Gold Reserves, 2000 vs. 2019



Source: IMF, World Gold Council, Incrementum AG

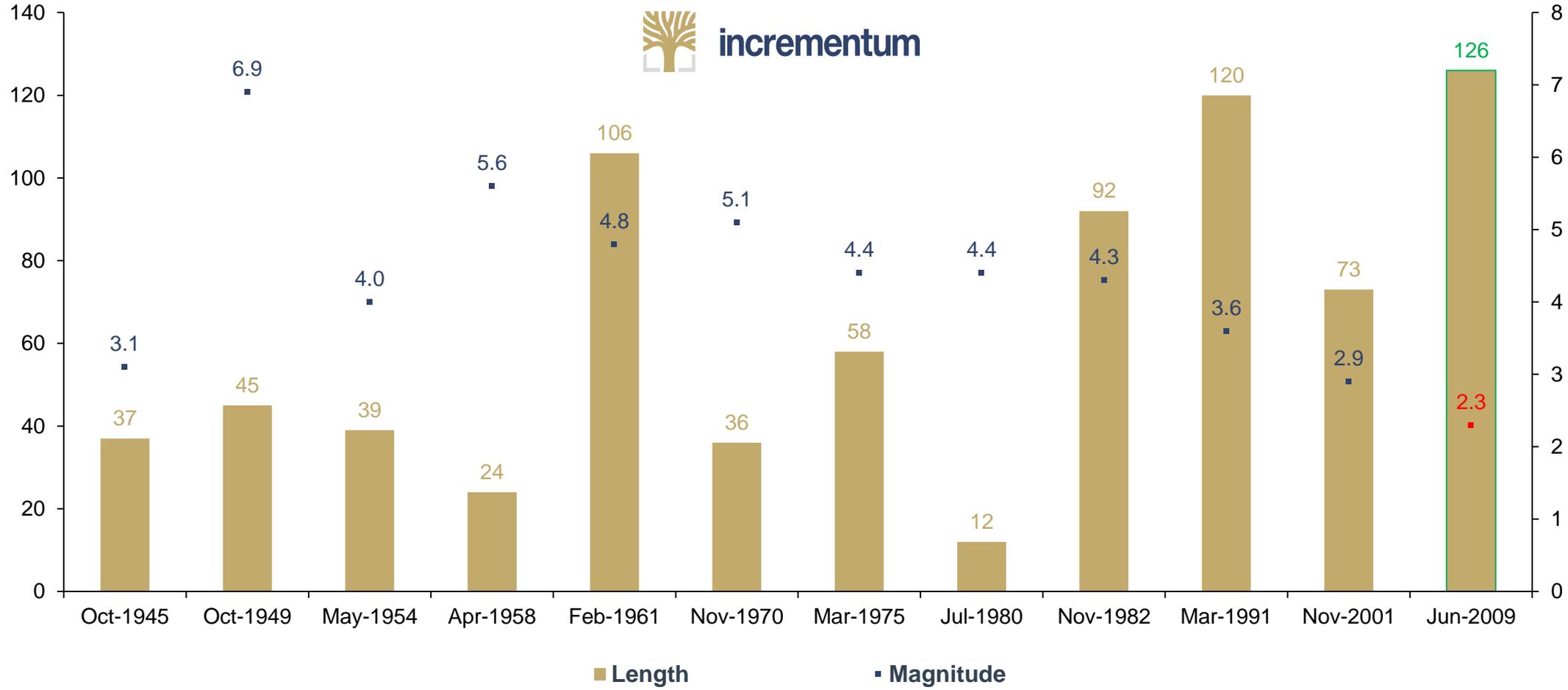
2. Recession

Despite numerous indications, still a Black Swan?

“Boy, that escalated quickly...!”

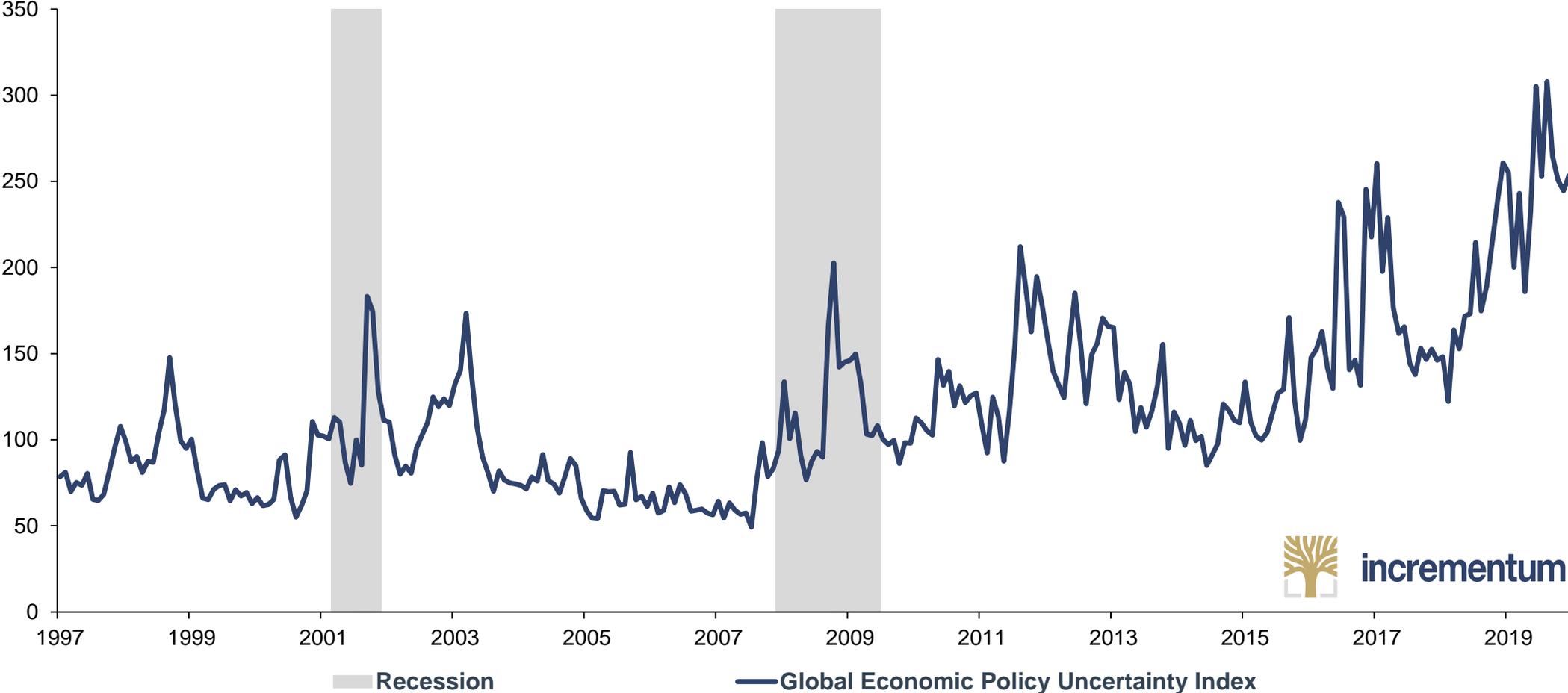
Ron Burgundy, “Anchorman”

Economic Expansions by Length (lhs), in months, and Magnitude (rhs), in %



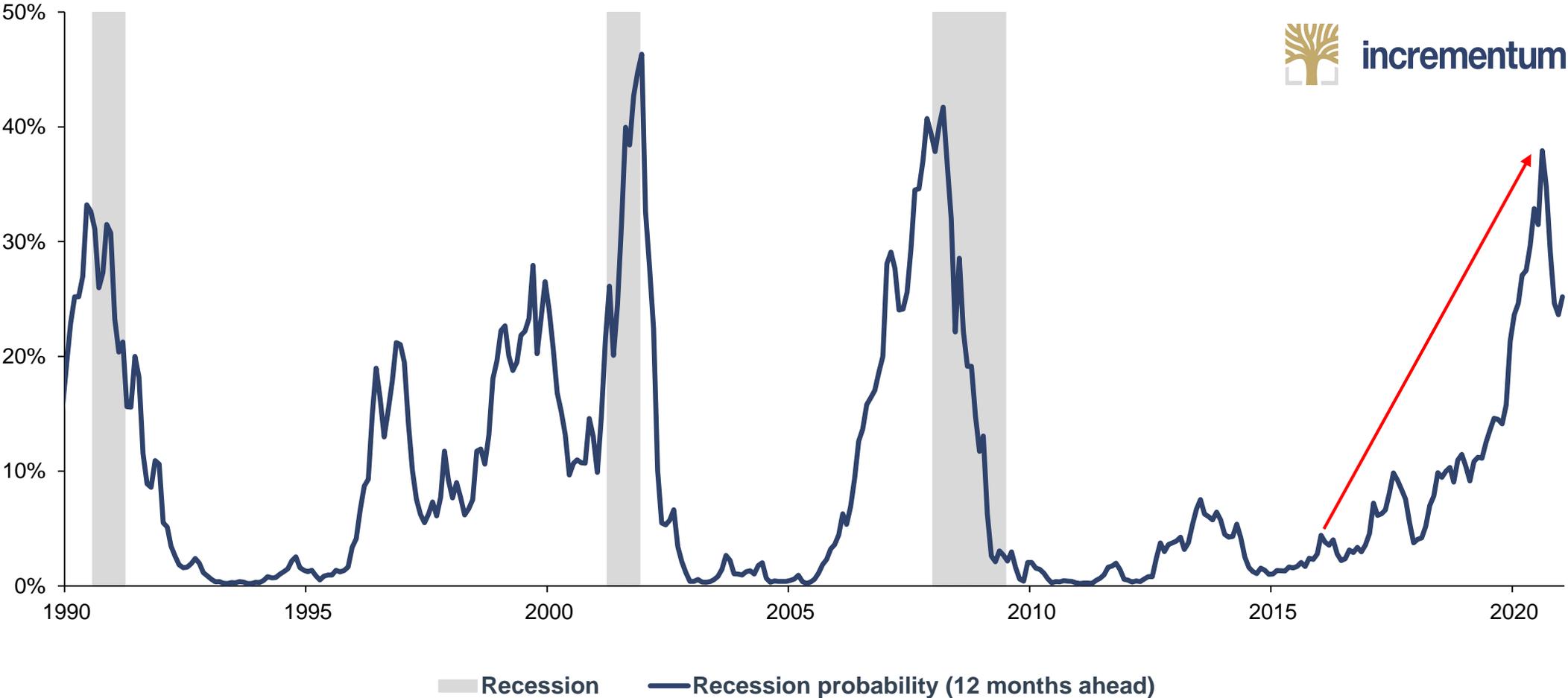
Source: Department of Commerce, Incrementum AG

Global Economic Policy Uncertainty Index, 01/1997–12/2019



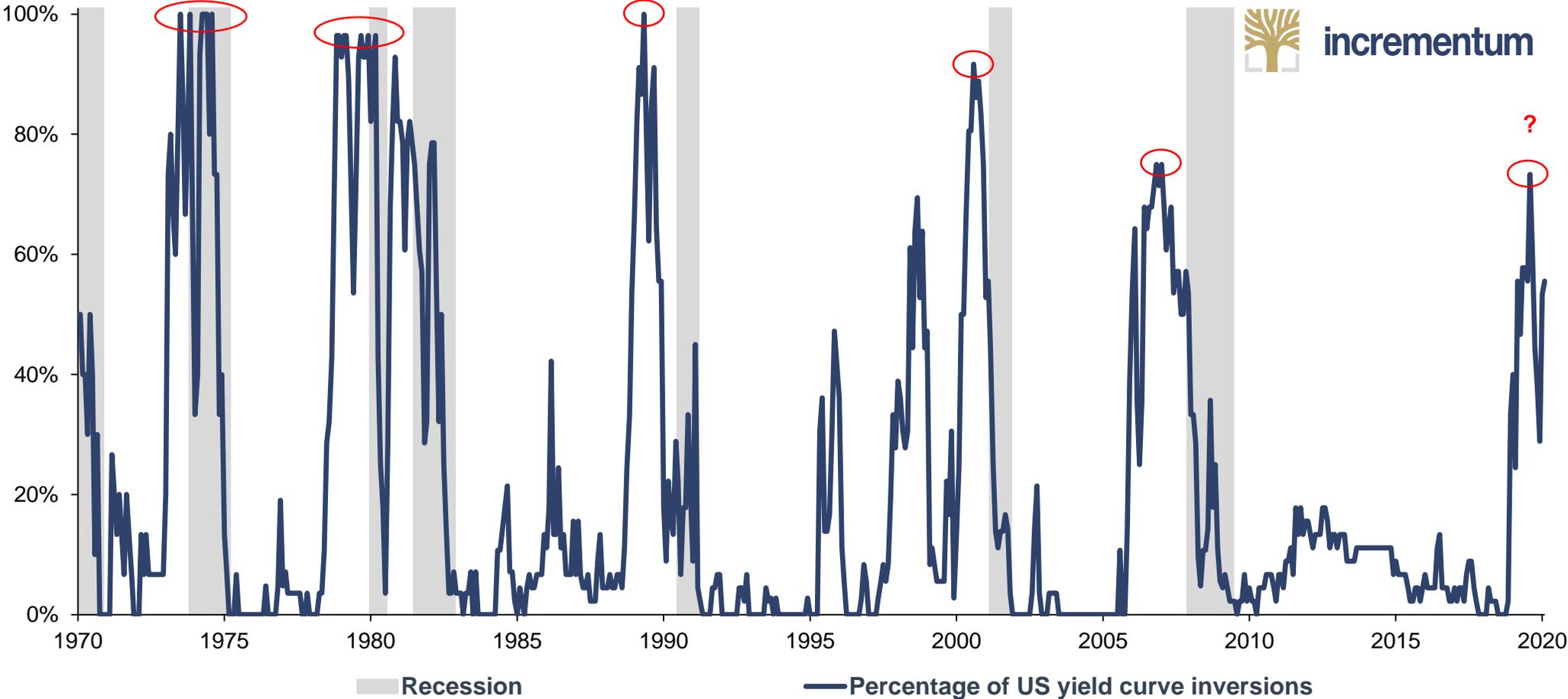
Source: Federal Reserve St. Louis, Incrementum AG

Recession Probability within the Next 12 Months, 01/1990–01/2020



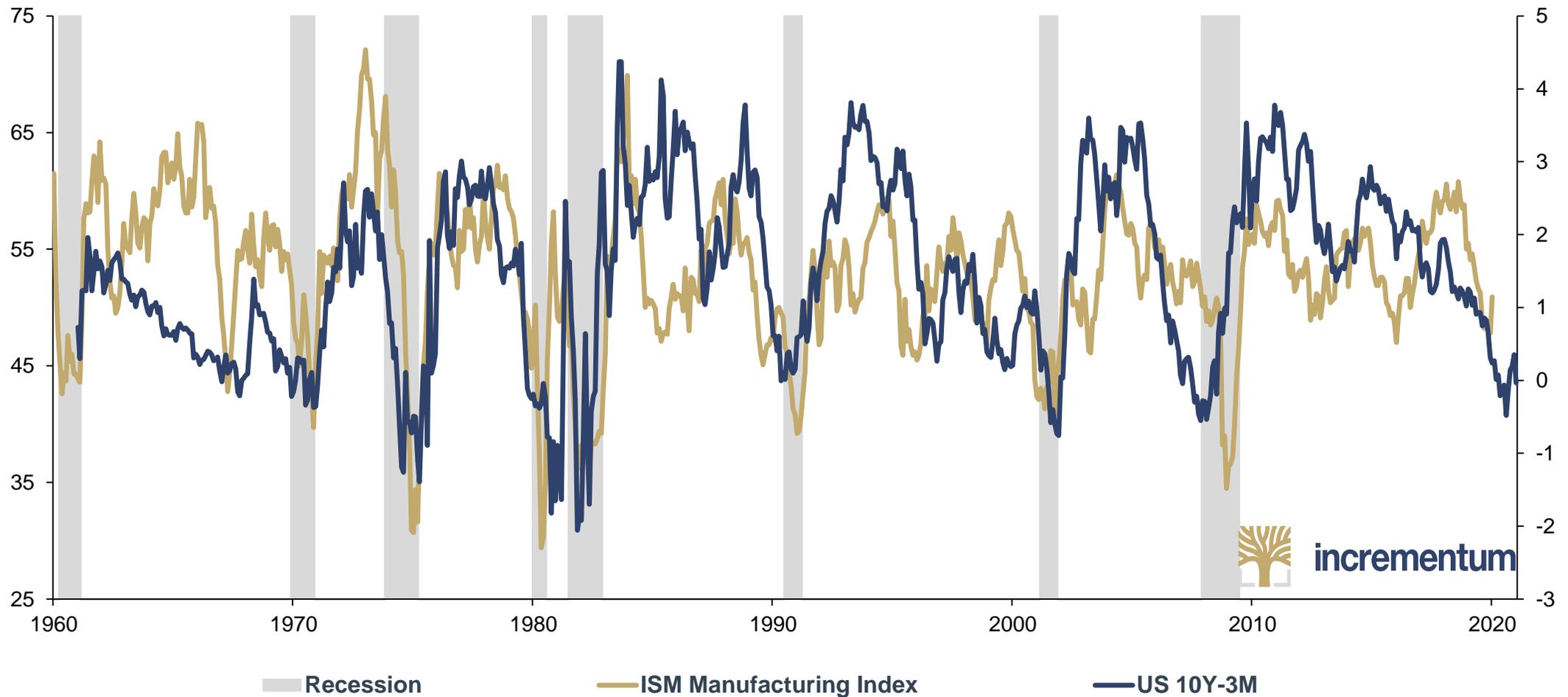
Source: Federal Reserve NY, Incrementum AG

Percentage of US Yield Curve Inversions, 01/1970–02/2020



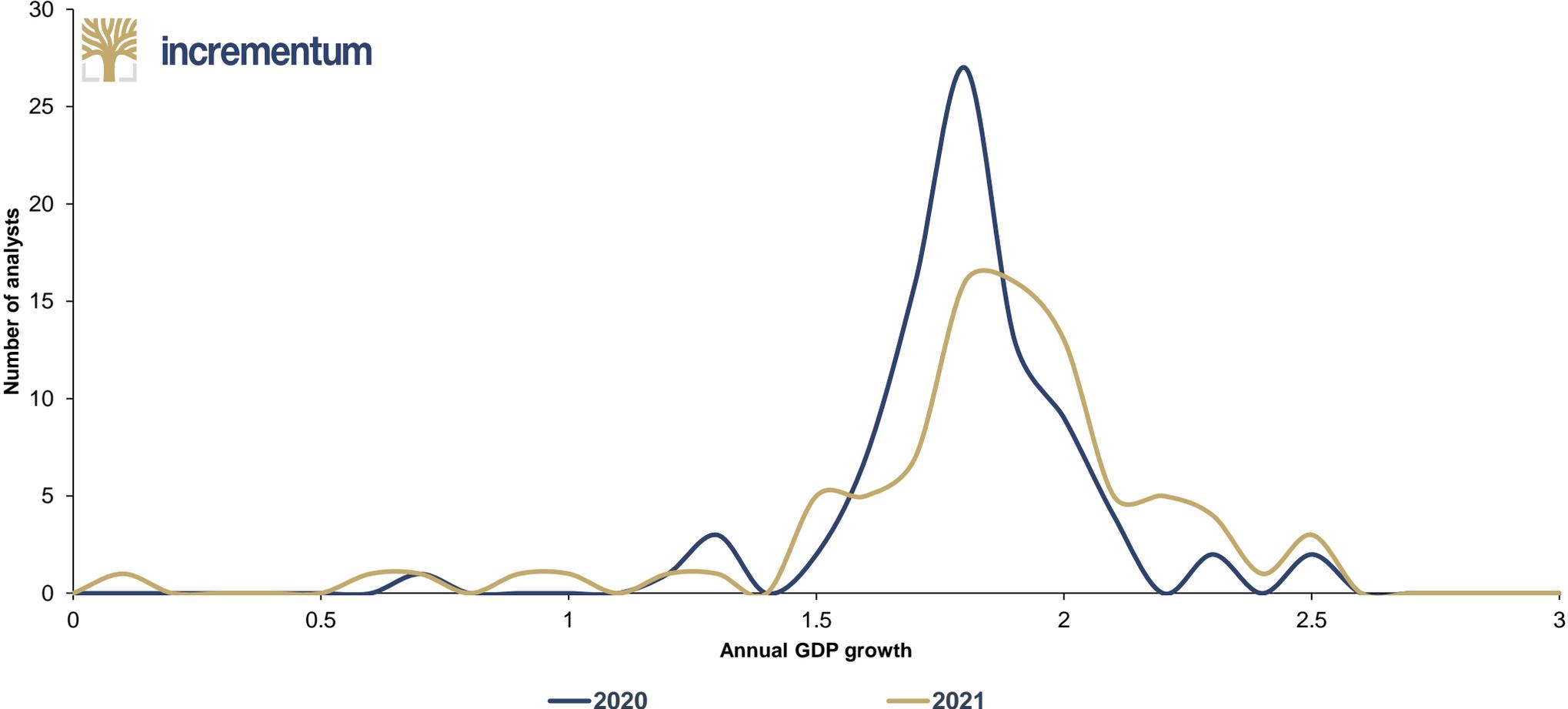
Source: Tavi Costa, Crescat Capital LLC, Incrementum AG

ISM Manufacturing Index (lhs), and US 10Y-3M Treasury Spread, in % (rhs, 1 year advanced), 01/1960–02/2021



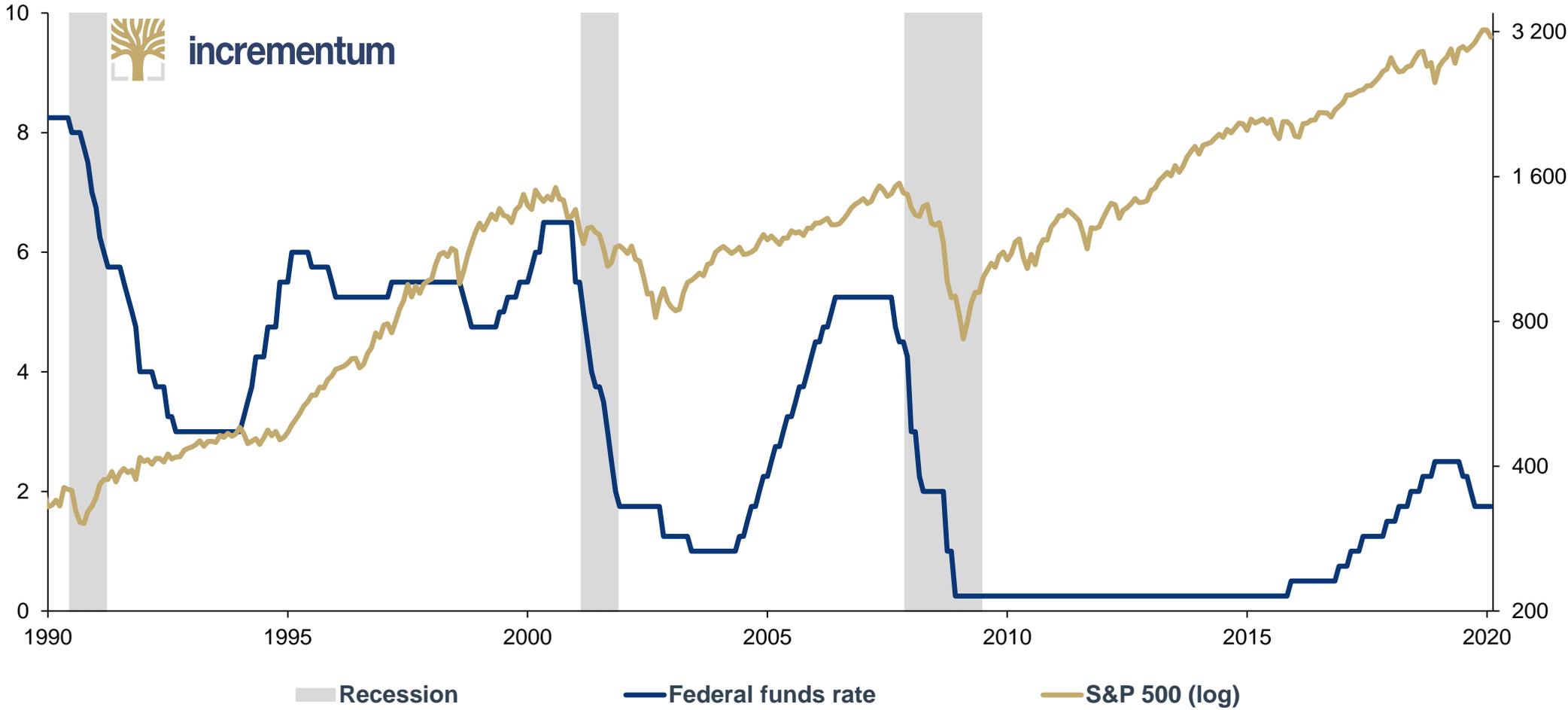
Source: franzlichka.blogspot.com, Reuters Eikon, Incrementum AG

Distribution of US GDP Projections Made by 87 Analysts, per Year, in %, 2020–2021



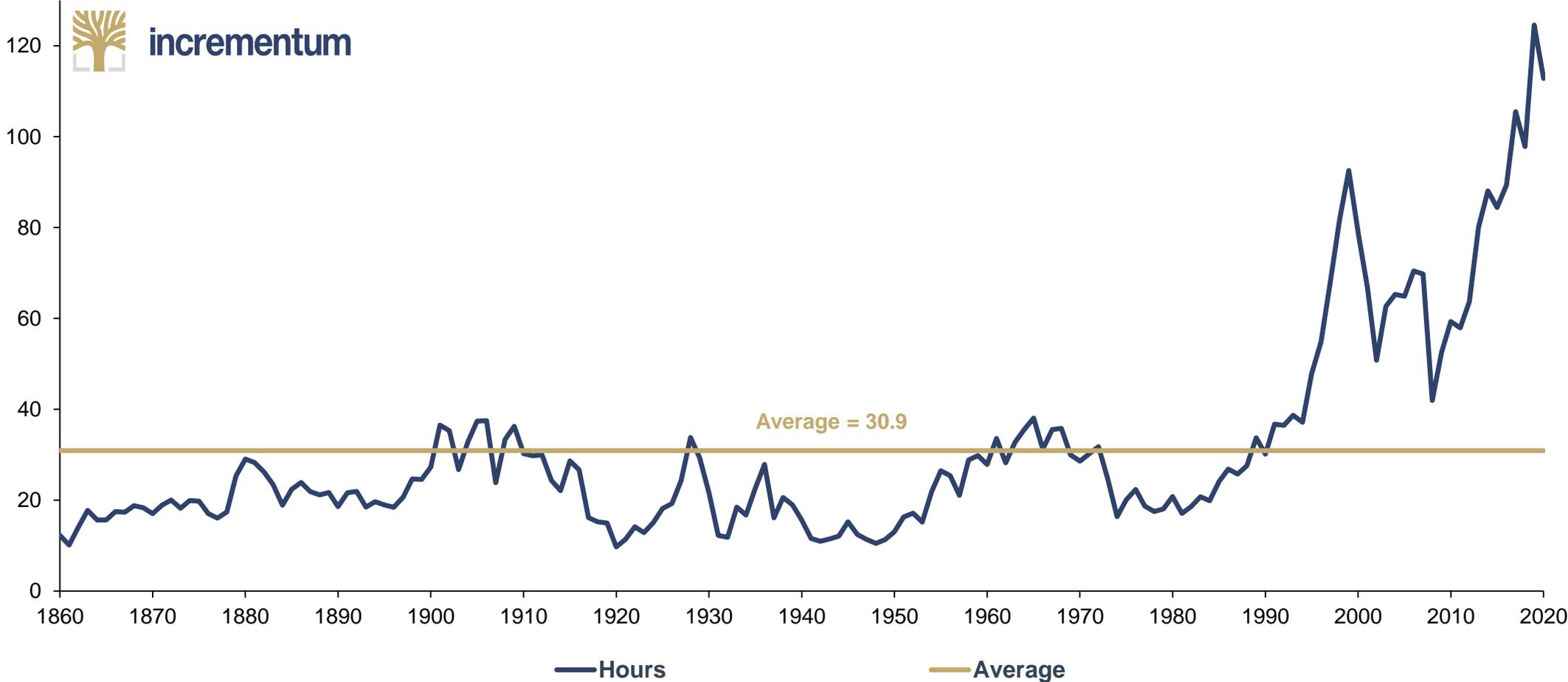
Source: Reuters Eikon, Incrementum AG

Federal Funds Rate, in % (lhs), and S&P 500 (log, rhs), 01/1990–02/2020



Source: Reuters Eikon, Incrementum AG

Average Working Hours to Buy the S&P 500, 1860–2020



Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

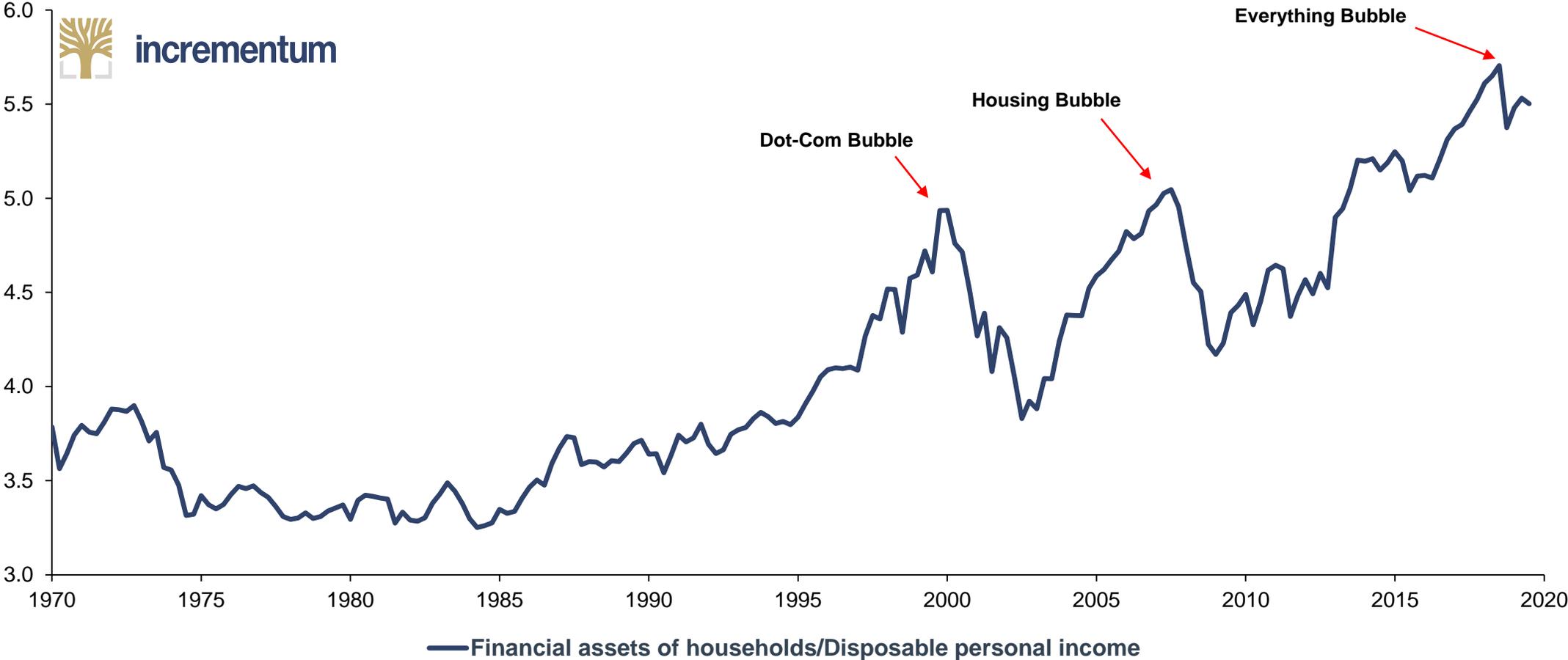
3. Inflation

The ultimate pain trade?

“The two main risk factors for the average portfolio are less-than-expected growth and more-than-expected inflation.”

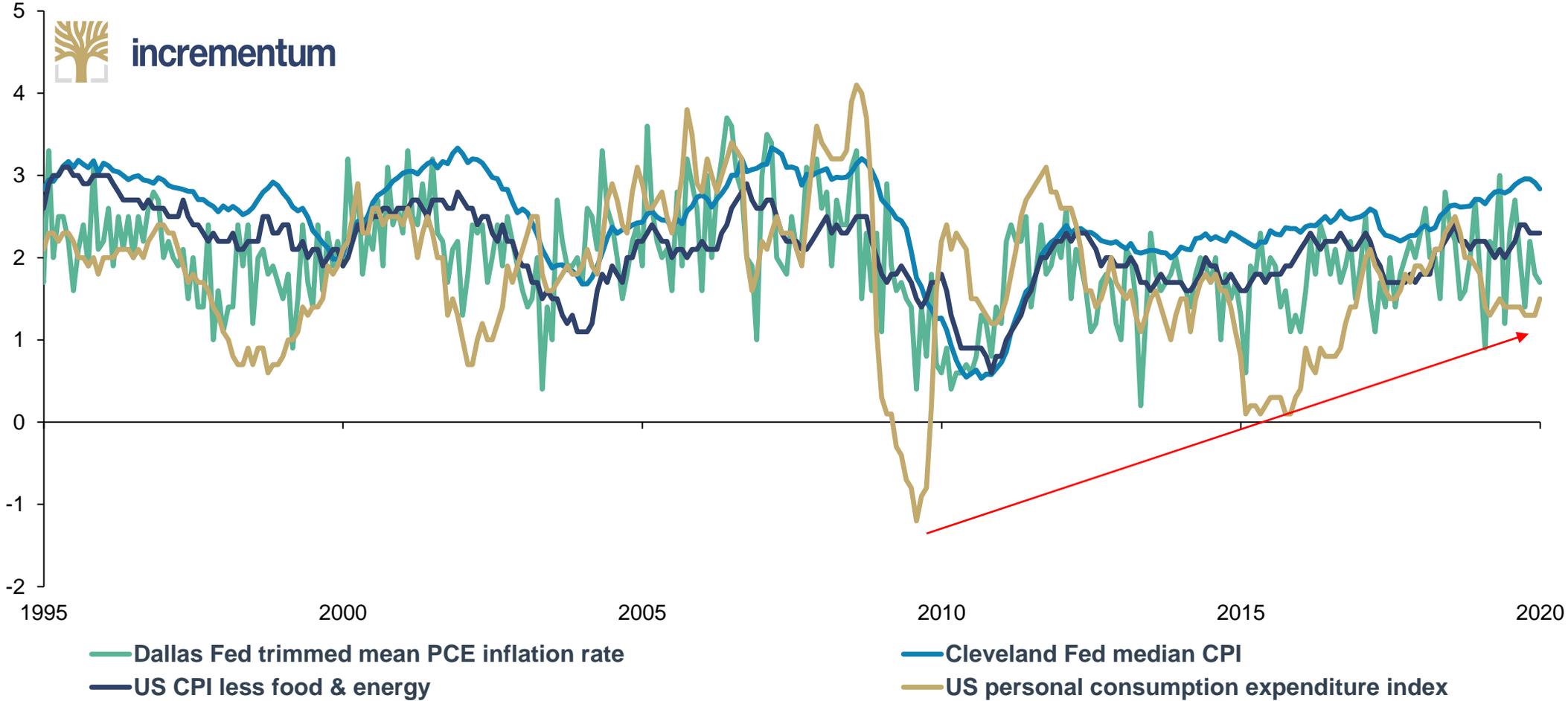
Ray Dalio

Everything Bubble, Q1/1970–Q3/2019



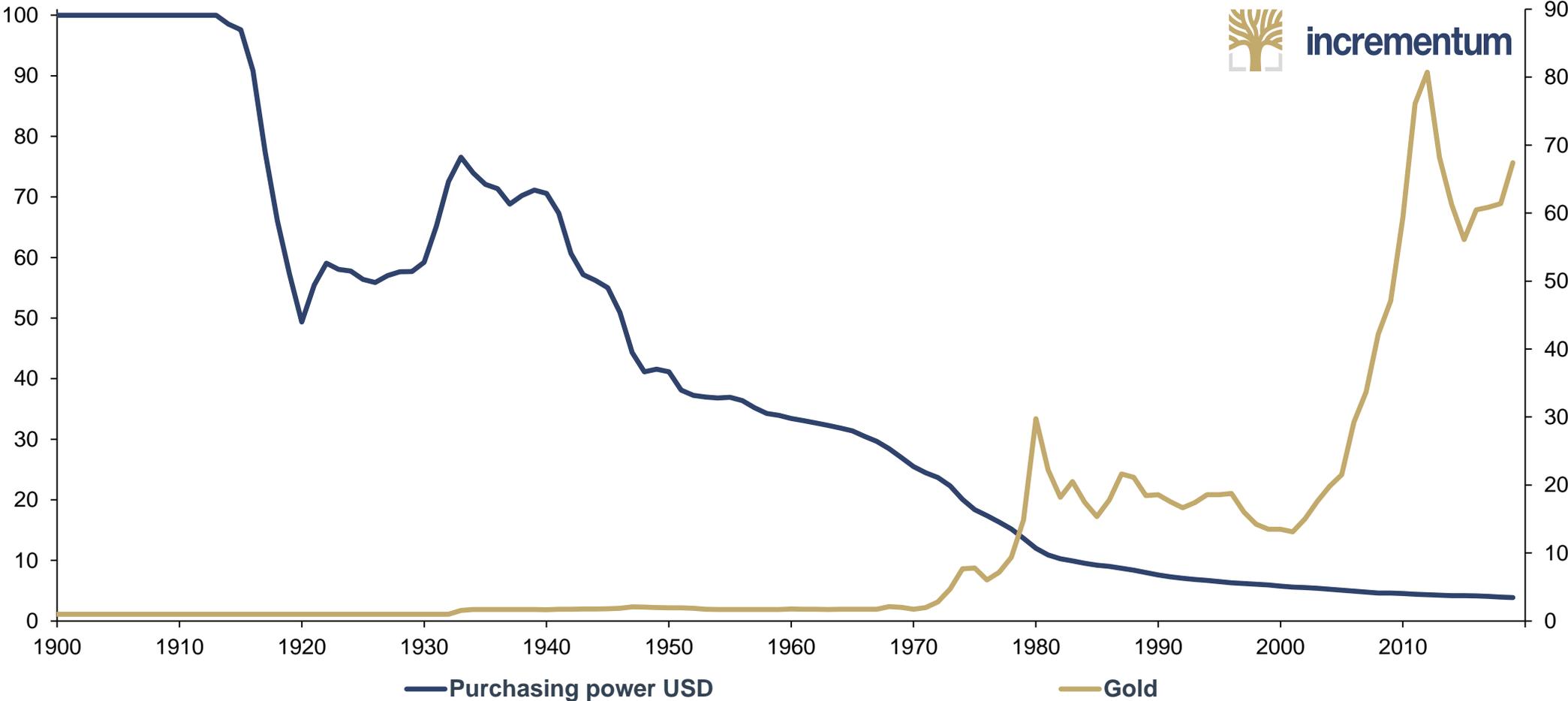
Source: Federal Reserve St. Louis, Incrementum AG

Measures of Core Inflation, YoY%, 01/1995–01/2020



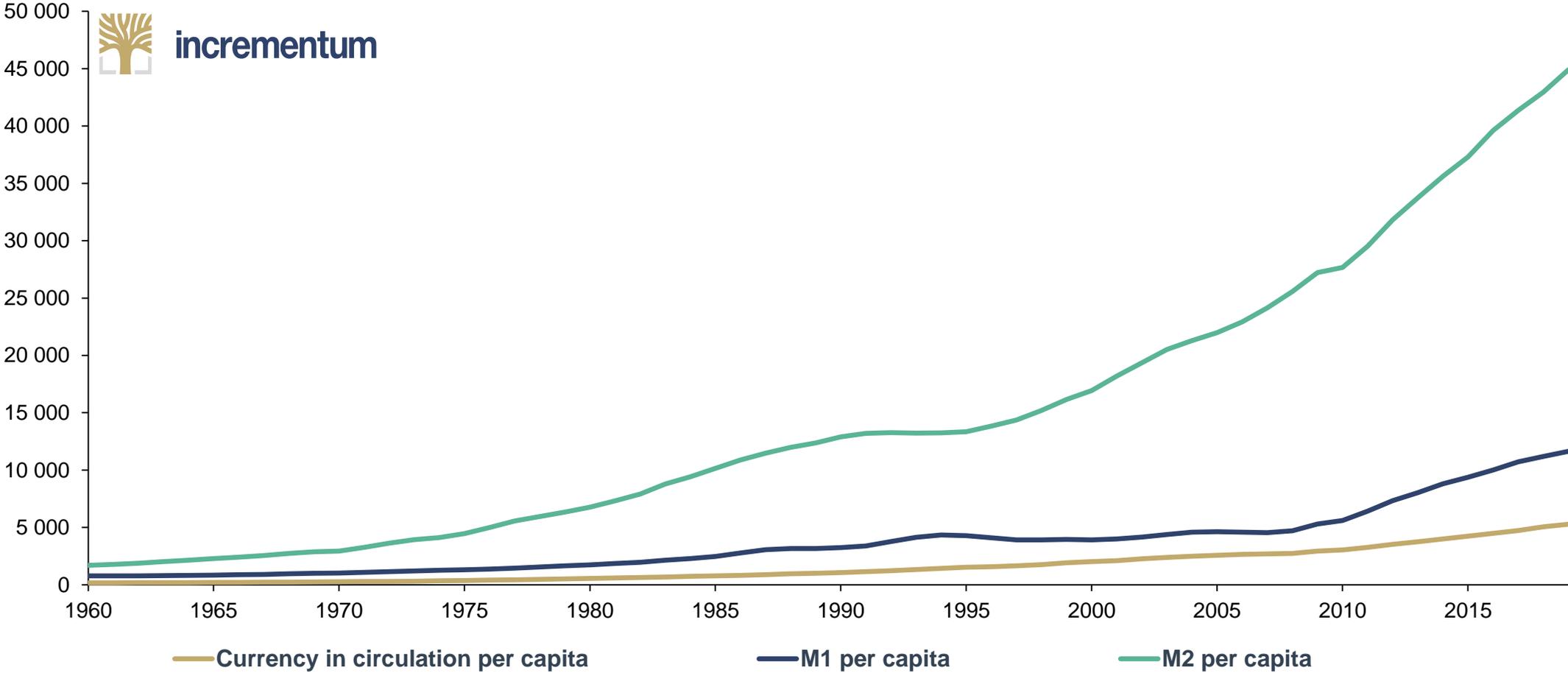
Source: Reuters Eikon, Incrementum AG

Purchasing Power Loss of the USD (lhs), and Gold Price Multiple (rhs), 1900–2019



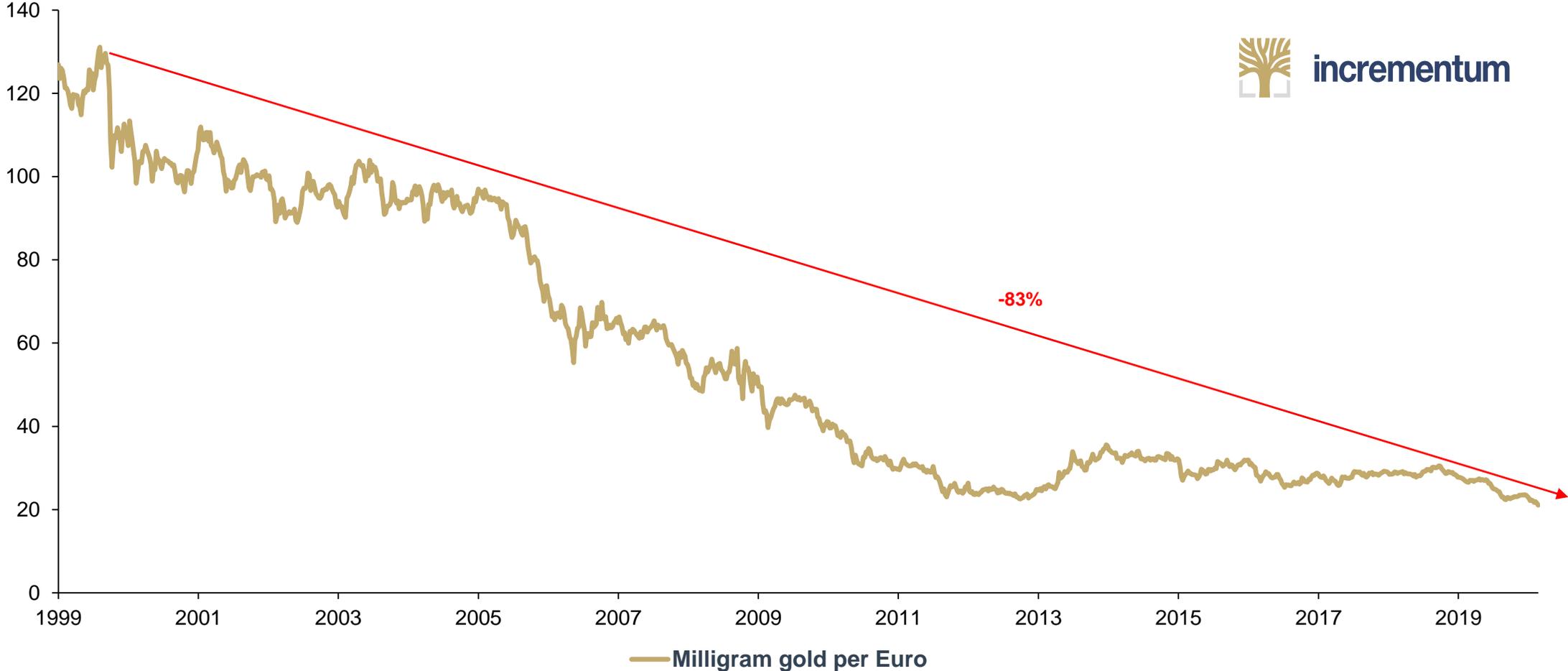
Source: Nick Laird, goldchartsrus.com, Incrementum AG

Money Supply per Capita in the US, in USD, 1960–2019



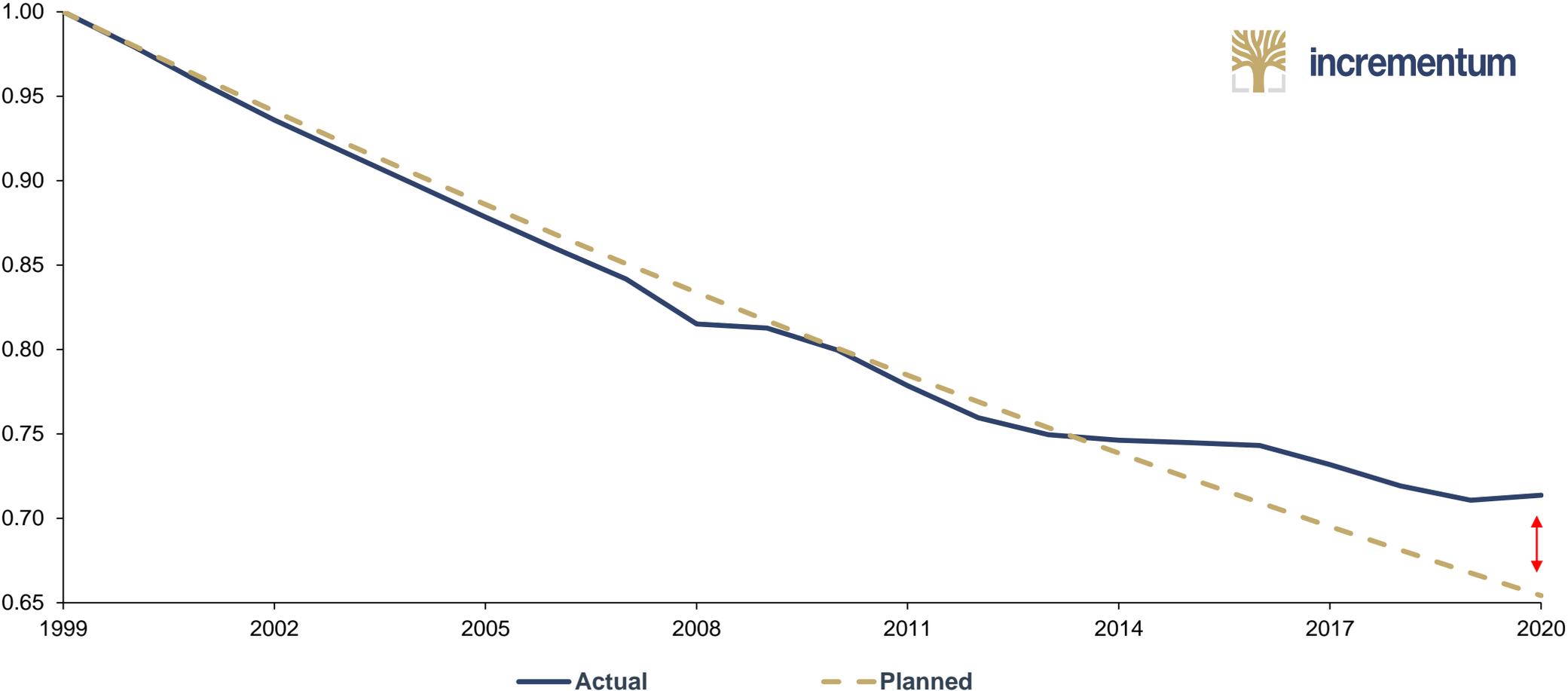
Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

Milligrams Gold per Euro, 01/1999–02/2020



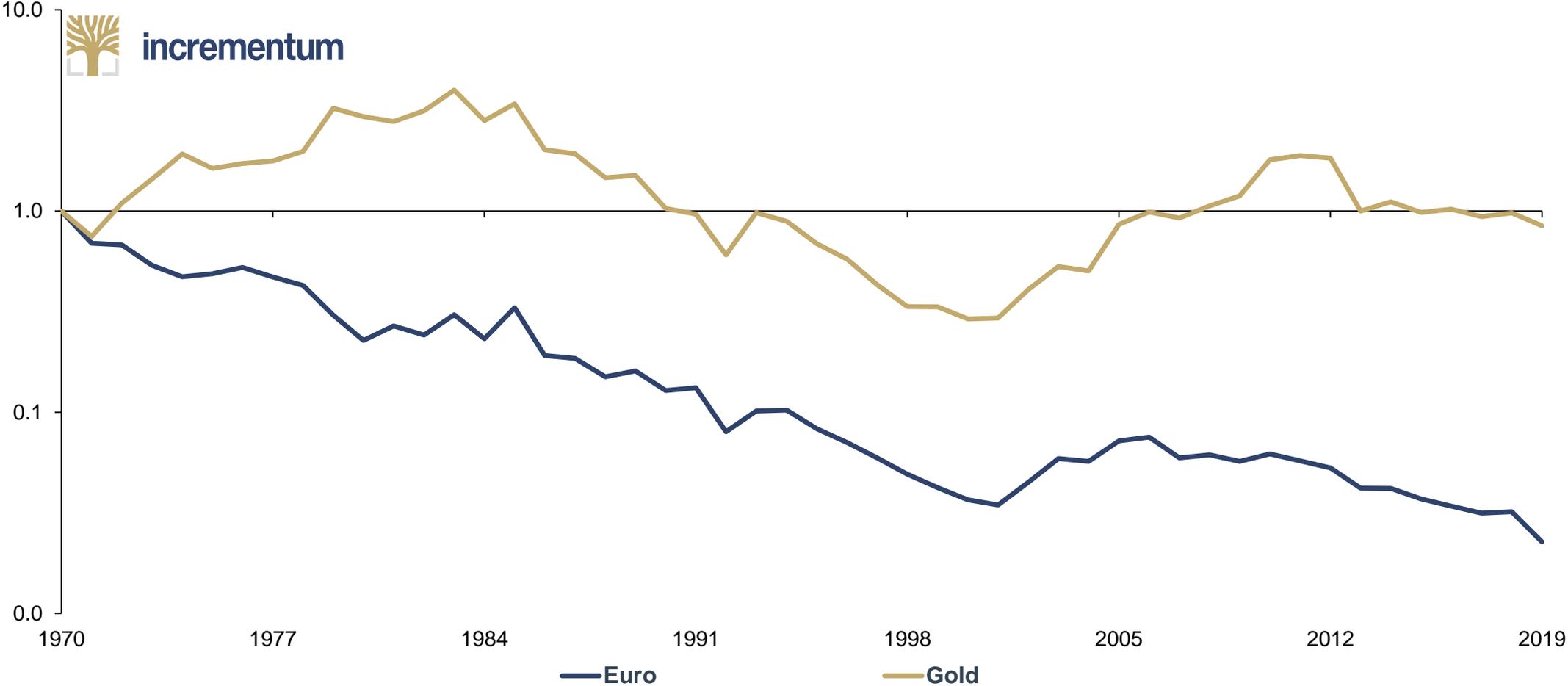
Source: Federal Reserve St. Louis, Incrementum AG

Euro Purchasing Power Loss, 1999–2020



Source: Reuters Eikon, Incrementum AG

Purchasing Power of Euro and Gold as Measured by the Average Expenditure per Soccer Player Transfer (log), 1970–2019



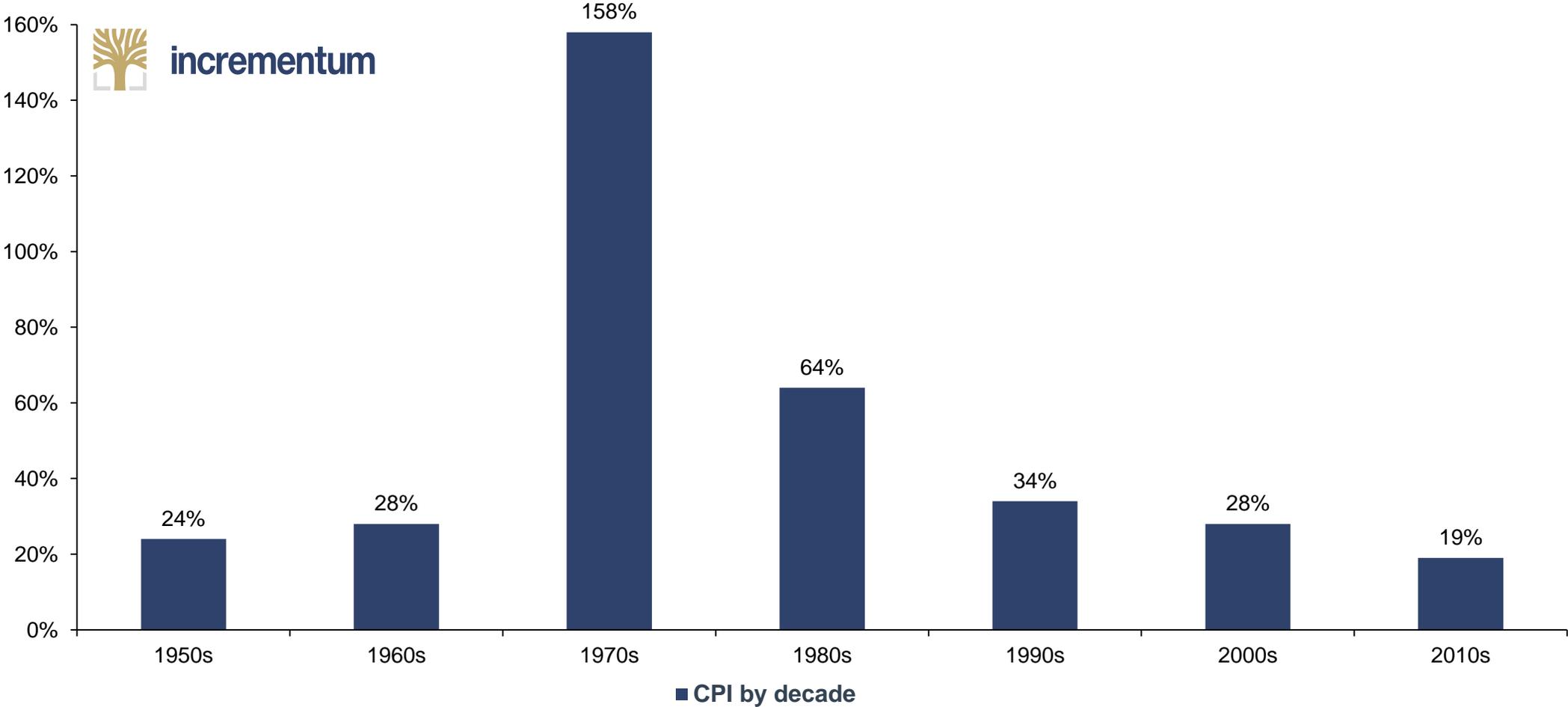
Source: Nick Laird, goldchartsrus.com, transfermarkt.de, Incrementum AG

Inflation by Item in Great Britain

Item	Price in 1969	In 1969 ounces of gold	Inflation adjusted price	Current price	In current ounces of gold
Average house price	£4,312	292	£71,333	£215,910	185
Average wage (male, full time)	£1,560	106	£24,050	£31,834	27
Average wage (female, full time)	£847	57	£13,068	£26,103	22
Sports car	£890	60	£14,723	£22,160	19
Small car	£595	40	£9,860	£16,195	14
Flight (London to Tokyo)	£325	22	£5,376	£900	0.77
Colour television (19 inch)	£240	16	£3,970	£99	0.085
Package holiday (two weeks in Benidorm, August, pp)	£78	5.3	£1,290	£950	0.82
Fresh whole chicken	41p	0.028	£6.80	£2.80	0.0024
Instant coffee	21.8p	0.015	£3.60	£1.89	0.0016
Eggs (dozen, large)	20.2p	0.014	£3.34	£1.89	0.0016
Beer (pint of bitter)	10p	0.007	£1.65	£3.70	0.0032
Loaf of white bread	8p	0.005	£1.32	59p	0.0005
Bag of sugar	8p	0.005	£1.32	69p	0.0006
Petrol (litre)	7.3p	0.005	£120	128p	0.0011
Milk (pint)	4.4p	0.003	73p	50p	0.0004
Stamp	2.2p	0.001	36.5p	70p	0.0006
Tube fare (one mile)	2.2p	0.001	36.5p	£2.40	0.0021
Electricity (per kwh)	0.78p	0.001	12.9p	14.4p	0.0001

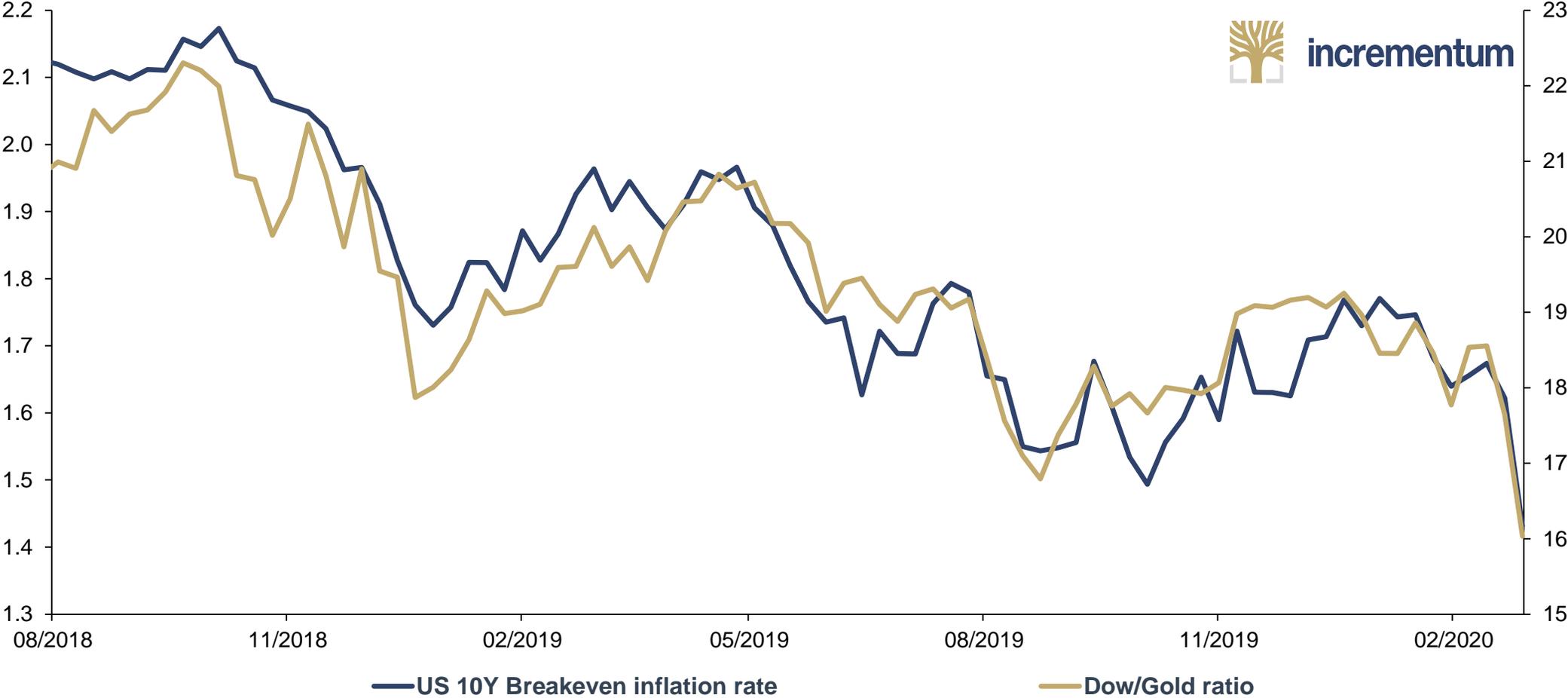
Source: The Guardian (2019), Incrementum AG

US CPI Growth by Decade, in %, 1950–2019



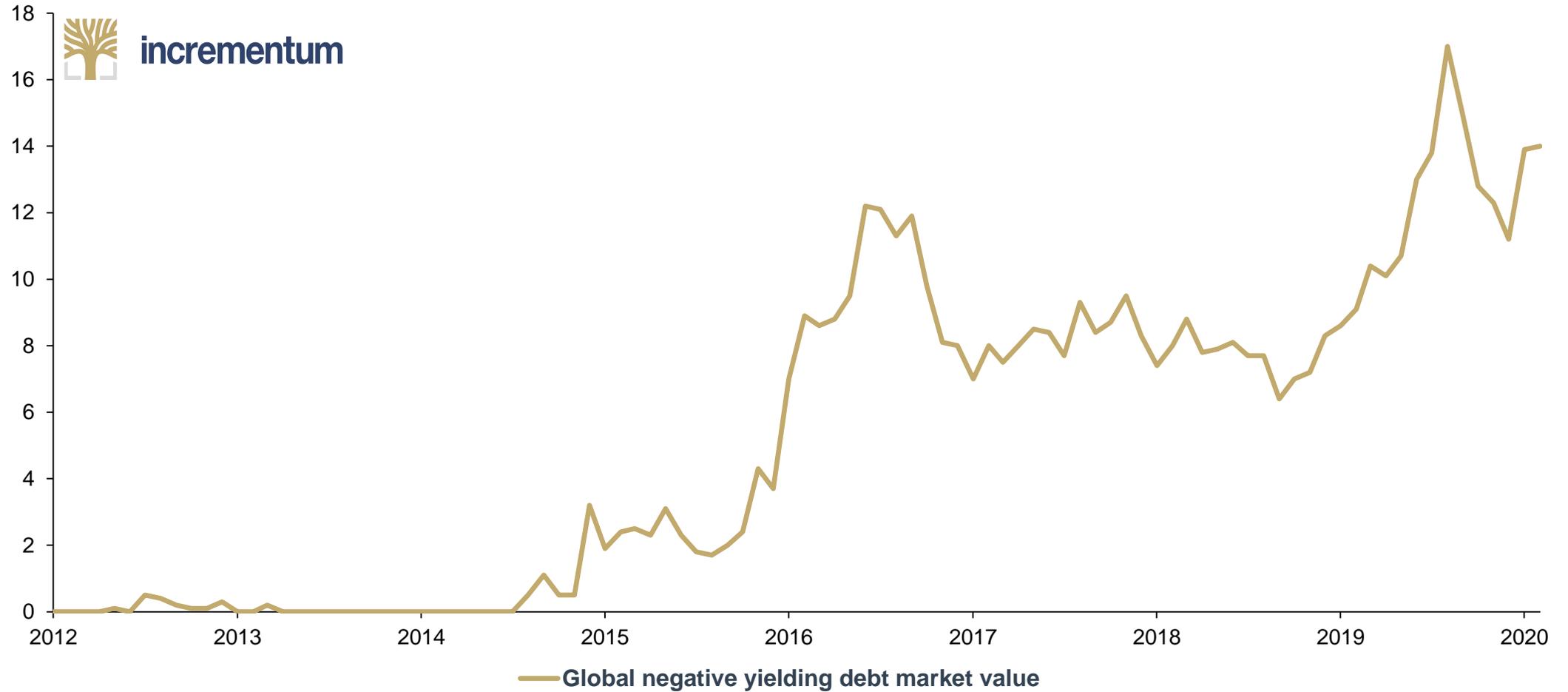
Source: Bloomberg, Incrementum AG

US 10Y Breakeven Inflation Rate (lhs), and Dow/Gold Ratio (rhs), 08/2018–02/2020



Source: Reuters Eikon, Incrementum AG

Global Negative-Yielding Debt, in USD tn, 01/2012–02/2020



Source: Bloomberg, Incrementum AG

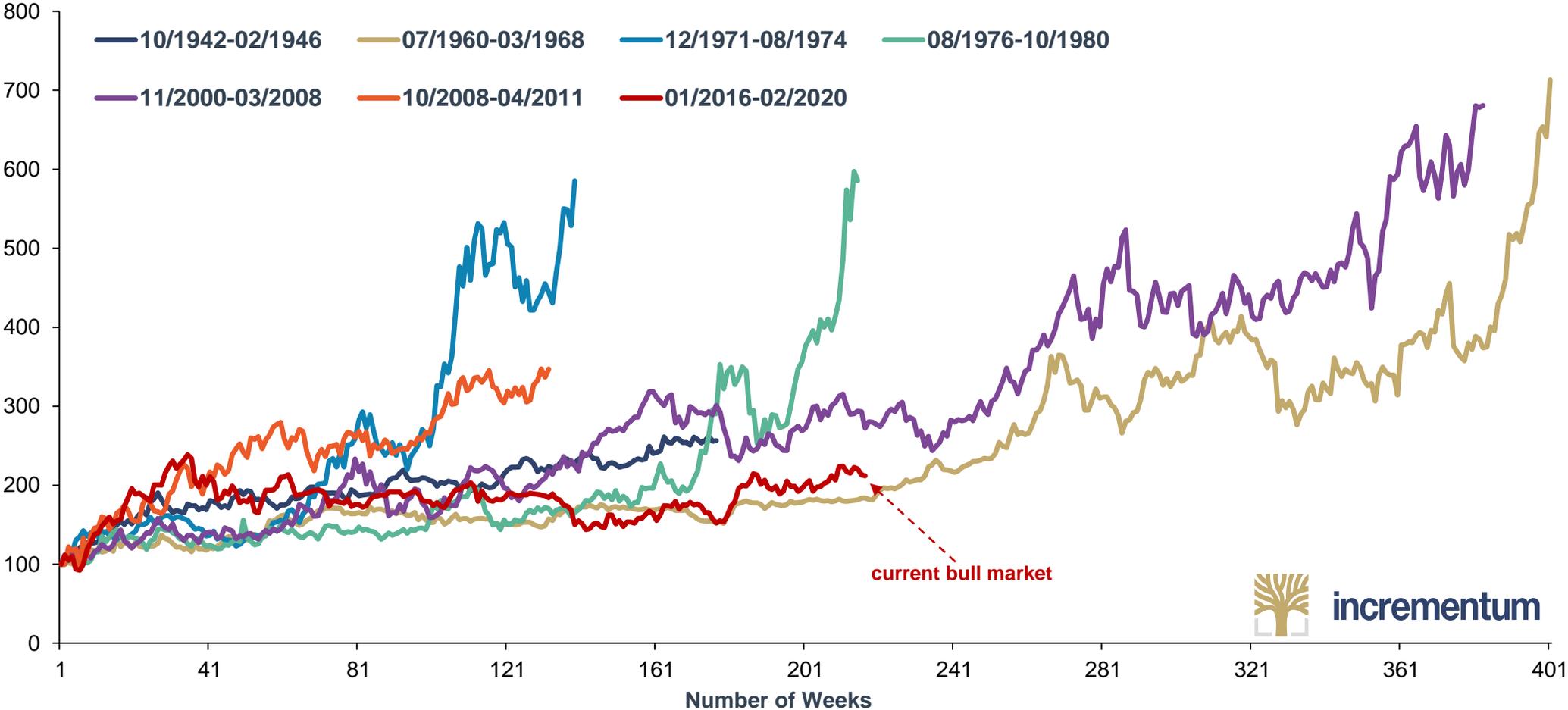
4. Gold Mining Stocks

Gold up, gold stocks catching up?

“The time to repair the roof is when the sun is shining.”

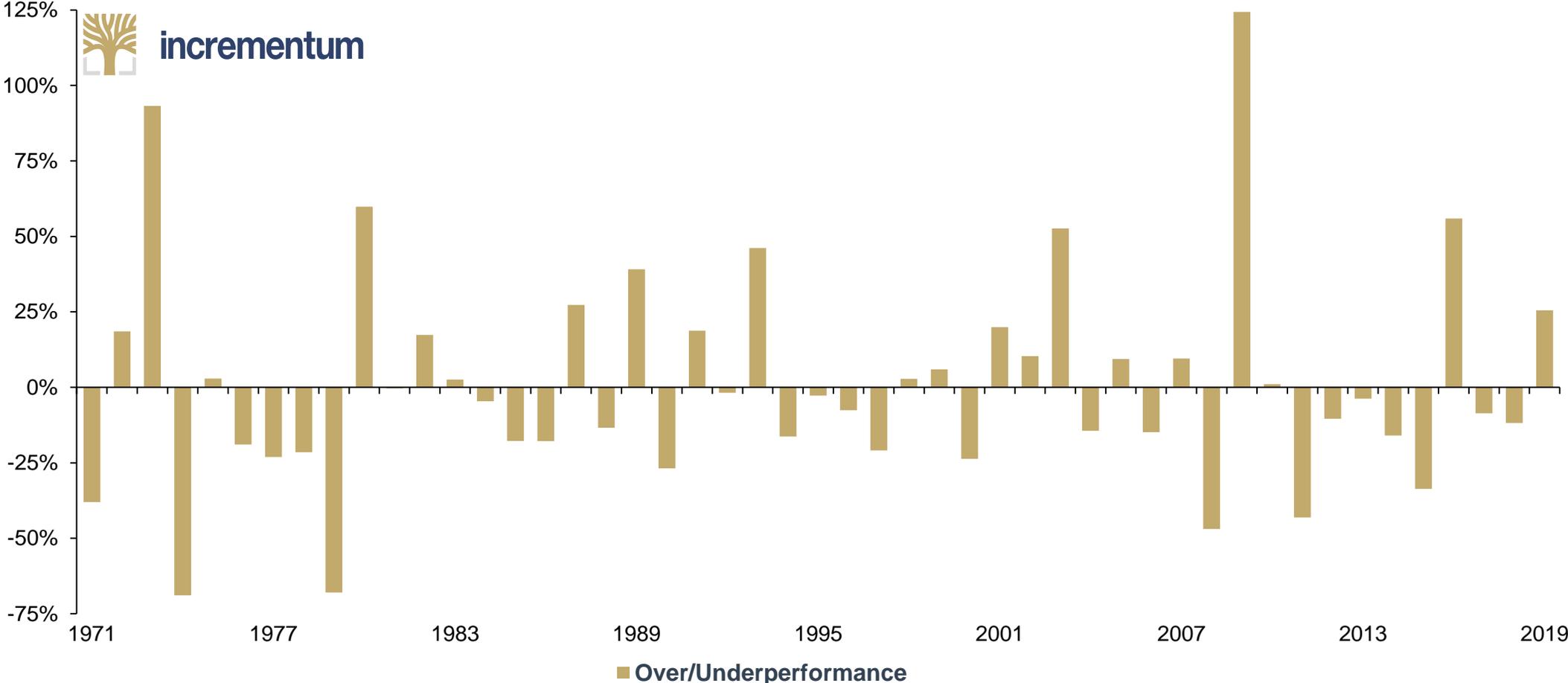
John F. Kennedy

BGMI Bull Markets Since 1942



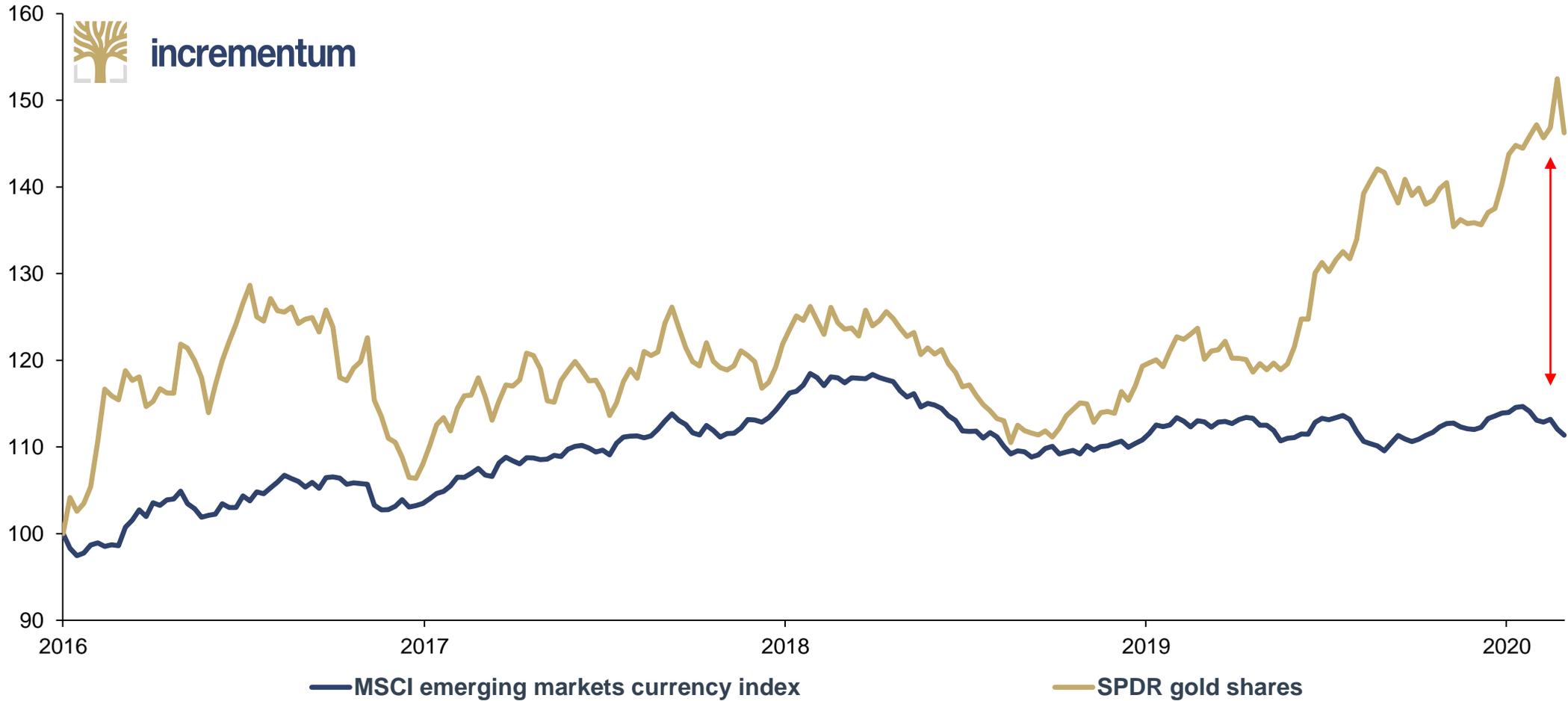
Source: Nowandfutures, TheDailyGold.com, Barrons, Incrementum AG

Annual Over-/Underperformance of the BGMI Compared to Gold in USD, in %, 1971–2019



Source: Bullion Management Group Inc., Nick Laird, goldchartsrus.com, Incrementum AG

MSCI Emerging Markets Currency Index, and SPDR Gold Shares, indexed, 100 = 01/2016, 01/2016–02/2020



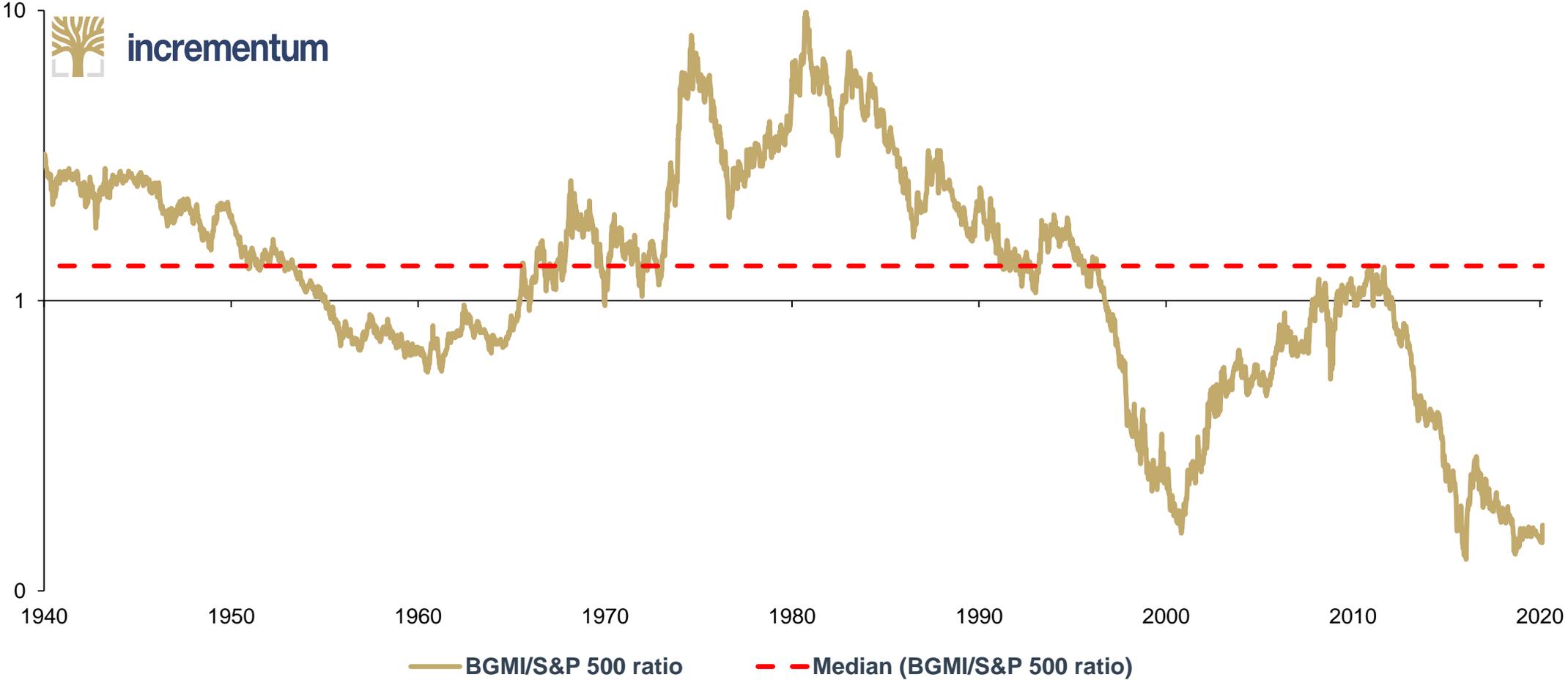
Source: Gavekal, Reuters Eikon, Incrementum AG

S&P 500 & GDM Index, 01/1994–02/2020



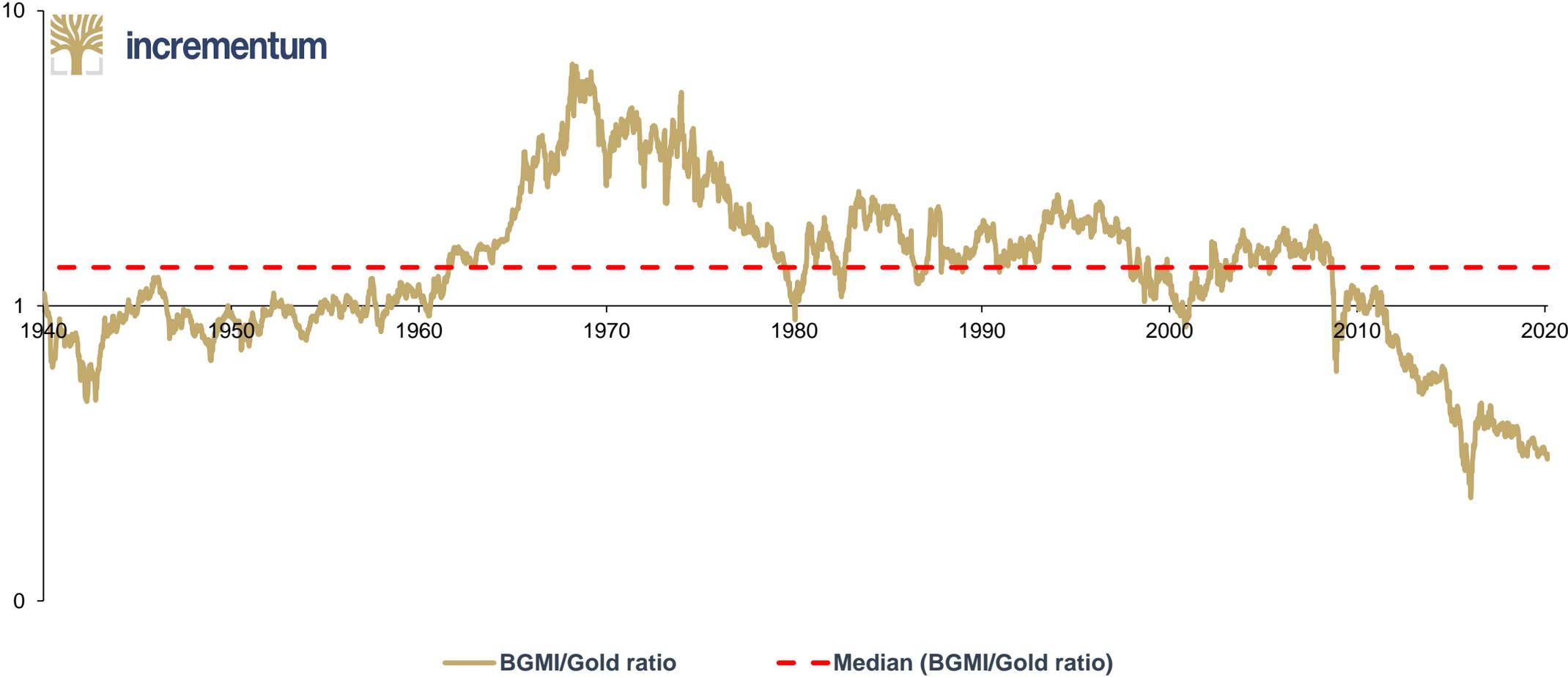
Source: Reuters Eikon, Incrementum AG

BGMI/S&P 500 Ratio (log), 01/1940–02/2020



Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

BGMI/Gold Ratio (log), 01/1940–02/2020



Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

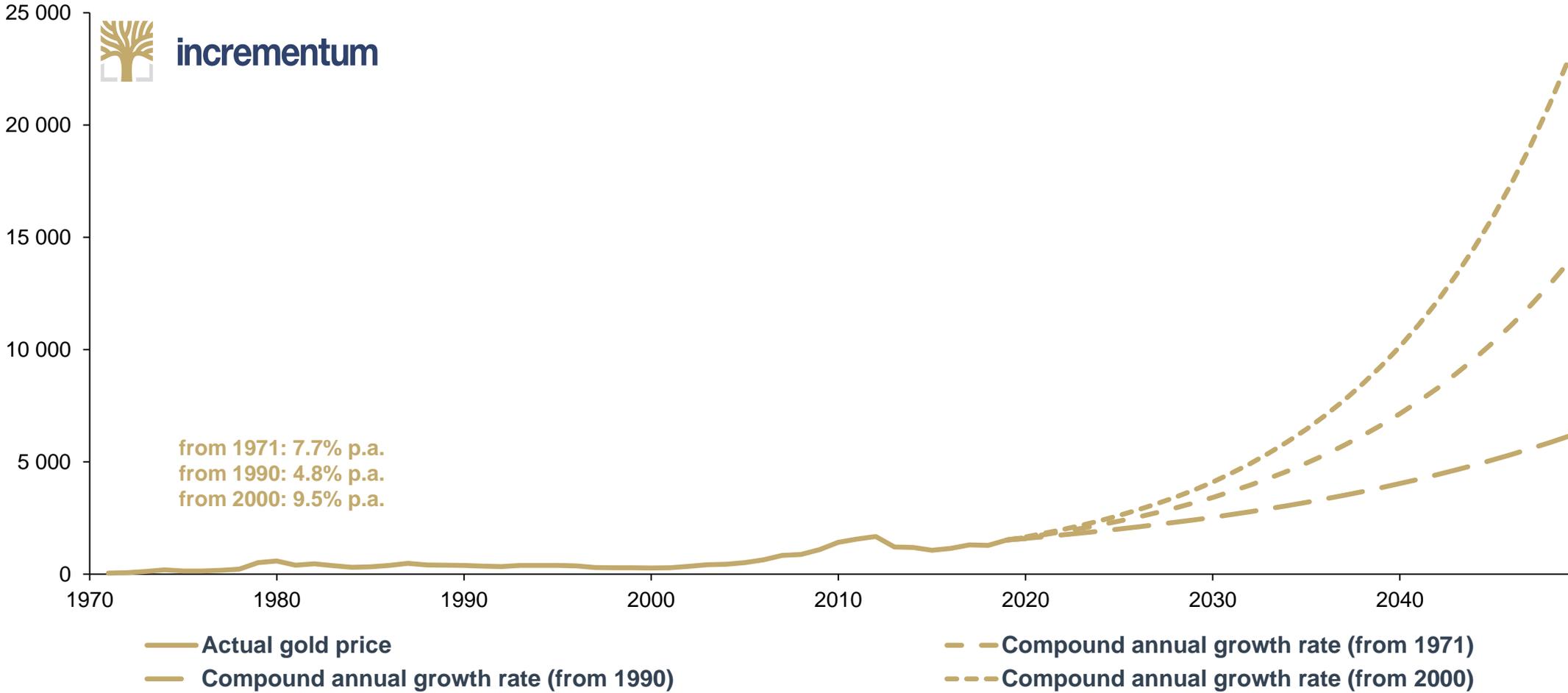
5. Quo Vadis?

Will gold exceed its all-time high in USD?

“The only permanent truth in finance is that people will get bullish at the top and bearish at the bottom.”

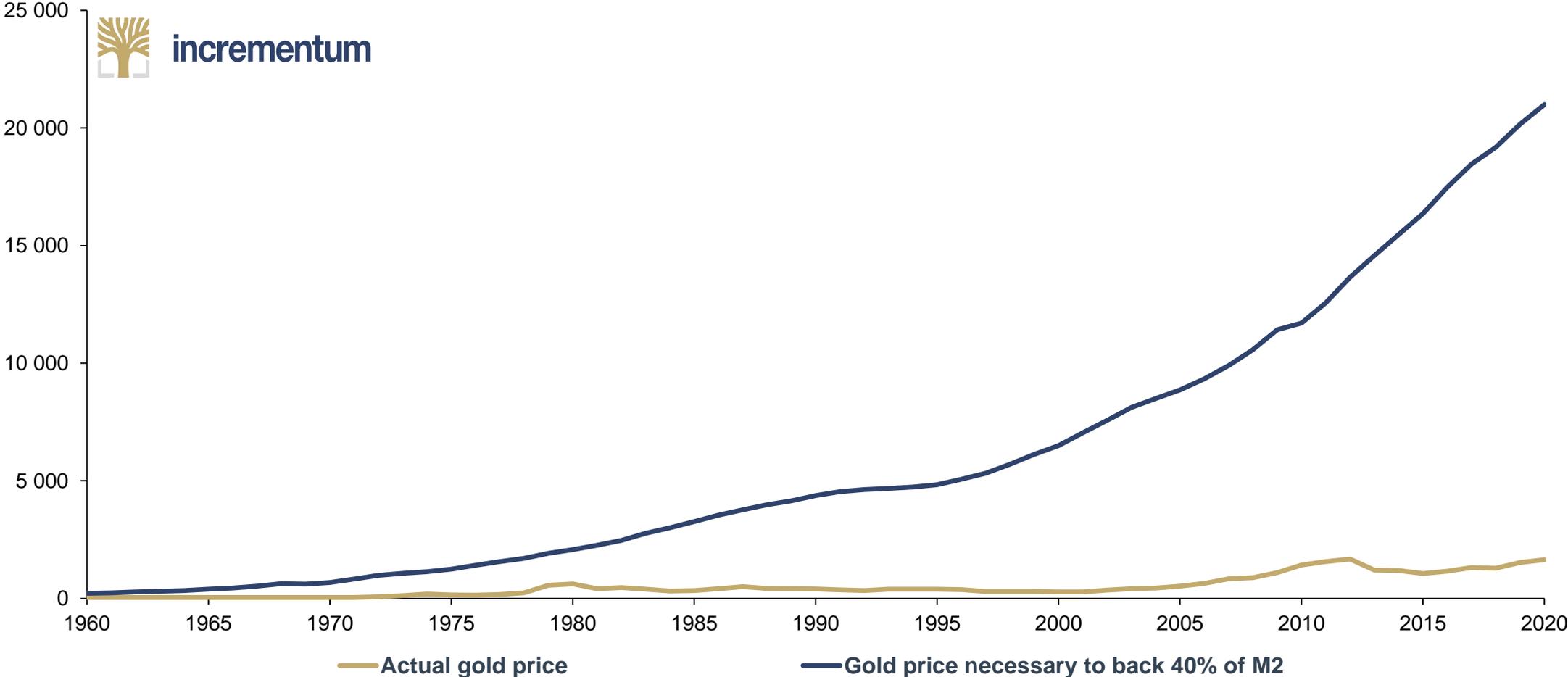
Jim Grant

Actual Gold Price and Projections, in USD, 1971–2049



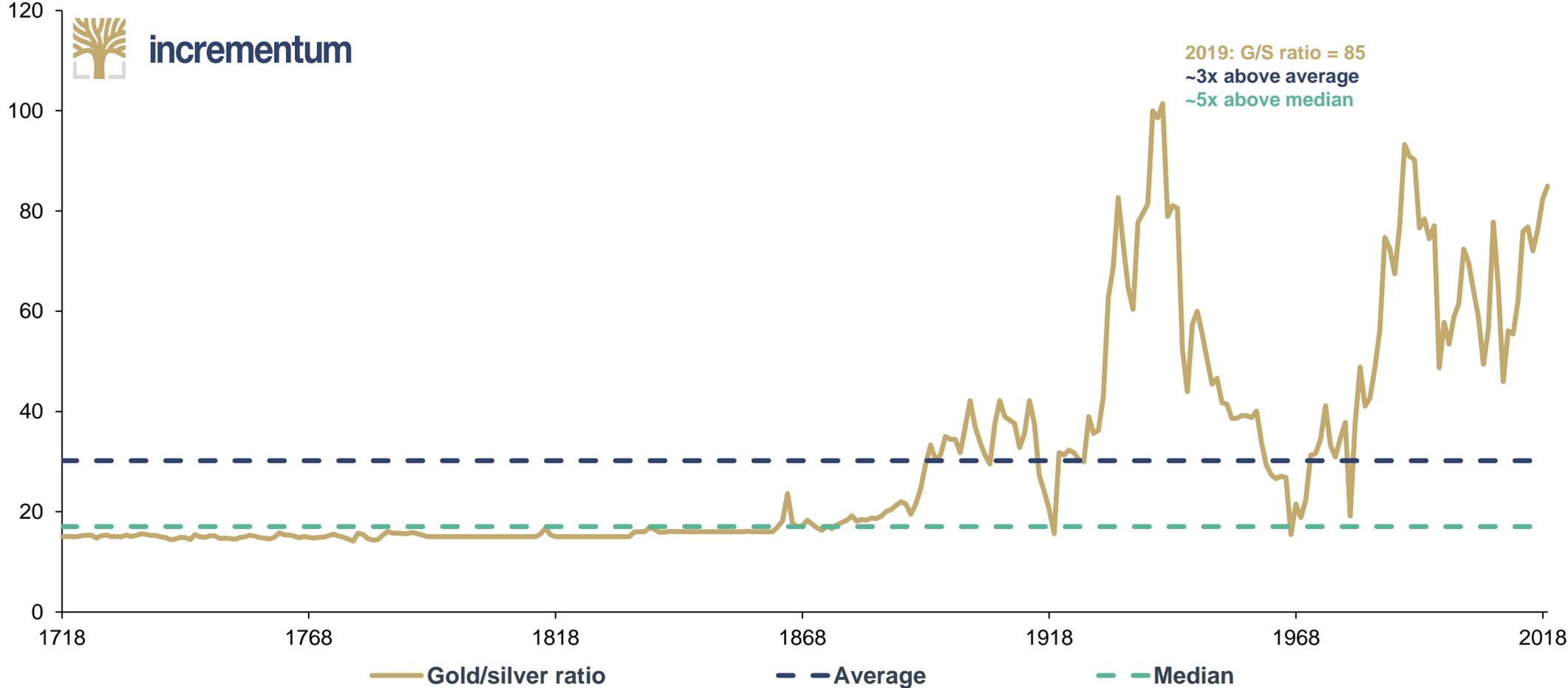
Source: Pierre Lassonde, Reuters Eikon, U.S. Global Investors, Incrementum AG

Gold Price Necessary for a Return to the Gold Standard, 1960–2019



Source: Wells Fargo Investment Institute, Reuters Eikon, Incrementum AG

300 Years of Gold/Silver Ratio, 1718–2019



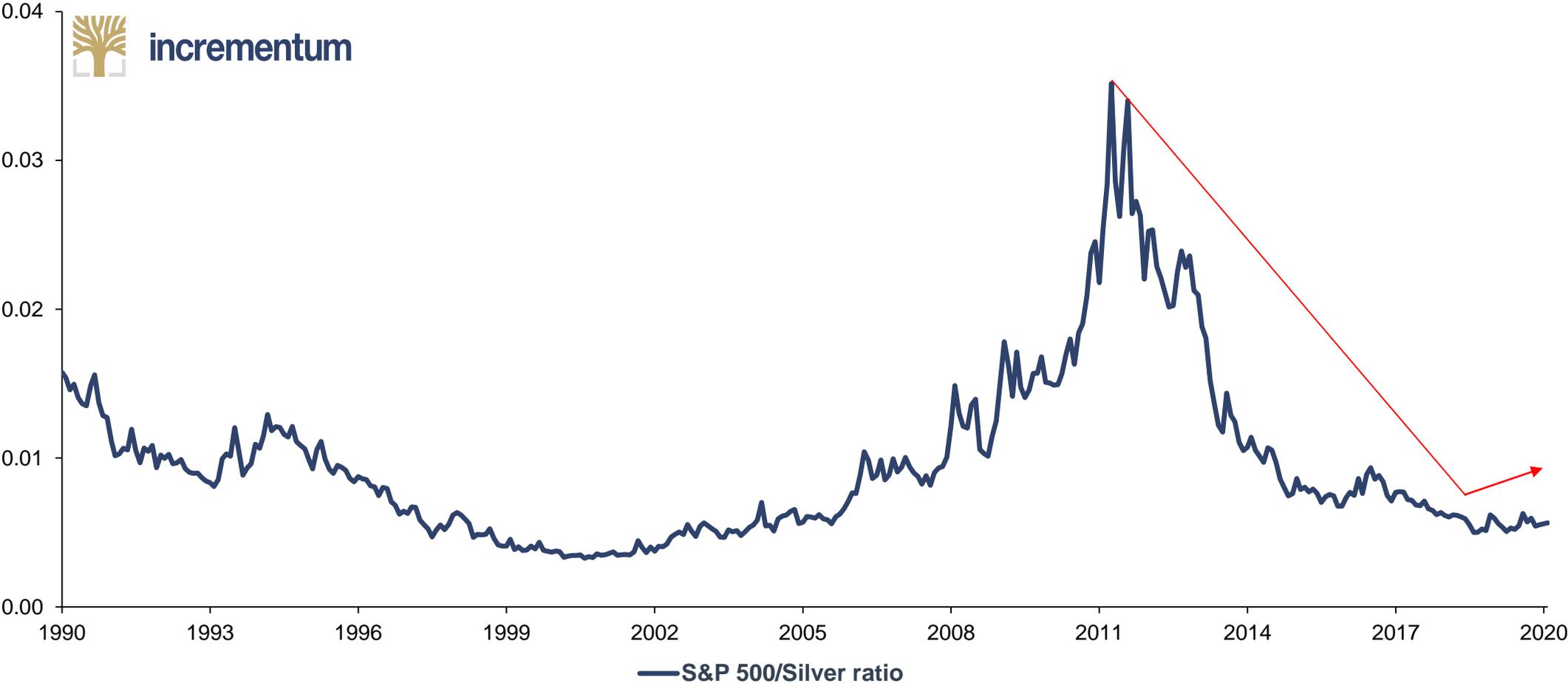
Source: Nick Laird, goldchartsrus.com, Incrementum AG

Gold/Silver Ratio Scenarios (x-axis: Silver Price, y-axis: Gold Price)

Gold/Silver Ratios	10.0	14.3	20.0	25.0	33.3	50.0	100.0
1,000	100.0	70.0	50.0	40.0	30.0*	20.0	10.0
1,100	110.0	77.0	55.0	44.0	33.0	22.0	11.0
1,200	120.0	84.0	60.0	48.0	36.0	24.0	12.0
1,300	130.0	91.0	65.0	52.0	39.0	26.0	13.0
1,400	140.0	98.0	70.0	56.0	42.0	28.0	14.0
1,500	150.0	105.0	75.0	60.0	45.0	30.0*	15.0
1,600	160.0	112.0	80.0	64.0	48.0	32.0	16.0
1,700	170.0	119.0	85.0	68.0	51.0	34.0	17.0
1,800	180.0	126.0	90.0	72.0	54.0	36.0	18.0
1,900	190.0	133.0	95.0	76.0	57.0	38.0	19.0
2,000	200.0	140.0	100.0	80.0	60.0	40.0	20.0
2,100	210.0	147.0	105.0	84.0	63.0	42.0	21.0
2,200	220.0	154.0	110.0	88.0	66.0	44.0	22.0
2,300	230.0	161.0	115.0	92.0	69.0	46.0	23.0
2,400	240.0	168.0	120.0	96.0	72.0	48.0	24.0

Source: Incrementum AG, *Average G/S ratio since 1718 (Nick Laird, goldchartsrus.com)

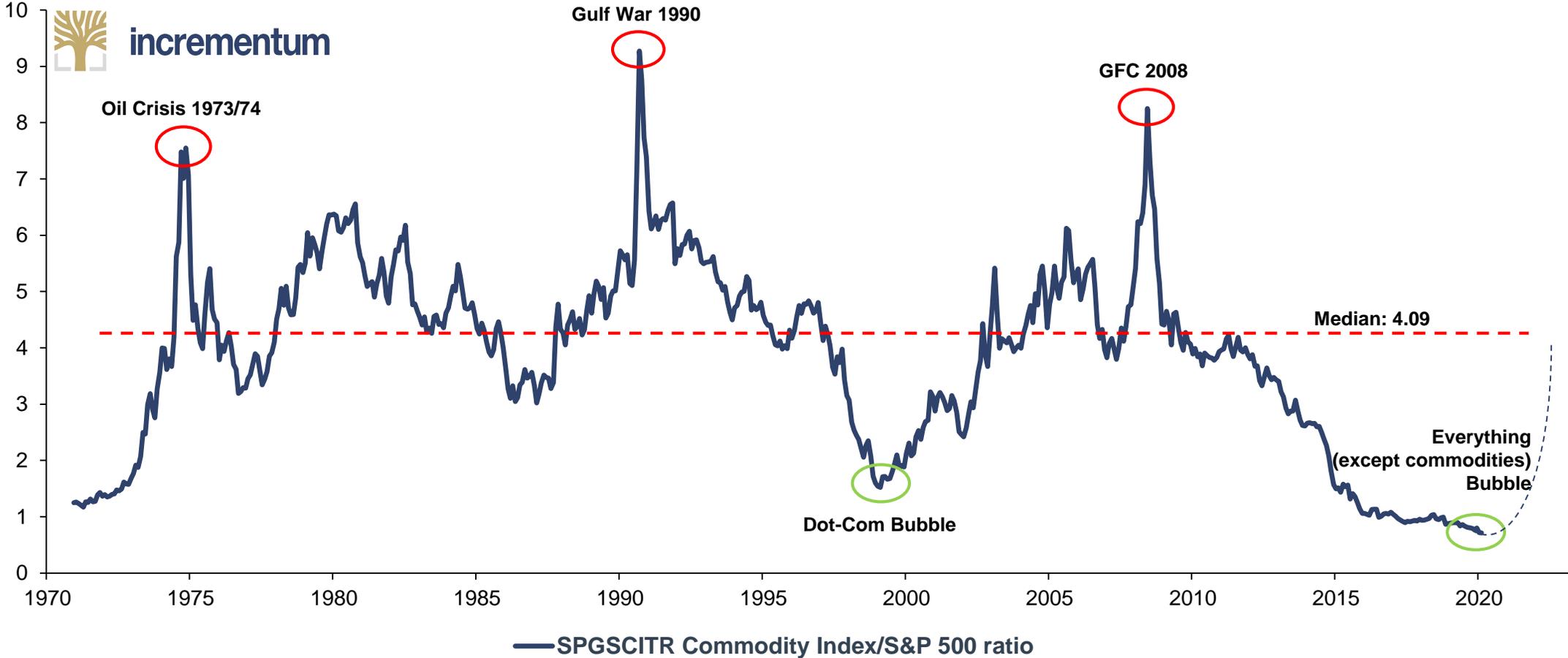
S&P 500/Silver Ratio, 01/1990–02/2020



Source: Crescat Capital LLC, Tavi Costa, Reuters Eikon, Incrementum AG

Commodities – The Biggest Contrarian Investment?

GSCI TR/S&P 500 Ratio, 01/1971–02/2020



Source: Bloomberg, Torsten Dennin, Lynkeus Capital, Incrementum AG

The World's Largest Firms by Market Cap* – Time To Revisit Commodity Stocks?

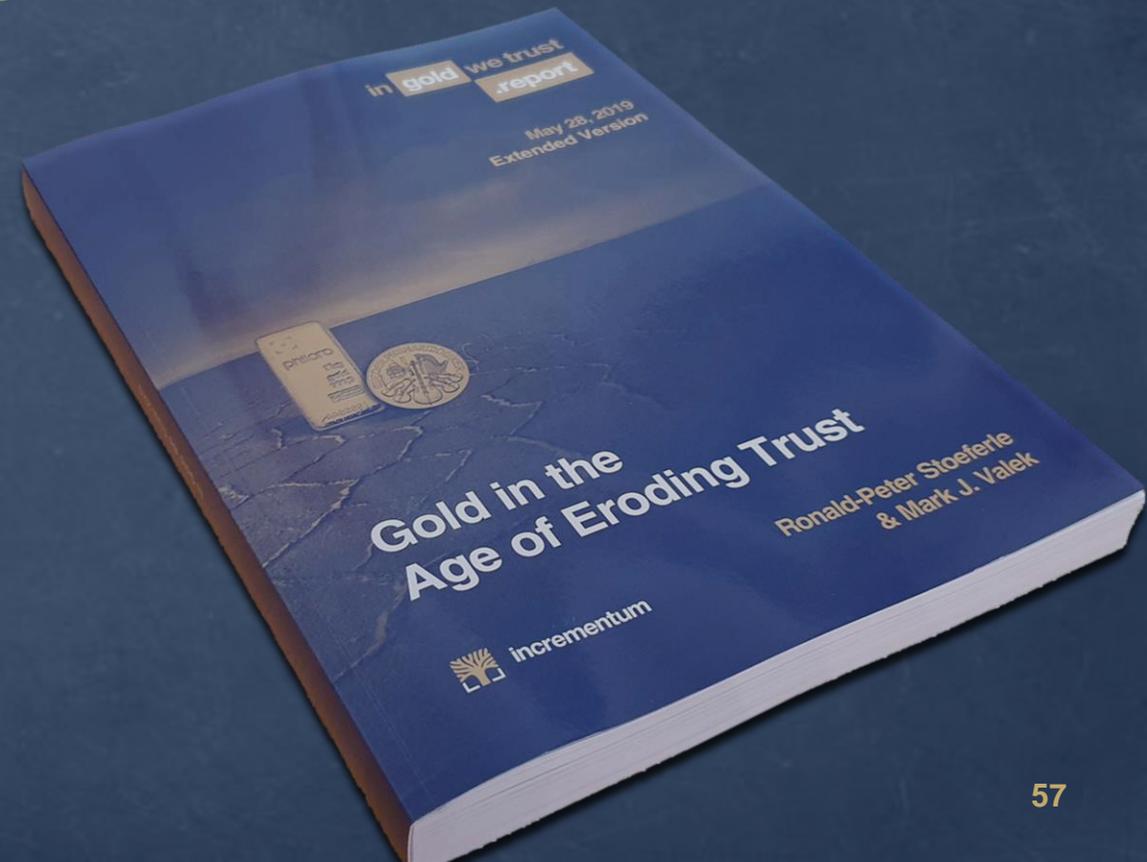
1980: Peak Oil	1990: Japan will take over world	2000: TMT bubble	2010: China will take over world	2020: US tech offers only growth
IBM 	NTT 	Microsoft 	Exxon Mobil 	Microsoft 
AT&T 	Bank of Tokyo-Mitsubishi 	General Electric 	PetroChina 	Apple 
Exxon 	Industrial Bank of Japan 	NTT DoCoMo 	Apple Inc. 	Amazon 
Standard Oil 	Sumitomo Mitsui Banking 	Cisco Systems 	BHP Billiton 	Google 
Schlumberger 	Toyota Motors 	Wal-Mart 	Microsoft 	Facebook 
Shell 	Fuji Bank 	Intel 	ICBC 	AliBaba Group 
Mobil 	Dai Ichi Kangyo Bank 	NTT 	Petrobras 	Tencent Hias 
Atlantic Richfield 	IBM 	Exxon Mobil 	China Construction Bank 	Johnson & Johnson 
General Electric 	UFJ Bank 	Lucent Technologies 	Royal Dutch Shell 	JP Morgan Chase 
Eastman Kodak 	Exxon 	Deutsche Telekom 	Nestlé 	Exxon Mobil 

Source: Gavekal, Incrementum AG. *Not including Berkshire and Saudi Aramco

The *In Gold We Trust* report 2020
will be published on May 27th!

Subscribe by following the link:

[https://ingoldwetrust.report/igwt/?](https://ingoldwetrust.report/igwt/)



Addendum

Because we care...

*About our Clients.
About the Society.
About the Future.*

About the *In Gold We Trust* report

- The gold standard of gold research: Extensive annual study of gold and gold-related capital market developments
- Reference work for everybody interested in gold and mining stocks
- International recognition – newspaper articles in more than 60 countries; almost 2 million readers
- To be published for the 14th time on May 27, 2020, with versions in English, German, and Chinese
- Further information and all editions can be found at: <https://ingoldwetrust.report/?lang=en>



About the Authors

Ronald-Peter Stoeferle, CMT

- Ronni is managing partner of Incrementum AG and responsible for research and portfolio management
- In 2007 he published his first *In Gold We Trust* report. Over the years, the study has become one of the benchmark publications on gold, money, and inflation.
- Advisor for Tudor Gold Corp. (TUD), a significant explorer in British Columbia's Golden Triangle.
- Member of the advisory board of Affinity Metals (AFF).

Mark J. Valek, CAIA

- Mark is a partner of Incrementum AG and responsible for portfolio management and research.
- Prior to Incrementum, he was with Merrill Lynch and then for 10 years with Raiffeisen Capital Management, most recently as fund manager in the area of inflation protection.
- He gained entrepreneurial experience as co-founder of philoro Edelmetalle GmbH.



Selected Testimonials



John Reade

Chief Market Strategist
World Gold Council

“Arguably, the In Gold We Trust report is the most comprehensive analysis of the global political economy through the lens of the Austrian School of economic thought. A unique perspective on gold, with some fantastic charts and always an enjoyable read.”

Selected Testimonials



Rick Rule

President & CEO
Sprott U.S. Holdings, Inc

“A must-read for people who invest in precious metals and precious metals equities. A pleasant read, too – well-researched and well-written.”

Selected Testimonials



Brien Lundin

Editor of Gold Newsletter and CEO of the
New Orleans Investment Conference

“The annual In Gold We Trust report has become today’s most widely read and perhaps most influential piece of research on gold, along with the major economic and market trends affecting it.”

Selected Testimonials



Simon Mikhailovich

Founder
Tocqueville Bullion Reserve

“When it comes to finding the most insightful and comprehensive annual gold report, in Incrementum I trust.”

About Incrementum AG

Incrementum AG is an owner-managed and fully licensed asset manager & wealth manager based in the Principality of Liechtenstein.



ABOUT INCREMENTUM SOLUTIONS PUBLICATIONS JOURNAL NEWSLETTER DE EN



**We are incrementum.
We think further.**

more information on
www.incrementum.li

- ❖ Independence is the cornerstone of our philosophy. The partners own 100% of the company.
- ❖ Our goal is to offer solid and innovative investment solutions that do justice to the opportunities and risks of today's complex and fragile environment.
- ❖ **Our core competencies are in the areas of:**
 - Wealth management
 - Precious metal and commodity investments
 - Active inflation protection
 - Crypto and alternative currency exposure
 - Special mandates

Contact Us



Incrementum AG

Im alten Riet 102

9494 – Schaan/Liechtenstein

www.incrementum.li

www.ingoldwetrust.li

Email: ingoldwetrust@incrementum.li

Disclaimer

This publication is for information purposes only. It represents neither investment advice nor an investment analysis or an invitation to buy or sell financial instruments. Specifically, the document does not serve as a substitute for individual-investment or other advice. The statements contained in this publication are based on knowledge as of the time of preparation and are subject to change at any time without further notice.

The authors have exercised the greatest possible care in the selection of the information sources employed. However, they do not accept any responsibility (and neither does Incrementum AG) for the correctness, completeness, or timeliness of the information as well as any liabilities or damages, irrespective of their nature, that may result therefrom (including consequential or indirect damages, loss of prospective profits, or the accuracy of prepared forecasts).

Copyright: 2020 Incrementum AG. All rights reserved.