



In Gold We Trust Report 2023

Showdown

Ronald-Peter Stöferle
Mark J. Valek

May 24, 2023
Press Conference

In Our Partners We Trust



About the *In Gold We Trust* Report

- The annual gold study has been written by Ronald-Peter Stöferle **since 2007**, for the eleventh time together with Mark Valek and under the umbrella of Incrementum AG.
- It provides a **holistic assessment of the gold sector** and the most important influencing factors such as real interest rate trends, debt, inflation, etc.
- The *In Gold We Trust* report is one of the **most widely read gold studies worldwide** and was downloaded and shared almost 2 million times last year.
- The report is published in German and English, as well as **in Spanish (short version) and Chinese.**
- All information can be found at **www.ingoldwetrust.report**

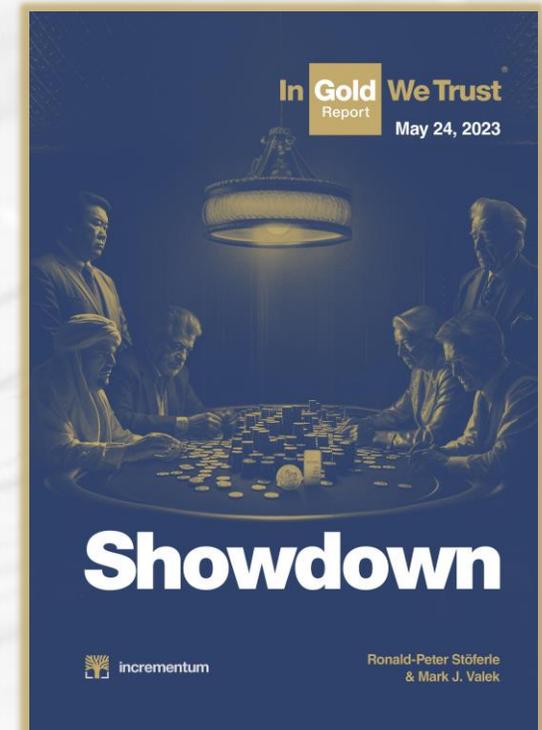


Mark Valek & Ronald Peter Stöferle

Executive Summary

In Gold We Trust Report 2023

- **Status Quo of Gold: Key Influencing Factors and Trends**
- **Consequences of the Delayed Emergency Brake of Monetary Policy**
- **US Recession Likely in the Next 12 Months**
- **Monetary Policy Showdown Approaching**
- **Is Inflation Becoming a Structural Problem?**
- **De-Dollarization as the Cornerstone of the Geopolitical Showdown**
- **Shift in Gold Demand from West to East**
- **Fundamental and Technical Status Quo of Mining Stocks**
- **ESG: The Social Component of ESG in Mining Stocks**
- **(When) Will we See Gold Reach New ATHs in USD?**



Status Quo of Gold

„Fiat money will be a passing fad in the long-term history of money...Gold is definitely a fiat money hedge.“

Jim Reid, Deutsche Bank

Gold Performance since 2000 in Various Currencies

Annual Gold Performance, 2000-2023 YTD

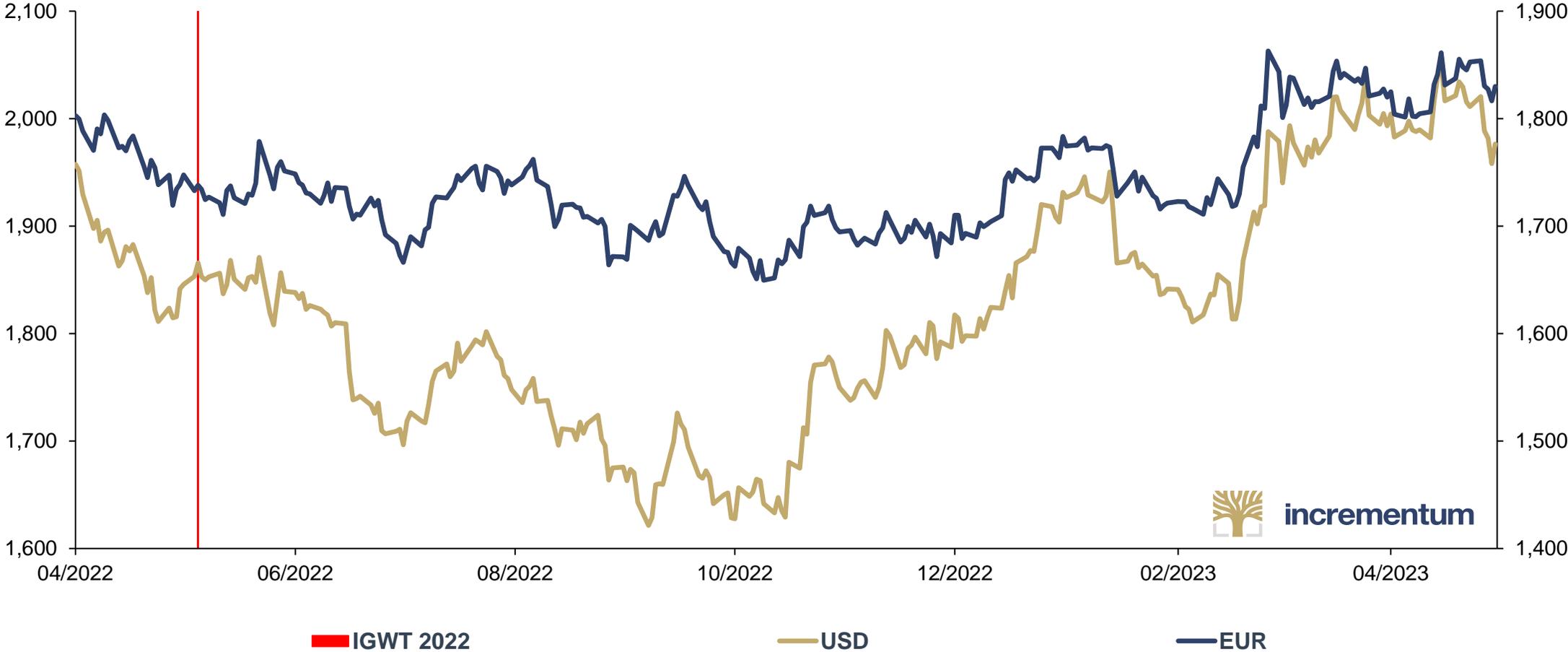
Jahr	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-5.3%	1.2%	2.4%	11.2%	-1.9%	-5.4%	5.8%	-4.2%	1.4%	0.6%
2001	2.4%	8.4%	5.3%	12.0%	8.8%	2.4%	18.0%	5.5%	5.8%	7.6%
2002	24.4%	5.5%	12.3%	13.2%	22.9%	24.4%	12.2%	3.5%	23.7%	15.8%
2003	19.6%	-0.2%	8.0%	-10.7%	-1.3%	19.6%	8.1%	7.4%	13.9%	7.2%
2004	5.6%	-2.0%	-1.7%	1.5%	-2.0%	5.6%	0.8%	-3.1%	0.1%	0.5%
2005	18.1%	35.2%	31.6%	25.9%	14.1%	15.1%	35.9%	36.3%	22.8%	26.1%
2006	23.0%	10.4%	8.1%	14.3%	23.3%	19.0%	24.2%	14.1%	20.7%	17.5%
2007	30.9%	18.4%	29.2%	18.0%	12.0%	22.5%	22.5%	21.8%	16.9%	21.4%
2008	5.4%	10.0%	43.0%	30.5%	28.7%	-1.5%	-14.2%	-0.8%	30.0%	14.6%
2009	24.8%	21.8%	13.0%	-1.6%	7.9%	24.8%	27.9%	21.1%	19.2%	17.6%
2010	29.5%	38.6%	34.2%	13.9%	22.8%	25.1%	13.2%	16.8%	24.8%	24.3%
2011	10.2%	13.8%	10.6%	9.9%	12.7%	5.2%	4.5%	10.7%	30.7%	12.0%
2012	7.1%	5.0%	2.4%	5.3%	4.2%	6.0%	20.7%	4.5%	11.1%	7.4%
2013	-28.0%	-30.9%	-29.4%	-16.1%	-23.0%	-30.1%	-12.6%	-29.8%	-19.1%	-24.3%
2014	-1.8%	11.6%	4.4%	7.2%	7.5%	0.7%	11.6%	9.4%	0.2%	5.6%
2015	-10.4%	-0.2%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	-4.4%
2016	8.5%	12.1%	29.7%	9.4%	5.3%	16.1%	5.4%	10.3%	11.4%	12.0%
2017	13.1%	-0.9%	3.3%	4.6%	5.9%	6.0%	9.0%	8.3%	6.3%	6.2%
2018	-1.5%	3.0%	4.3%	9.0%	6.8%	4.1%	-4.2%	-0.8%	7.3%	3.1%
2019	18.3%	21.0%	13.8%	18.7%	12.6%	19.7%	17.2%	16.6%	21.3%	17.7%
2020	25.0%	14.7%	21.2%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	19.5%
2021	-3.6%	3.6%	-2.6%	2.2%	-4.3%	-6.1%	7.5%	-0.6%	-1.7%	-0.6%
2022	-0.2%	6.0%	11.6%	6.3%	7.0%	8.3%	13.7%	1.1%	10.8%	7.2%
2023 YTD	8.3%	7.3%	5.3%	11.0%	7.9%	10.0%	14.0%	5.4%	8.6%	8.7%
Average	9.3%	8.9%	10.6%	8.8%	8.6%	8.4%	10.4%	6.6%	12.0%	9.3%

Source: Reuters Eikon (as of 05/19/2023), Incrementum AG



Gold Price in USD and EUR

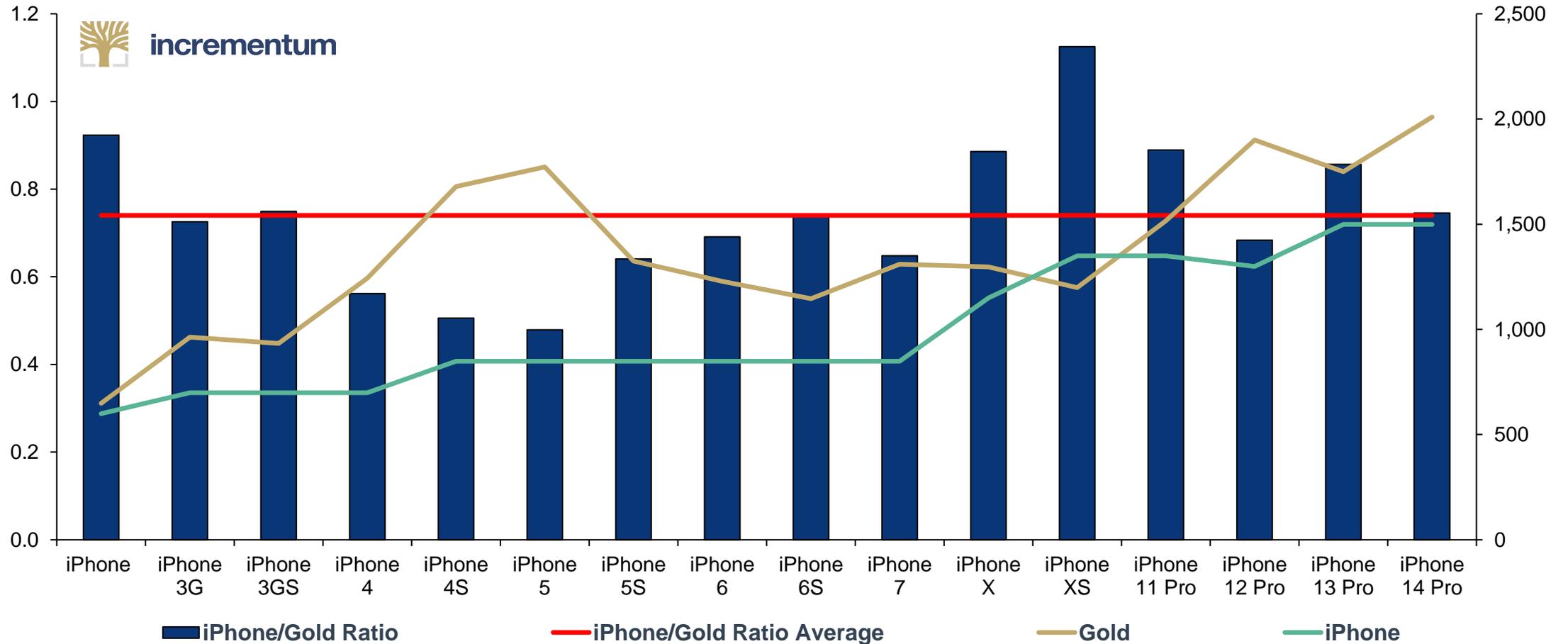
Gold, in USD (lhs), and EUR (rhs), 04/2022-05/2023



Source: Reuters Eikon, Incrementum AG

iPhones Are Becoming More Expensive, but Not for Gold Investors

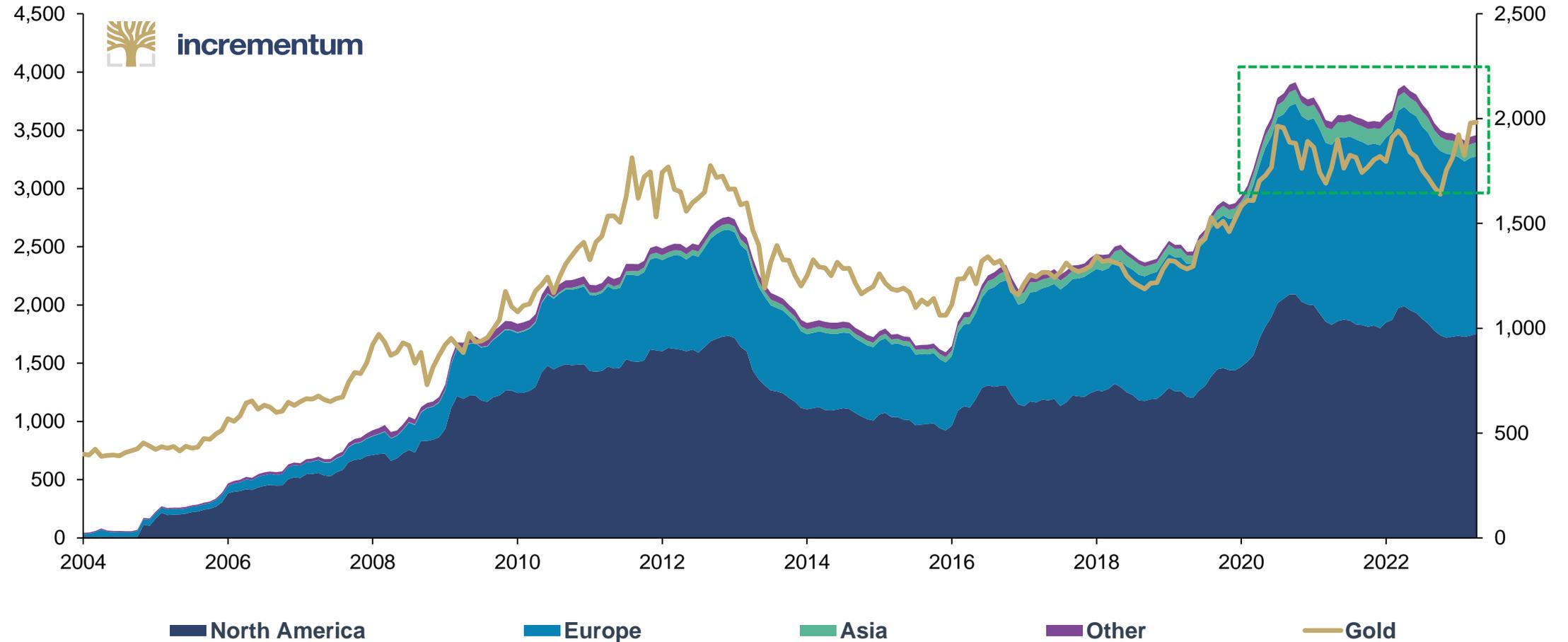
iPhone/Gold Ratio (Most Expensive Version) (lhs), and iPhone and Gold (rhs), in USD, 2007-2023



Source: venturebeat.com, Reuters Eikon, Incrementum AG

Investors Are Still on the Sidelines: ETF Holdings Are Down Slightly

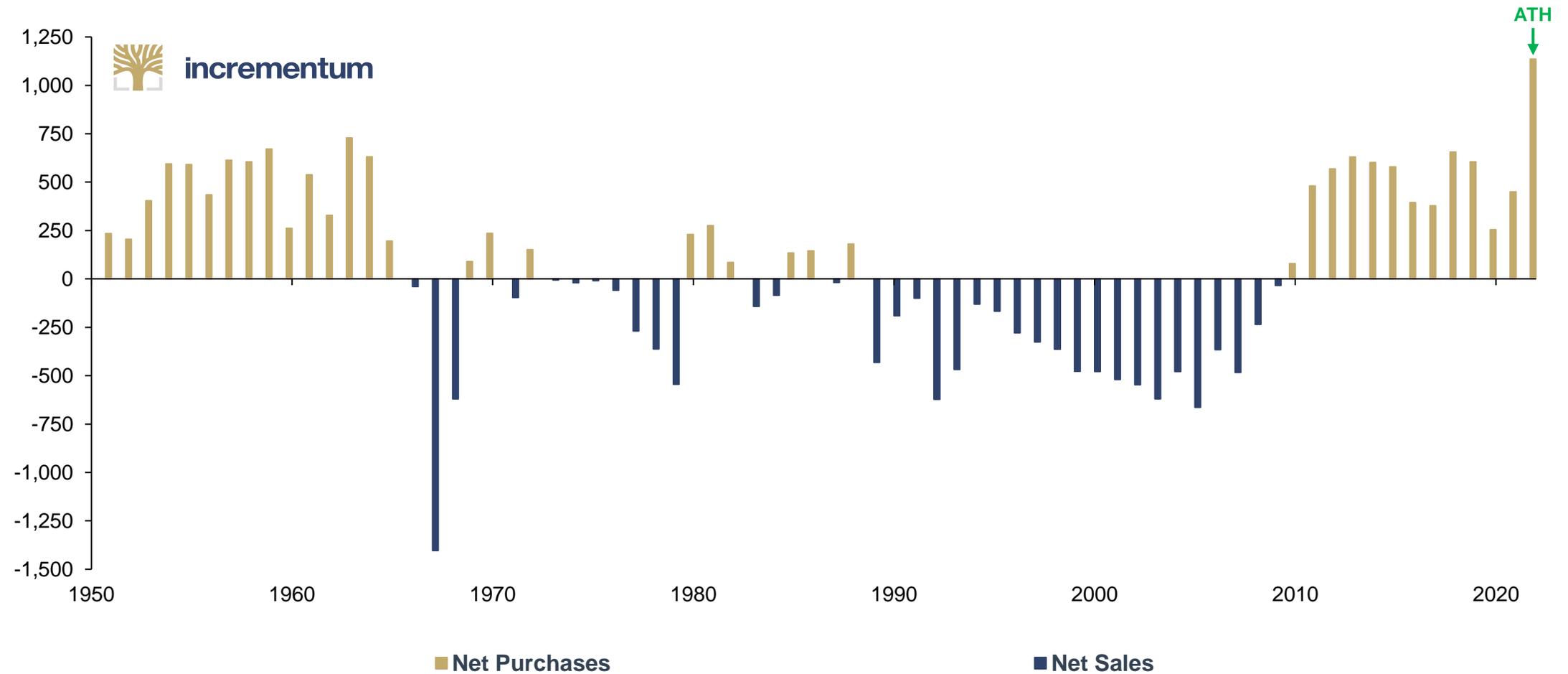
Accumulated Gold ETF Holdings by Region (lhs), in Tonnes, and Gold (rhs), in USD, 01/2004-04/2023



Source: World Gold Council, Incrementum AG

Central Bank Gold Purchases at Record Highs in 2022

Global Central Bank Gold Purchases, in Tonnes, 1950-2022



Source: World Gold Council, Incrementum AG

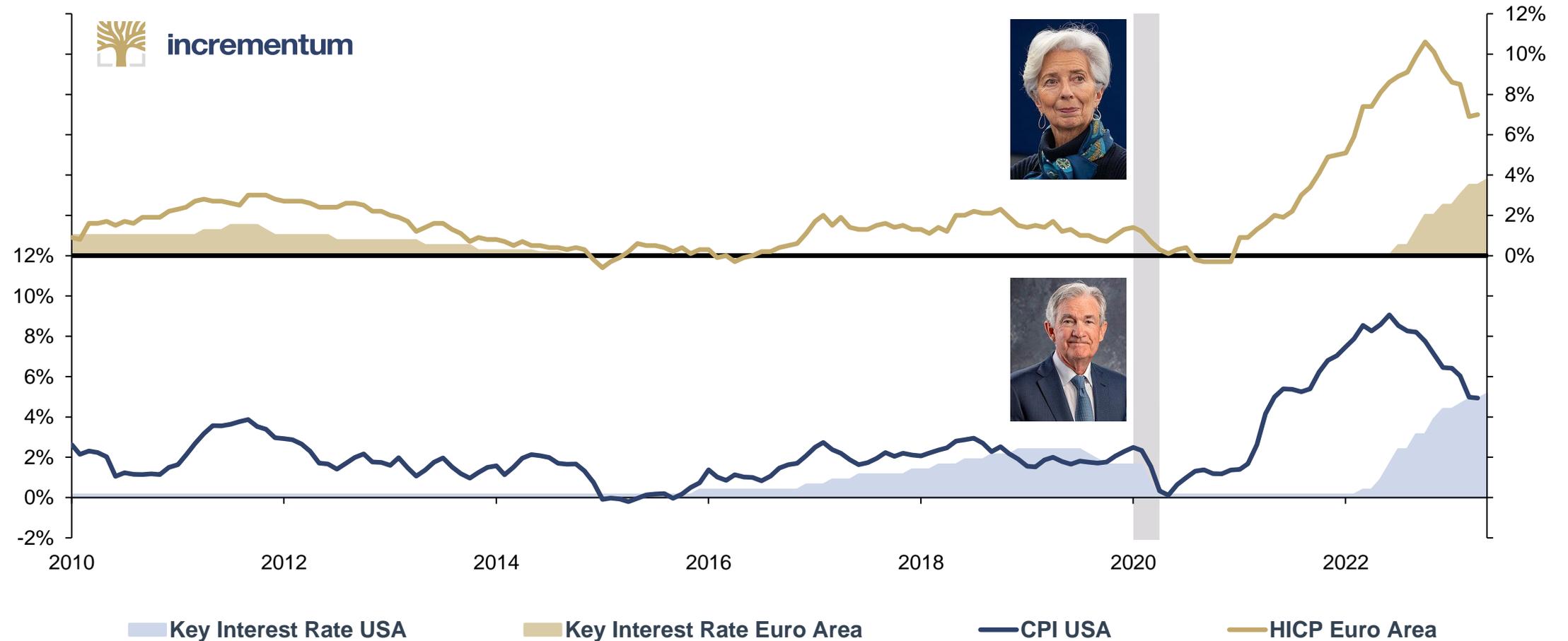
The Showdown in Monetary Policy

“The characterization of inflation as transitory is probably the worst inflation call in the history of the Federal Reserve, and it results in a high probability of a policy mistake.”

Mohamed El-Erian

Central Banks Recognized the Problem (Too Late)

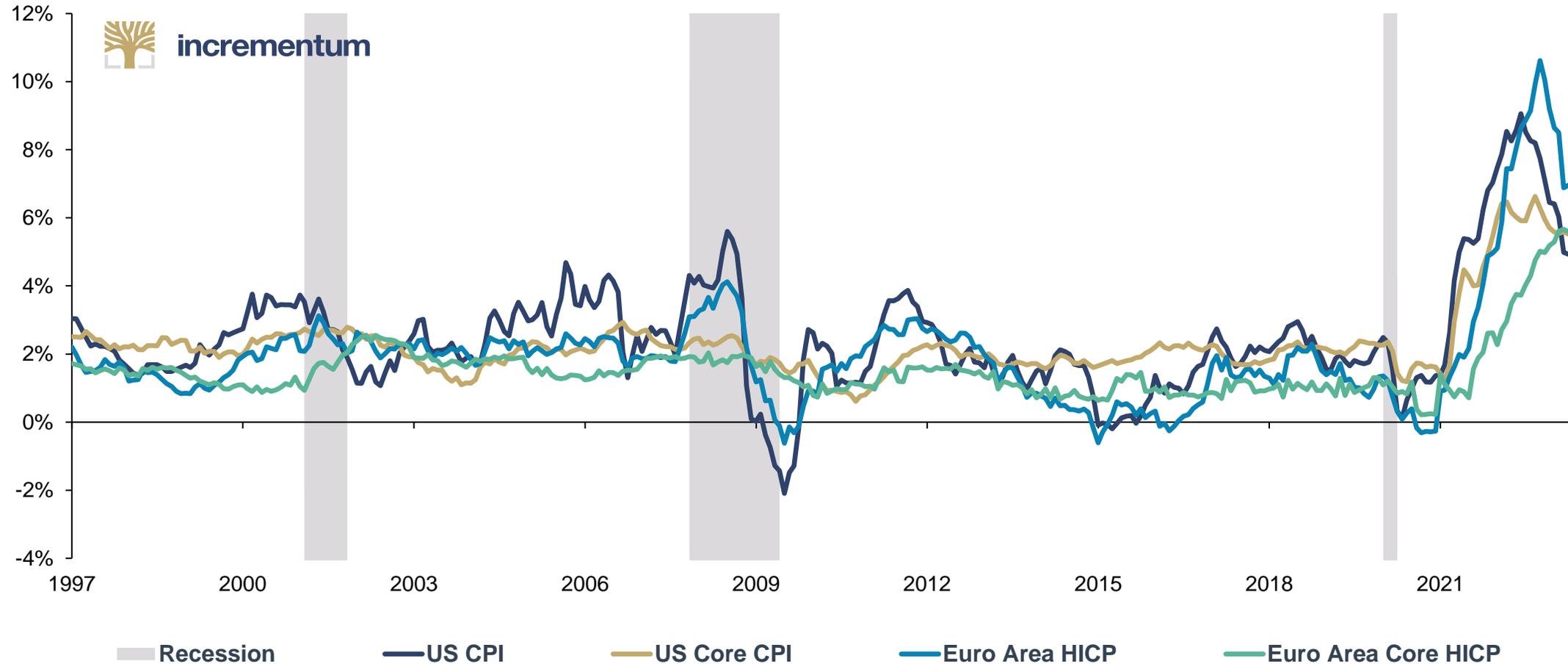
Key Interest Rate, and CPI/HICP, USA (lhs), and Euro Area (rhs), 01/2010-05/2023



Source: Reuters Eikon, Incrementum AG

Inflation Is Evolving into a Structural Problem

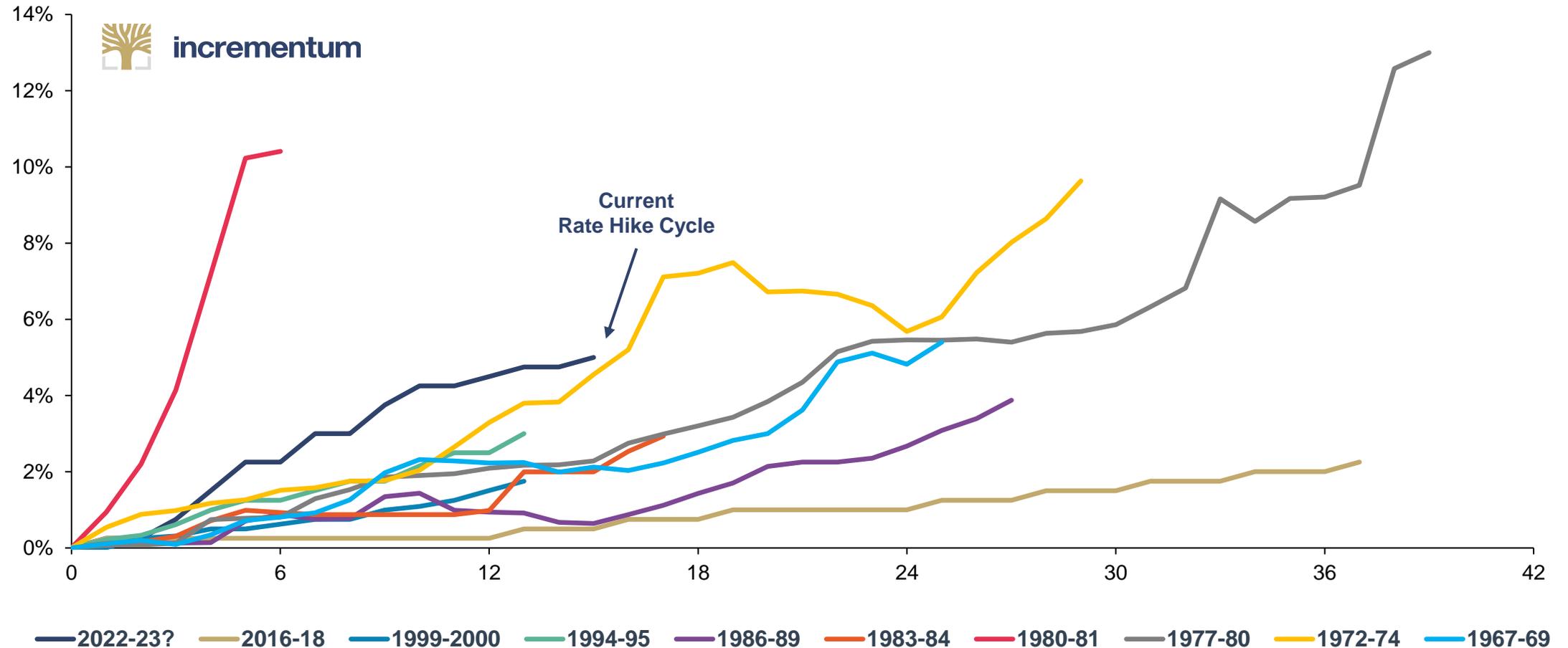
US and Eurozone Core and Headline Inflation, yoy, 01/1997-04/2023



Source: Reuters Eikon, Incrementum AG

The Result: The Most Aggressive Interest Rate Hike Cycle in the Last 40 Years!

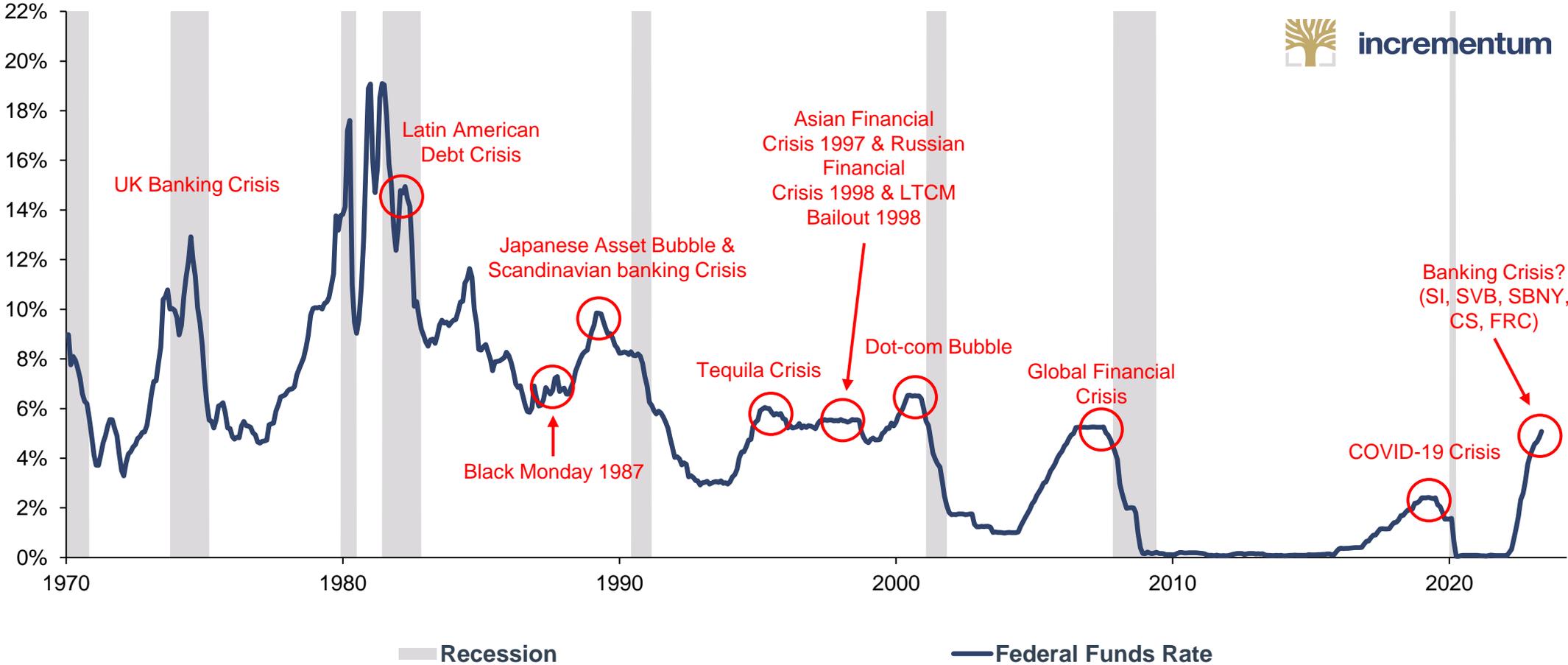
Fed Rate Hike Cycles, Federal Funds Rate, 1967-2023



Source: Federal Reserve St. Louis, Reuters Eikon, Incrementum AG

Interest Rate Hikes have Historically Led to Crises

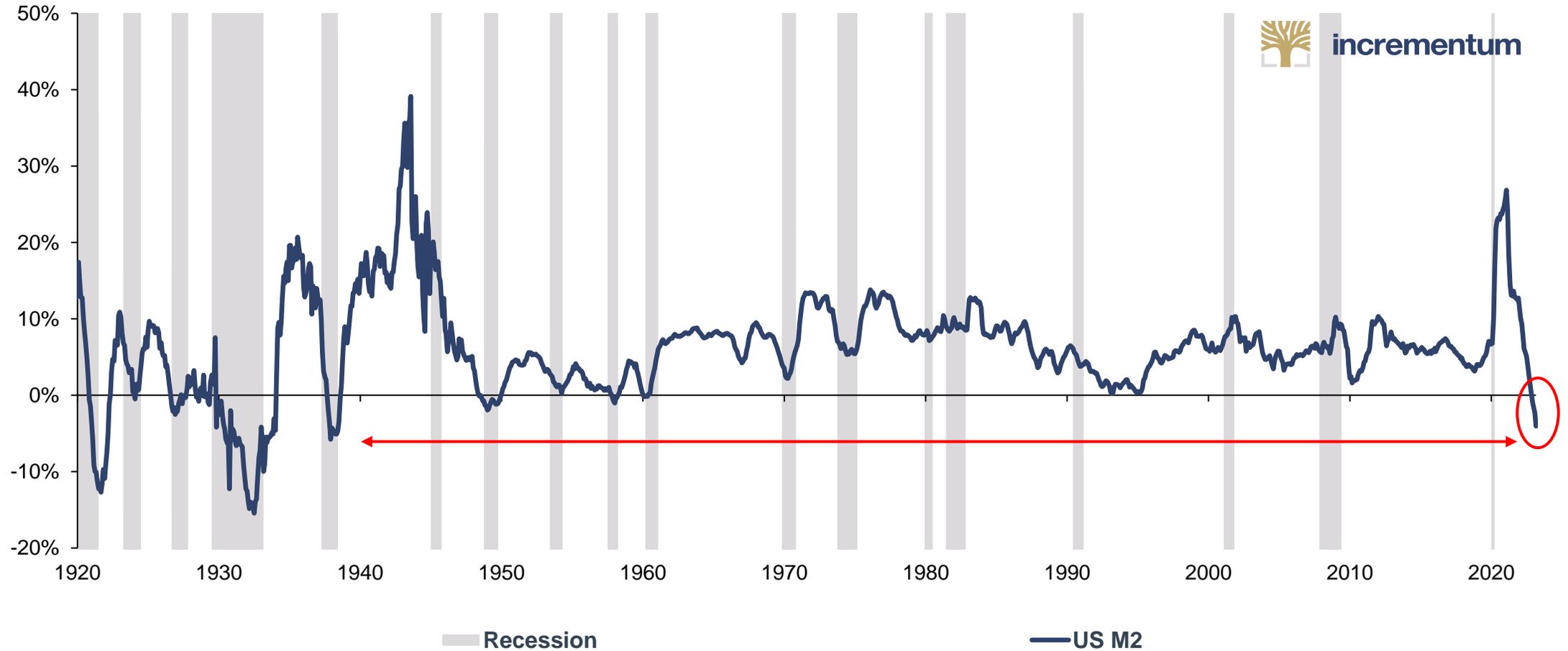
Federal Funds Rate, 01/1970-05/2023



Source: Reuters Eikon, Incrementum AG

Impact of the Monetary Emergency Brake: M2 Money Supply Is Shrinking

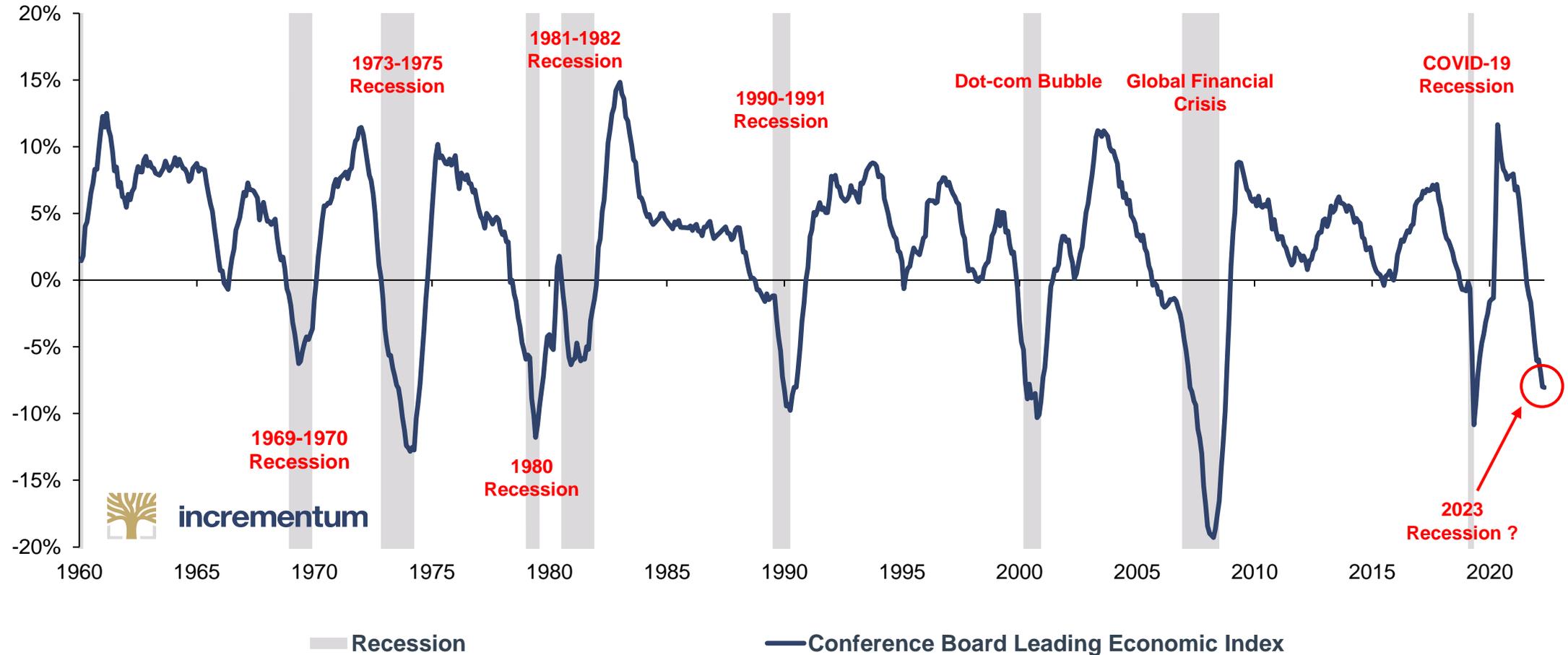
US M2, yoy, 01/1920-03/2023



Source: Federal Reserve St. Louis, Reuters Eikon, Incrementum AG

Leading Indicators on the Decline

Conference Board Leading Economic Index (LEI), yoy, 01/1960-03/2023



Source: Reuters Eikon, Incrementum AG

Many Indicators Already Point to Recession

History of Selected Recession Indicators and Current Status

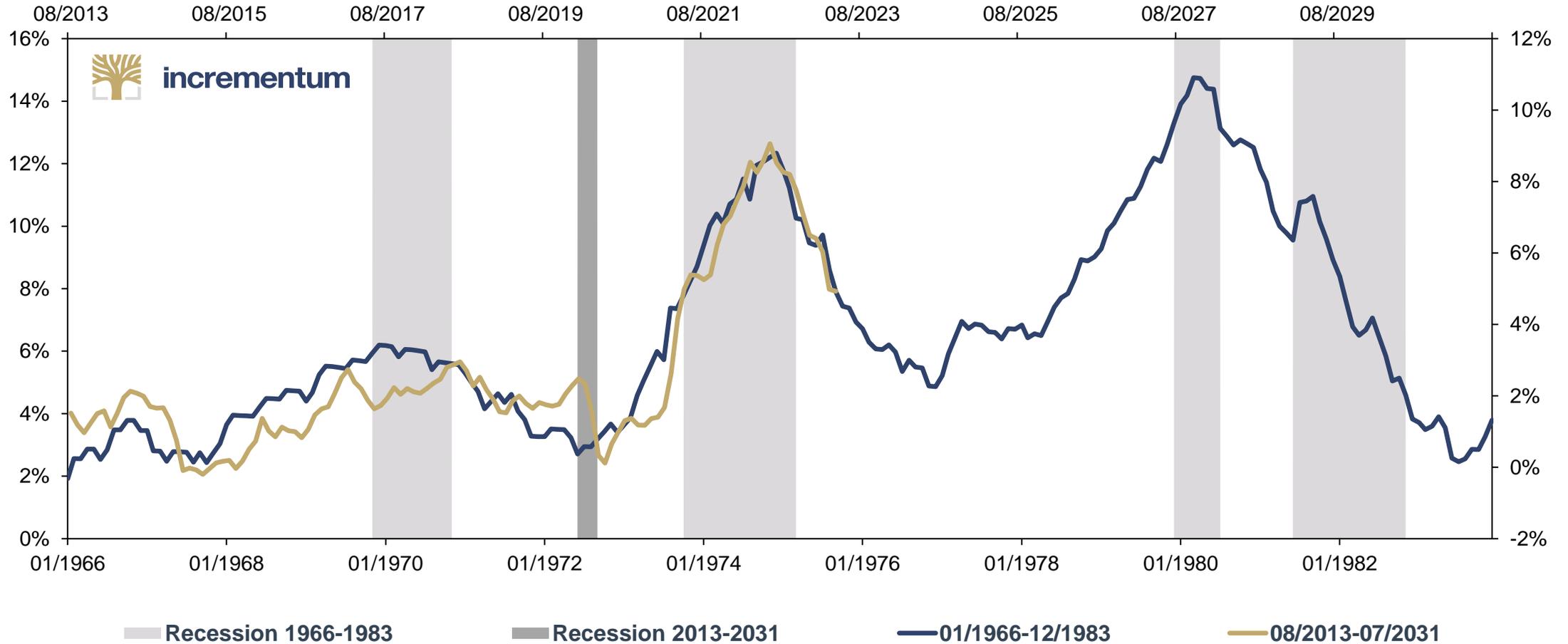
Recession Indicator	Number of Observations	Probability of Occurrence of a Recession	Months Since the Event
LEI yoy < -4%	8	100% (within 24 months)	6 months
2Y10Y Inversion	10 (since 1950)	90% (within 36 months)	10 months
3M10Y Inversion	4 (since 1990)	100% (within 24 months)	6 months
ISM New Orders < 47	12	100% (within 24 months)	5 months
M2 yoy negative	First time since 1960	-	4 months
Fed Rate Hike Cycle	8 (since 1970)	85% (within 24 months after end of cycle)	-
Credit Policy Tightening > 40	4	100% (within 24 months)	7 months
US Key Interest Rate - 2Y > 90 bp	5	75%	2 months

Source: BofA Global Research, Incrementum AG



Consequence of the Monetary Policy Showdown: Next Inflation Wave?

US CPI, yoy, 01/1966-12/1983 (lhs), and 08/2013-07/2031 (rhs)



Source: Andreas Steno, Reuters Eikon, Incrementum AG

The Geopolitical Showdown

“Right now there are changes – the likes of which we haven’t seen for 100 years – and we are the ones driving these changes together.”

Xi Jinping, at the departure of Vladimir Putin on March the 22nd 2023

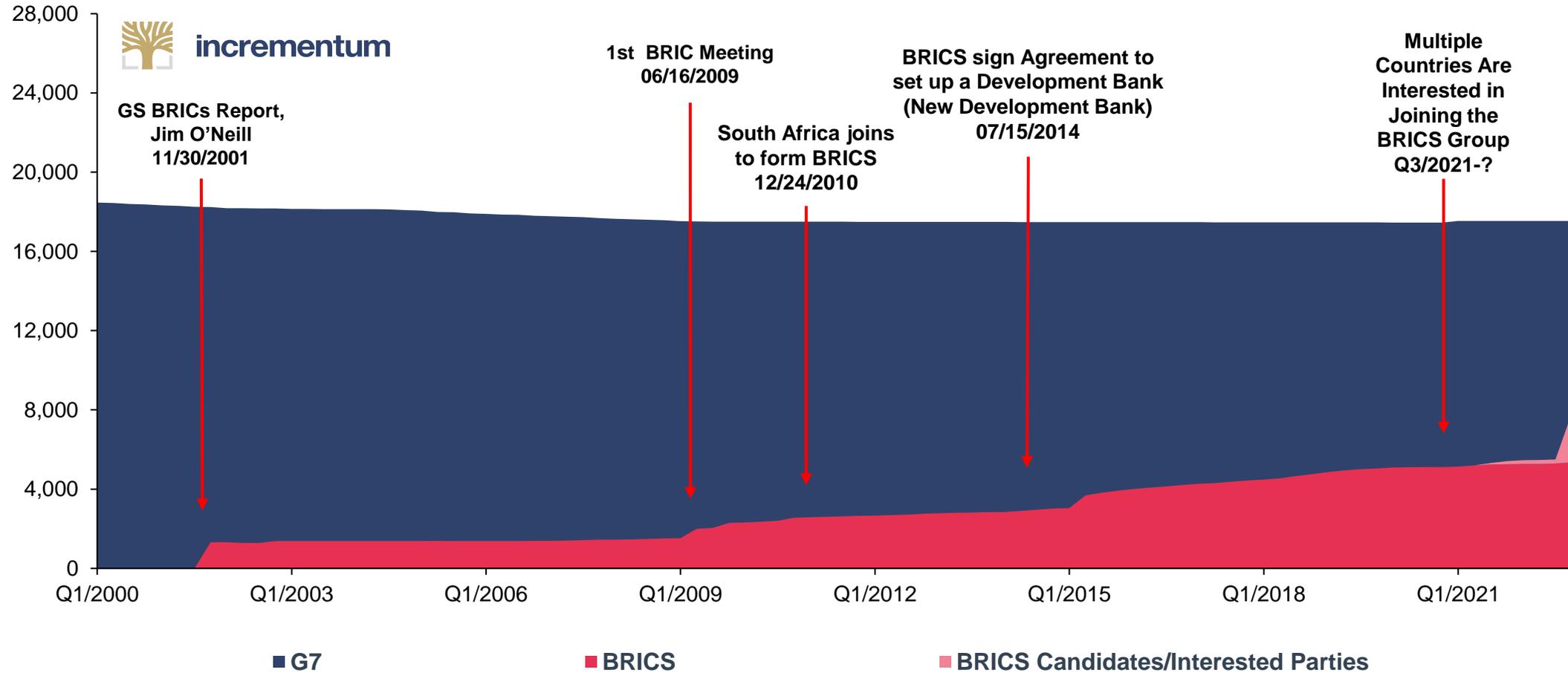


Xi's Interpreter: We are now witnessing changes the likes of which we haven't seen for 100 years.



Geopolitical Showdown: Gold as a Reserve Currency

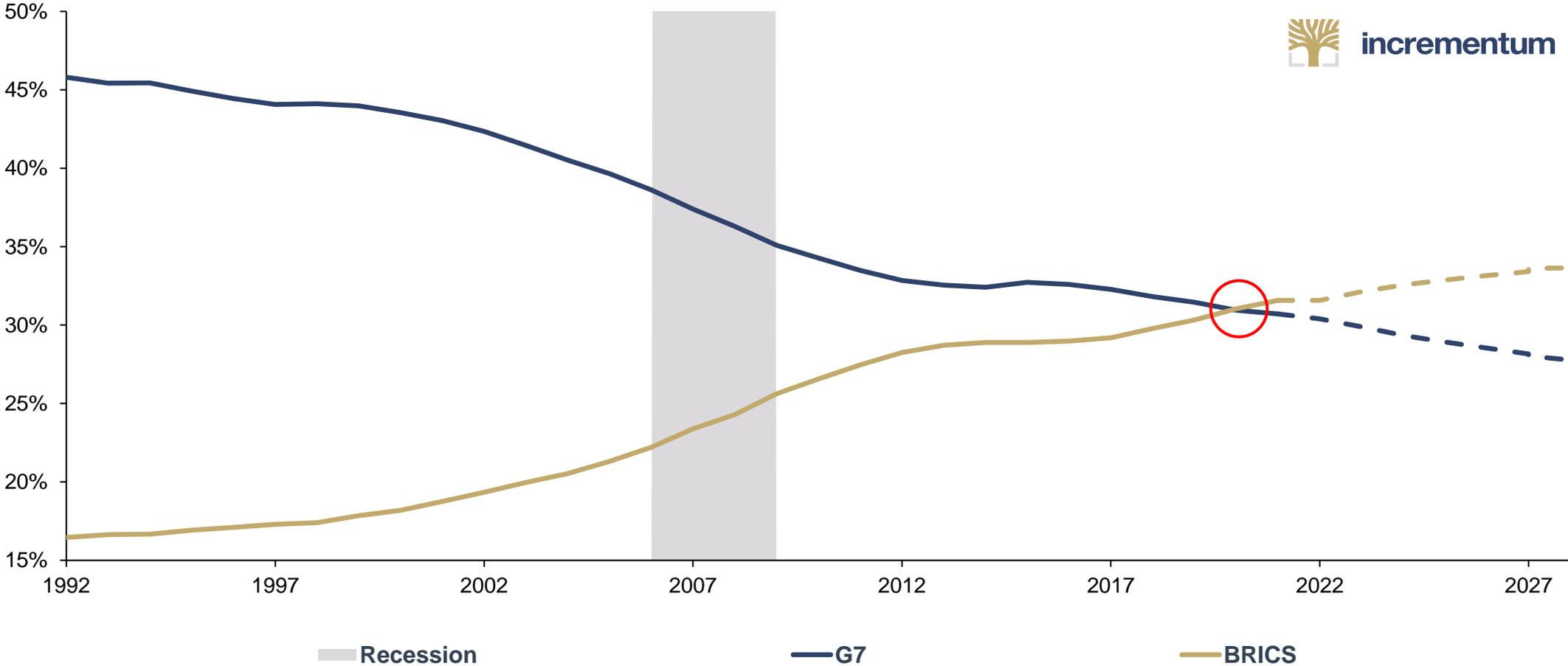
Global Gold Reserves, G7 and BRICS + BRICS Candidates/Interested Parties, in Tonnes, Q1/2000-Q4/2022



Source: World Gold Council, Incrementum AG

Geopolitical Showdown: Economic Performance BRICS vs. G7

Share of Global GDP (PPP), G7 and BRICS, 1992-2027e



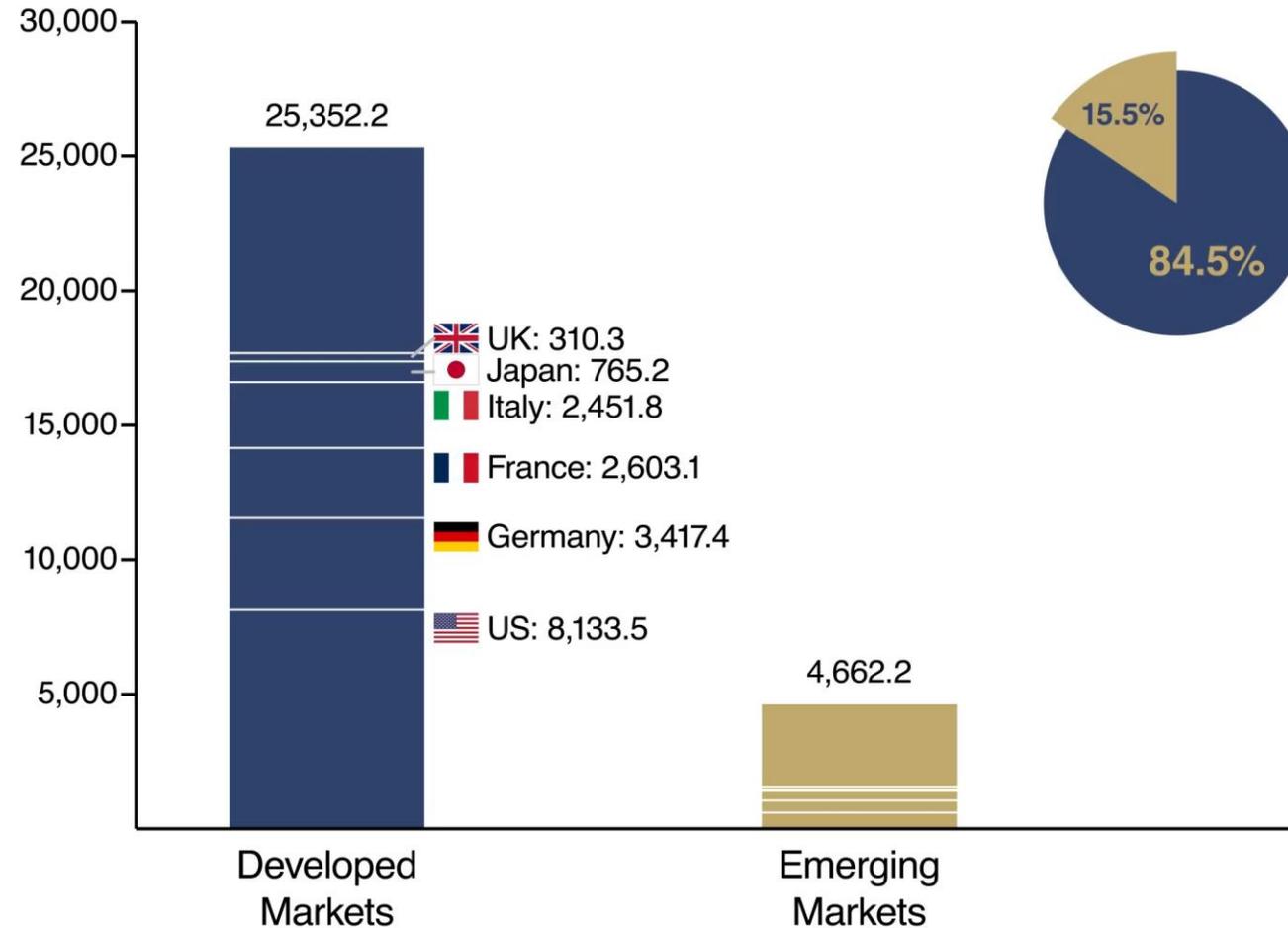
Source: Acorn MC Ltd, World Economic Outlook, Reuters Eikon, Incrementum AG

Emerging Markets Raise Gold Reserves Amid De-Dollarization

Q4 2007

Gold Reserves (tons)

Global Share (%)



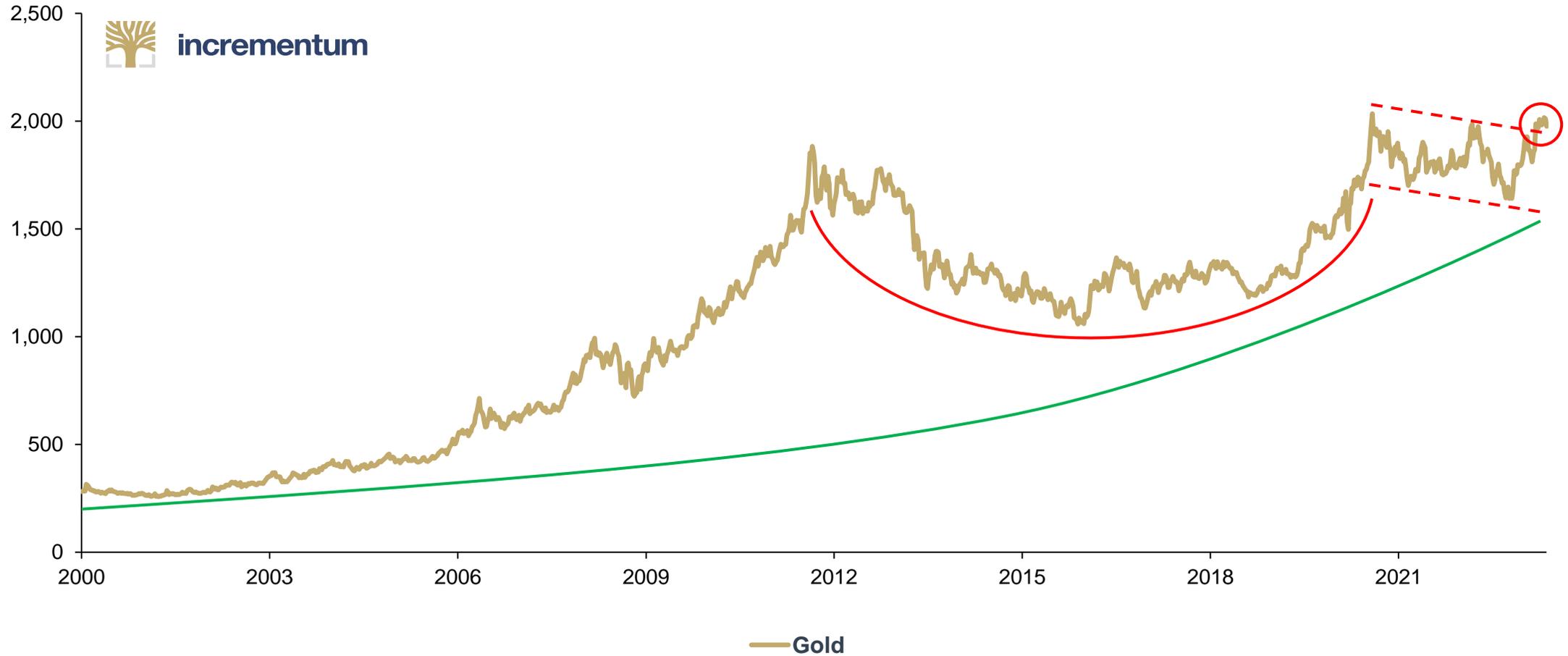
The Showdown in the Price of Gold

“I believe that it would be both risk-reducing and return-enhancing to consider adding gold to one’s portfolio.”

Ray Dalio

The Mother of all Cup-and-Handle Formations? Target price USD 2,700

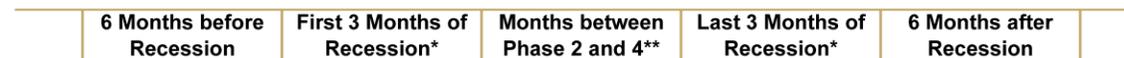
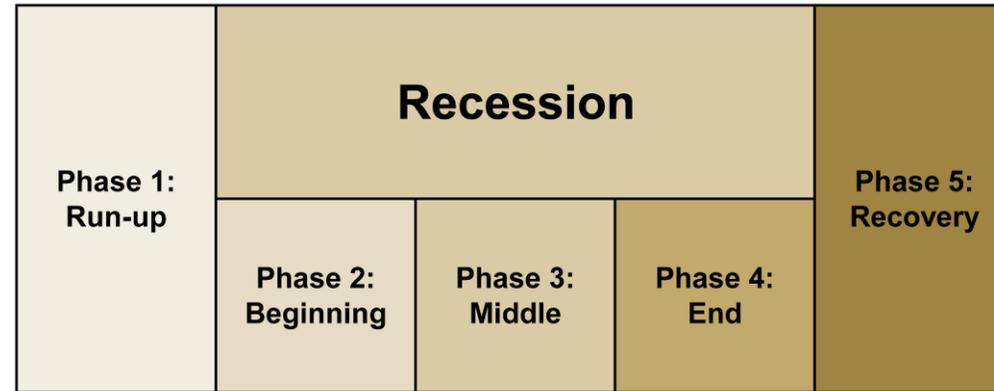
Gold Cup-and-Handle Formation, in USD, 01/2000-05/2023



Source: Reuters Eikon, Incrementum AG

Positive Performance Characteristics of Gold During Recessions

Incrementum Recession Phase Model and Average Asset Performance in the Incrementum Recession Phase Model



Asset	Recession	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Gold	10.6%	10.9%	5.7%	2.9%	2.7%	2.6%
Silver	-9.0%	31.5%	0.8%	-10.9%	3.5%	17.4%
S&P 500	-5.3%	-2.8%	-6.0%	-13.2%	12.6%	8,6%
BCOM	-6.3%	6.4%	0.2%	-6.5%	-0.2%	5.0%
Mining Stocks	5.4%	8.9%	8.5%	-11.7%	8.3%	24.3%

Source: Incrementum AG

*For short recession periods less than 3 months

** For recession periods with 6 or less months no Phase 3 is identified



Negative Performance Characteristics of Silver During Recessions

Silver Performance in the *Incrementum Recession Phase Model*

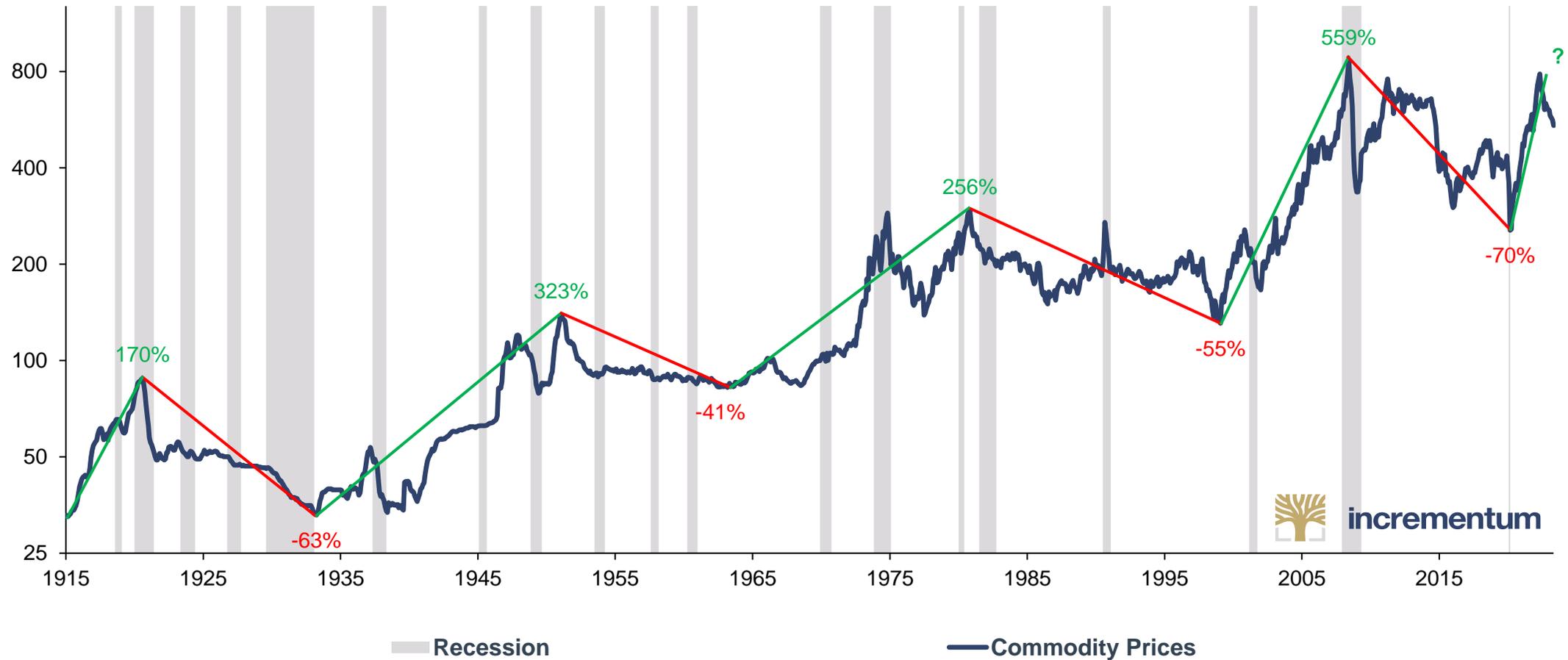
Datum	Duration (Months)	Recession	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
01/1970-11/1970	11	-12.3%	14.9%	3.2%	-2.7%	-12.6%	0.9%
12/1973-03/1975	16	42.4%	14.0%	89.4%	-22.4%	-3.1%	6.4%
02/1980-07/1980	6	-53.5%	275.3%	-60.0%		16.3%	-15.2%
06/1981-11/1982	18	-7.5%	-43.3%	-13.7%	-13.3%	23.6%	38.1%
08/1990-03/1991	8	-19.8%	-7.3%	-13.3%	0.7%	-8.1%	7.3%
04/2001-11/2001	8	-3.0%	-11.7%	0.2%	-2.8%	-0.5%	20.2%
01/2008-06/2009	18	-8.1%	19.2%	16.5%	-24.9%	4.9%	24.0%
03/2020-04/2020	2	-9.9%	-9.2%	-16.2%		7.5%	57.3%
Durchschnitt	10.9	-8.8%	37.3%	3.2%	-10.9%	2.9%	11.7%
Median	9.5	-8.1%	14.0%	0.2%	-8.0%	-0.5%	7.3%

Source: Reuters Eikon, Incrementum AG



Is the Commodity Bull Market Over?

Commodity Prices*, 01/1915-05/2023



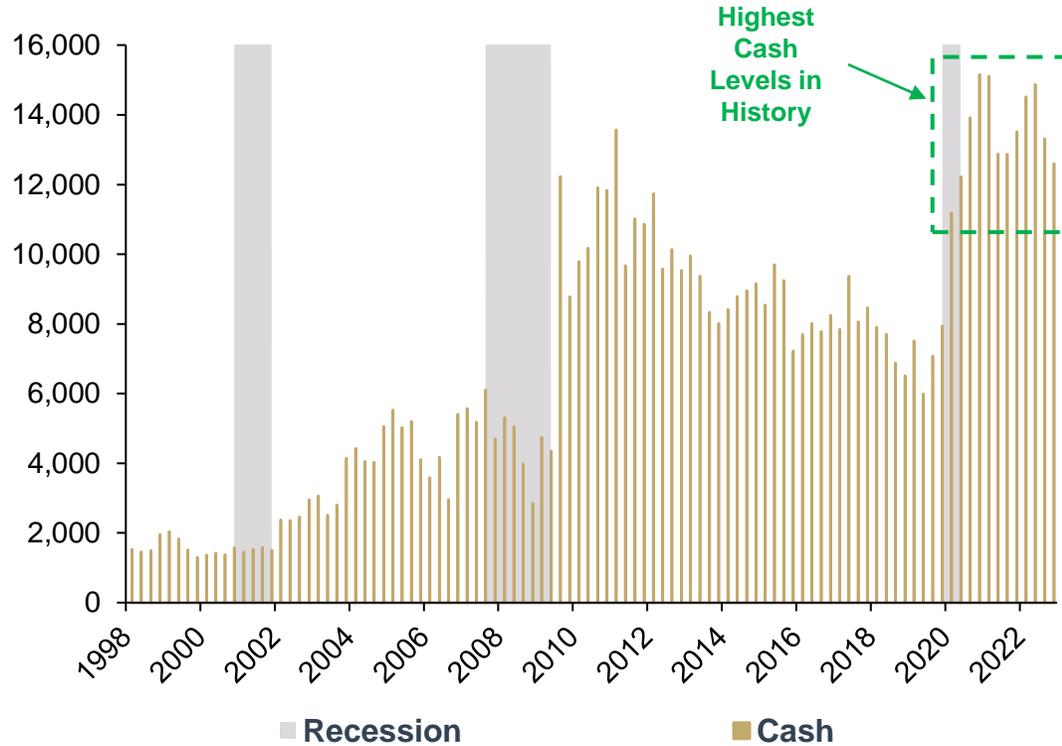
Source: Alpine Macro, Federal Reserve St. Louis, Reuters Eikon, Incrementum AG

*1913-1934 US PPI Industrial Commodities, 1935-1949 Spot Price 28 Commodities, 1950-1969 Spot Price 22 Commodities, since 1970 S&P GSCI

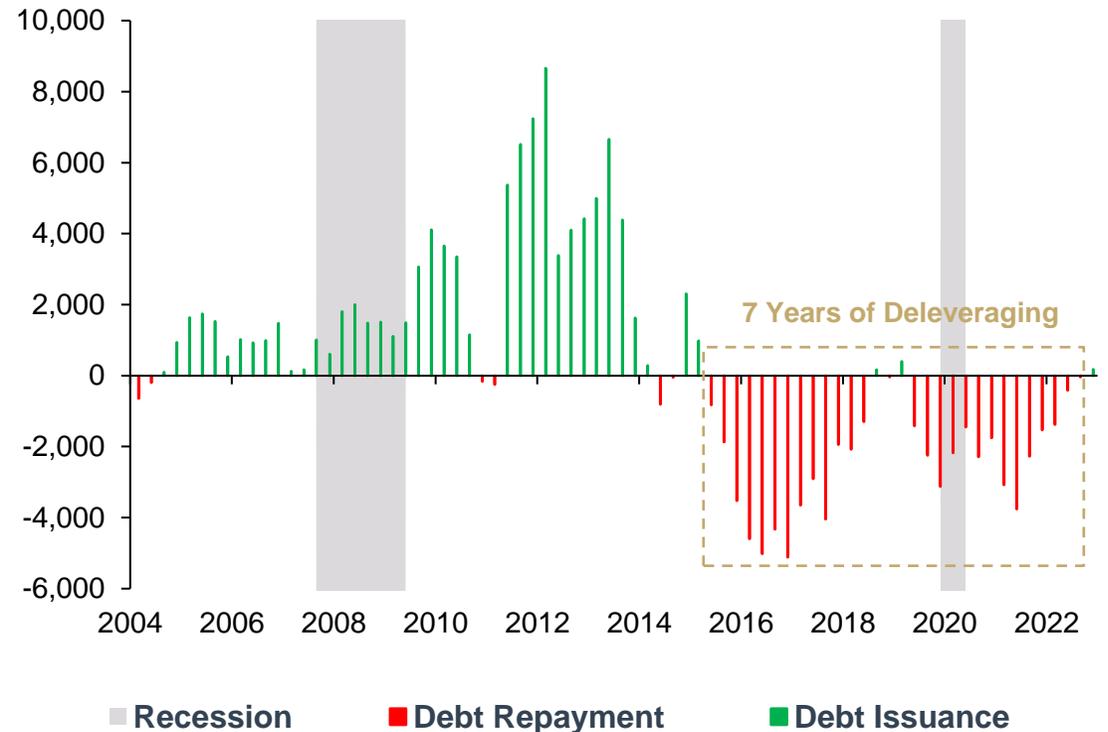
Solid Fundamentals in Gold and Silver Mining Companies

Increased Cash Balances, Decreased Debt Levels

Aggregate Trailing 12 Month Cash for Top 50 US and Canadian Gold and Silver Miners by Market Cap, in USD mn, Q1/1998-Q4/2022



Aggregate Trailing 12 Month Net Debt Issuance for Top 10 US and Canadian Gold and Silver Miners by Market Cap, in USD mn, Q1/2004-Q4/2022



Source: Crescat Capital LLC, Reuters Eikon, Incrementum AG

Where is Gold Headed? If a Recession Actually Occurs, Gold Will Probably Start to Soar

Gold, and Gold Price Projection According to the *Incrementum Recession Phase Model**, in USD, 01/2000-12/2024e



Source: Reuters Eikon, Incrementum AG

*based on the assumption of a recession start in the USA in Q4/2023



Long-term Price Target of USD 4,800 Remains Intact

Intermediate Status of the Gold Price Projection until 2030: Gold, and Projected Gold Price, in USD, 01/1970-12/2030

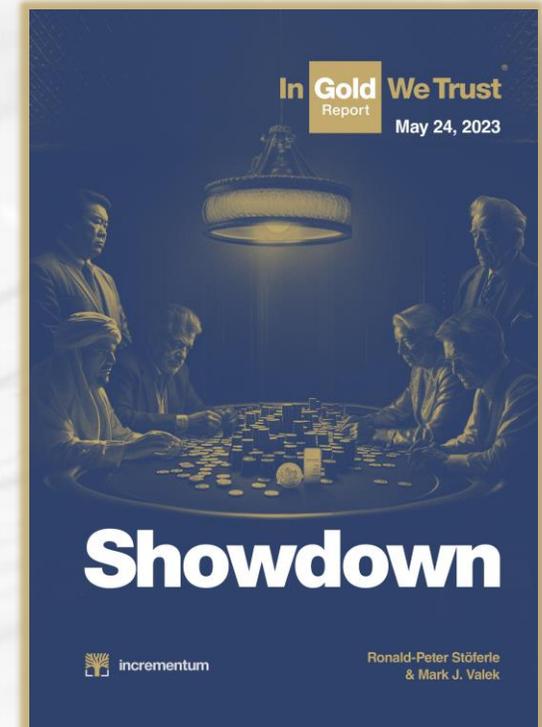


Source: Reuters Eikon, Incrementum AG

Summary

In Gold We Trust Report 2023

- **Monetary Policy Emergency Brake Exposes Misallocations during Zero and Low Interest Rate Environment**
- **Both Austrian Business Cycle Theory and Financial Market Empiricism Argue for Recession and Further Dislocation**
- **Monetary Policy Showdown: Tightening Expected to Be Discontinued Soon Due to Economic Downturn.**
- **Inflation Occurs in Waves. Recession Has Disinflationary Effect, Further Wave of Inflation Likely in Medium Term.**
- **Geopolitical Showdown: Central Banks Play an Ever Greater Role for Gold**
- **Within 12 Months: Gold Price > USD 2,300, Based on Our Base Scenario of an Approaching Recession.**
- **Long-term Price Target 2030: USD 4,800 Confirmed, Corresponds to Approximately 12.5% p.a.**



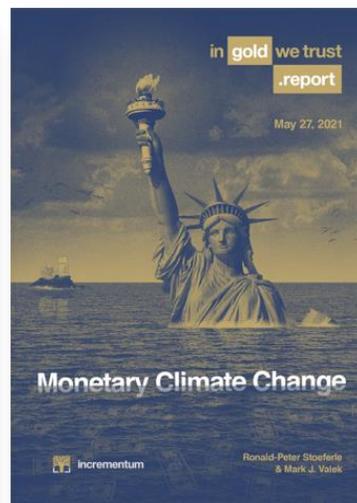
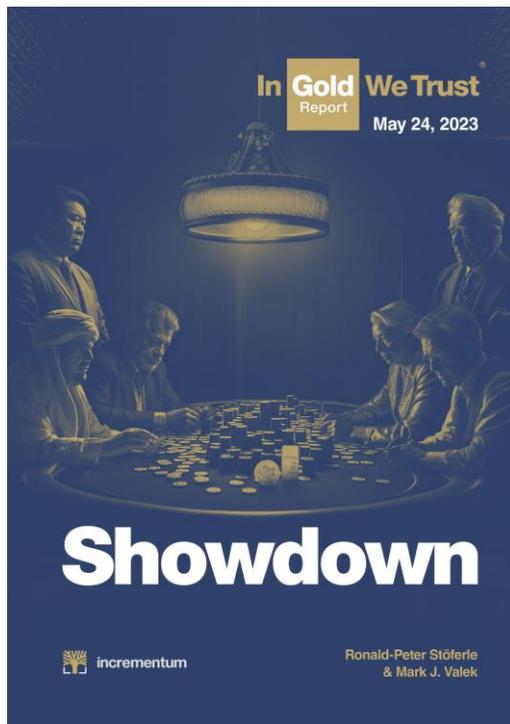
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Addendum

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

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Extensive
Detailed study on gold and gold-related capital market developments.

Critical
Critical consideration of all relevant events.

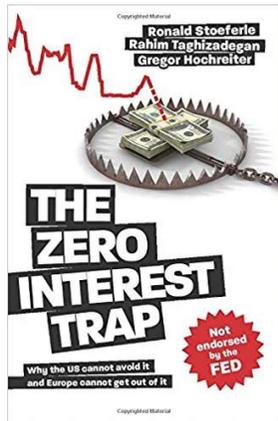
Global
Recognized in more than 60 nations.

Key Facts

- ✓ Extensive annual study of gold and gold-related capital market developments
- ✓ Critical analysis and holistic approach
- ✓ Reference work for everybody interested in gold, precious metals and mining stocks
- ✓ Extent 2020: More than 300 pages
- ✓ International recognition – newspaper articles in more than 60 countries (Wall Street Journal: "The Goldstandard of Gold Analysis")
- ✓ Available in a Compact and Extended version
- ✓ Obtainable in English, German and Chinese
- ✓ Published for the 14th time in 2019

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The individual chapters of the *In Gold We Trust* report – the so-called nuggets – are ideal “snacks” for in between.

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In Gold We Trust Report

Since 2007, the annual *In Gold We Trust* report is THE authoritative report on gold investing, and is required reading for anyone interested in the precious metal market.

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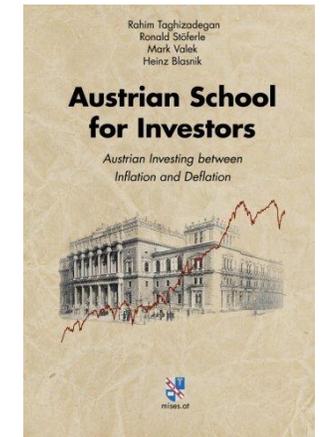
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- **Incrementum AG** is an owner-managed and fully licensed asset manager & wealth manager based in the Principality of Liechtenstein.
- Independence is the cornerstone of our philosophy. The partners own 100% of the company.
- Our goal is to offer solid and innovative investment solutions that do justice to the opportunities and risks of today's complex and fragile environment.

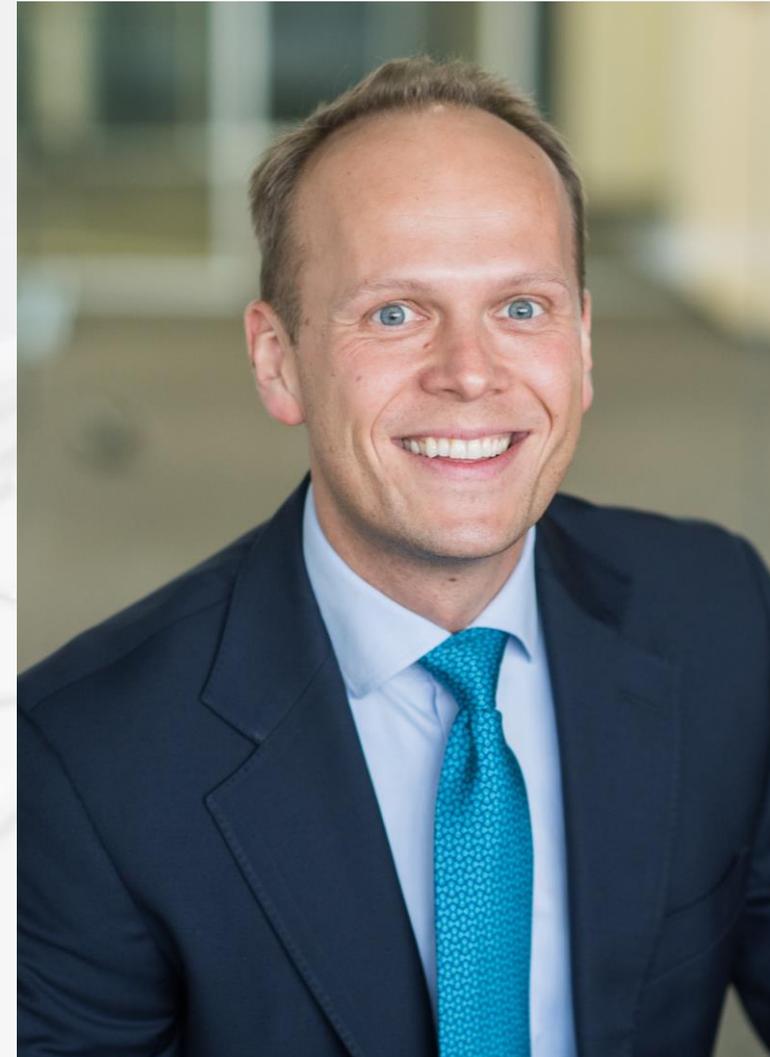


The 5 partners of Incrementum AG

Mark J. Valek, Dr. Christian Schärer, Ronald-Peter Stöferle,
Stefan Kremeth and Hans Günter Schiefen

About Ronald-Peter Stöferle

- **Managing Partner of Incrementum AG
Research and Portfolio Management**
- Business Administration and Finance studies in Vienna and at the University of Illinois
- Chartered Market Technician (CMT) and Certified Financial Technician (CFT)
- Erste Group Research 2006 – 2012
- Fund manager
 - Incrementum Inflation Diversifier Fund
 - Incrementum Digital & Physical Gold Fund
 - Incrementum Crypto Gold Fund
- Since 2007 **Author of the *In Gold We Trust* Report**
- Publication of the bestsellers "Austrian School for Investors" (2014) and "The Zero Interest Trap" (2019)
- Member of the Board of Directors of Tudor Gold (TUD) and Goldstorm Metals (GSTM)
- Advisor at Matterhorn Asset Management / Gold Switzerland



About Mark Valek

- **Partner of Incrementum AG
Portfolio Management and Research**
- Business Administration and Finance studies in Vienna
- Chartered Alternative Investment Analyst (CAIA) and Certified Portfolio Manager (CPM)
- Raiffeisen Central Bank 1999-2001
- Merrill Lynch 2001-2002
- Raiffeisen Capital Management 2002 – 2012
- Fund manager
 - Incrementum Inflation Diversifier Fund
 - Incrementum Digital & Physical Gold Fund
 - Incrementum Crypto Gold Fund
- Since 2013 **Author of the *In Gold We Trust* Report**
- Publication of the bestseller "Austrian School for Investors" (2014)
- Founder Philoro Edelmetalle GmbH





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