[It Has Been Awhile, But I See a Silver (and Gold) Lining]

September 17, 2019

Gold prices have been going sideways since it cooled off in 2014. It had peaked in the late summer of 2011 and surged to an all time high. What caused gold and silver to come out of hibernation?

First, interest rates have declined to all-time lows and rates are even negative in Europe. The Fed decided to stop raising interest rates in 2019 and recently reversed its policy by cutting rates a quarter point.

The broad-based money supply (M3) is now growing at 9%, suggesting easy money is back. Since bonds pay very little interest, gold looks more attractive.

Second, the Trump trade war has destabilized the global economy and created an economic crisis. Gold thrives on uncertainty and instability.

Third, gold and silver look cheap compared with stocks and real estate, which have climbed to near-record levels.

I am not a Gold Bug but I have to recognize that my technical charts on Gold look to higher prices at the same time that Oil and Gas are headed lower. No one likes to be wrong and no one likes to lose money when they are. Its what you do when you realize that your plan is not succeeding that guides your results.

The trend in Oil and Gas is lower and the trend in precious metals is higher. With global economies being disrupted by the escalating US/ China trade dispute, these two trends are becoming more pronounced. The trend is your friend 'till it ends.

Here is how we can capture the trend. For smaller accounts the most effective thing to do is to liquidate at least half of any energy Mutual funds and switch over to a Precious Metals fund. For medium to larger accounts, reduce at least half of the Oil and Gas companies and we pick up Precious metals Exchange Traded Funds (ETFs) and a few small cap juniors. If this move accelerates, the large caps go up the ETFs give you diversification as do the Mutual Funds and the juniors give you some higher octane potential.

We have many things accelerating the desire for gold globally. Chinese demand for gold is increasing as shown by the Peoples's Bank of China is still buying (1) India's ban on the 500 and 1,000 Rupee Notes in 2016 created havoc in India and their demand for gold accelerated (2) Inflation is rising in the US. It reached a high of 2.9% in June and July Inflation forecasters are calling for 2.7% by year end 2019

All of this is supportive of adding gold to your portfolios. I would suggest 5 to 7% to start and then see if it accelerates. If and when Oil and Gas prices should move up we may then consider reallocating dollars back into it. For now, oil is a down and looks to be going lower.

Please call me direct at 613-491-3344 or toll free at 1-866-860-4190 to discus further.

Best Regards,

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Investment Advisor