Ronnie Stoeferle: In Gold We Trust 2022

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Erik: Joining me now is Ronnie Stoeferle, fund manager for Incrementum. Perhaps better known is the principal author of the In Gold We Trust report. Now, this report is a big deal folks, it comes out once a year and it's completely free. You'll find the download link to the report as well as the alternate language versions of the report as well as a video introducing the report and the slide deck associated with the report which is what we're going to focus today's interview on. So I do recommend that you have that slide deck in front of you as we're going to be referring to the graphs and charts it contains extensively throughout this interview. You'll find the download links in your research roundup email. If you don't have a research roundup email, just go to our homepage, macrovoices.com. Click the red button that says looking for the downloads. Ronnie, let's start with the big picture. You've been doing this for quite a while now. Well over a decade. Tell us a little bit about the history of the report and how we got to where we are today.

Ronnie: Hi Erik. Thanks for having me again. Well actually this is the 16th annual In Gold We Trust report already. I started as a little analyst doing Asian equities in an Austrian bank. And in 2007, due to a mining stock that I had privately that developed really well. It was a 40 bagger, which is kind of a blessing but also a curse because you think okay, well, that's just normal in the mining space. I went to my boss and said well I would love to write a little bit about Gold. And he said, Yeah, go ahead. Gold is always interesting. And yeah, back then I started writing about gold and it still amazes me, it still fascinates me. And actually, this year, we did hit a new all time high. It's 400 pages of research about gold, as there's just so much going on. And I think this is really the interesting thing. Gold is not only about supply-demand, it's about obviously opportunity costs coming from the bond market, from equity markets, from commodity markets. It's about central bank policy, it's about geopolitics. It's about de-dollarization. We cover the topics of ESG. In the mining space, we write about mining stocks, therefore it's still as I've said, it's truly amazes me and I think there's lots of to be honest rubbish, gloom and doom research out there in the gold space. And we want to make a difference and want to make a solid, sober case for gold. And I think that's what's really missing. And therefore, we are getting feedback from all over the globe. We already have 700,000 downloads for this year's report. So it's really, it's a big thing and it wouldn't be possible without the support of my staff. So there's 20 people working on the report now.

Erik: Ronnie, the title on this year's report is stagflation 2.0. Now, even old fogies like me were just little kids for stagflation 1.0 in the 70s. Tell us a little bit more about stagflation and why it is so critical to the gold market.

Ronnie: Well Erik, when we decided on the light motif of this year's report, I think it was in December 2021, we really didn't expect that stagflation would become such a big topic. Now it has gone mainstream. And for us, it was important to really make a deep dive into this topic. So we really analyzed where the term is coming from. Most people don't know that it was originally coined by the British member of parliament, Ian McLeod who first used it in 1965 when he explained, while Great Britain was, I think reaching the 6% inflation mark and the economy shrank by roughly 1% and he back then coined this term. And obviously there is, it has become common usage and most people would say that the stagflation definition is based on four different pillars. First of all, high inflation then secondly, low or negative economic growth then thirdly, high unemployment and fourth, growth below potential growth. But the interesting thing is that actually it's a rather qualitative and rather vague definition of stagflation. So what we did we operationalized it, and we provided our own objectively measurable quantitative definition of stagflation. And then we calculated what works in stagflation. We analyzed obviously, the analogs, but also the main differences between the stagflationary 1970s and the stagflation that we're experiencing now. So I think it's really a topic that is, as we found out during our research process, it's very much under researched and therefore, I think it's a very interesting report again focusing on this topic of stagflation 2.0.

Erik: Ronnie, you said, you've got your own working definition of stagflation, please share that with our listeners.

Ronnie: So we came up with our own proprietary definition of stagflation and we define an economy as being stagnant if real economic growth is less than 1% year on year and we consider inflation to be elevated if it exceeds 3% year-on-year. And we collect these data on a quarterly basis and both conditions must be met for at least two consecutive quarters in order to declare stagflation. And additionally, we have also calculated the stagflation strength. So based on this definition, we calculated performances of asset classes of sectors. And I think this is really a very very interesting chapter within the report. Now Erik I think, if we go back like one year, so in the middle of the year 2021, basically, the transitory narrative was well alive. And basically on this side of the Atlantic and the other side, we finally achieved the monetary policy Elysium. So an inflation rate of 2% and back then, Isabel Schnabel, the member of the ECB's executive board, she told us well actually, we are much more worried about inflation being too low rather than too high.

Now obviously, I think when it comes to inflation, a lot has changed over the last 12-month, inflation is a big topic again, I think we're really entering an inflationary mindset. And as inflation also has a very strong psychological aspect, I think this is really something that will be very sticky going forward. And we expect several inflation waves a little bit similar like in the 1970s. However, when it comes to the economy, when it comes to GDP growth, I think most people still believe the narrative that the economy is doing just fine. Even though in Q1, US GDP was down already 1.4%. At the moment for the second quarter, I think the Atlanta Fed sees 2% growth, which is far too optimistic in my view because we see that credit growth is very weak. We see that this inverse wealth effects as they call it, I mean 28 trillion were basically destroyed year-to-date in assets markets. So I just don't see that this will not weigh on consumption and on economic growth, then we're seeing that the University of Michigan consumer sentiment is at the moment at 58 and getting very close to levels that we typically see in recessions.

So from my point of view, this this combination of very aggressive rate hikes, and even more aggressive quantitative tightening, which is now starting in June, edit to an economy that is already pretty weak. As I've said, I mean, recession is more and more becoming our base case. So therefore, we are already and we will stay in a stagflationary environment for quite a while from my point of view. And this is what the report is mostly about. Shall we perhaps Erik, I don't know what you think. Shall we talk about some of the slides in our slide deck?

Erik: Ronnie, let's dive in. And I'm just going to go ahead and since we've already talked about some of the title slides in the beginning and move to the first substantive slide which is page five where you've got the performance of gold in a number of different currencies charted by year and what I find fascinating about this, most macro economic scholars would agree that inflation generally and particularly stagflation should be really good for the price of gold. The thing is in 2020, we saw really good performance 25% in US dollar terms, 19.5% percent as an average across all of the currencies that you're plotting here but that's before we really had an expectation of major inflation or stagflation. Now that it's become, as you put it, big news. Everybody's talking about it. In 2021 and 2022, gold hasn't done very well at all, what's going on here?

Ronnie: Well, I think I would be a liar if I would say that I'm not at least a bit disappointed about the performance of gold. And I think last year 2021 I think gold kind of lost its mojo because we saw a very strong performance in 2019, where gold was up 18% in dollar terms and in 2020, up 25% so it kind of took a breather. And then obviously, we saw a very strong US dollar last year, the dixie being up 8%. We saw very high opportunity costs as the stock market ripped higher. We saw I think every two or three days new all time highs in the S&P 500. Then we saw crypto assets stole the show. And then I think most importantly last year market participants kind of still believe the transitory narrative. Now, when it comes to 2022, I think as a Euro investor for example, as a Japanese, you're doing pretty well with gold. In Japanese yen terms, it's up 10.6%. In Euro terms, it's up 8% and we saw new all time highs in both currencies. So we should also not forget that the first quarter for gold was pretty good. We almost touched the all time high on March 8, when gold hit 2070 US dollars. But then obviously from mid-April onwards, this nasty correction did set in and I think that the gold price had to pay some tribute to the rallying US dollar. But in general also to this brutal risk of sentiment in markets and the Bloomberg global aggregate bond index is down 11% year to date, which is the worst on record. We see that the NASDAQ is in a bear market that many of those Cathie Wood's stocks are down between 50 and 70%. The dollar was, is still very very strong. It started into the year at 95 then it ripped higher to 105 and now we're trading at 102.

Ronnie: So the first quarter was good the second quarter obviously not so since mid April. And I think the main reason for that Erik, is that the market now really believes the hawkish narrative. From our point of view. We're only seeing doves in hawk clothes. And as many people say that Jay Powell is the new Paul Volcker. He isn't! It's like saying that Danny DeVito is the new Brad Pitt. And I think that Ben Bernanke said that in 2015. Monetary policy is 98% talk and only 2% action. And from my point of view, this hawkishness that everybody is seeing now with rates at 3.5% next year with very aggressive quantitative tightening and out of the, I think they were seven attempts by the Federal Reserve reducing its balance sheet, and six out of those seven QT efforts were followed by a recession. So, long story short, I don't see this hawkishness that the market is still believing in and I think that gold will start ripping higher again as soon as the Federal Reserve and central banks in general will make this U-turn. Is it gonna happen very soon. I don't know, I think a last kind of hawkish crescendo should be expected so I still see one leg lower for equities and yields higher. So what we do in our funds at the moment, we do not buy the dip. We rather sell the rip but I think this U-turn will probably come. I would see it in the third quarter of this year.

Erik: Ronnie, I've been surprised at both you and most other analysts that I've been following have had the same view which is hey look gold did really well in March and to me gold did incredibly poorly in March from the standpoint that gold is supposed to be a hedge against currency debasement but almost more importantly, a hedge against geopolitical risk and literally on the day that gold didn't quite make an all time high. We had The biggest geopolitical escalation since the Cuban Missile Crisis, we've literally had the United States and Russia intimating the potential of nuclear escalation as the beginning of the conflict between Russia and Ukraine. So to my thinking, if you'd asked me two years ago, what if we had this really stagflationary outlook, very strong signs of inflation in the system and then you get threats of nuclear escalation between the superpowers, I would have said gold 5000 bucks, easy, if not higher, we didn't even get to 2200. What's going on here?

Ronnie: Well I think Erik, I think the institutional investors are basically the marginal buyers. And if you have a look at ETFs for example which are probably the best gauge for investors demand for gold. We saw big outflows in 2021, especially from North American funds, we have never recovered the losses. In Europe and in Asia, ETF demand is quite stable. But so far, it seems that this marginal buyer being the institutional investors, they haven't really started buying aggressively, yet. But I know, from talking to many fund managers to many private bankers that those guys are having sleepless nights currently. Q1 was a disaster, most of those, balanced portfolios, which is a b60/40 combination or whatever, they were down between 7 and 10%. And the second quarter isn't going particularly well either. So I think over the longer term, there will be quite some significant shifts from institutional players into gold. And I think this is slowly really starting.

But I totally agree Erik, I mean, what happens on February 26 when basically the G7 and the European Union said well actually, folks, we are going to freeze the US dollar and Euro currency reserves of the Russian Central Bank, which is 60% of its total international reserves. From my point of view, this will go down in monetary history. Because, back in the days, we saw, such sanctions against pariah states like Venezuela, Iran, Afghanistan, and so on. But we never had such sanctions being applied against the state with veto power in the United Nations Security Council against the big nuclear power, and obviously one of the world's most important exporters of commodities. But I think this decision going forward will be pretty positive for for gold demand. Because, first of all, it clearly demonstrates too many US critical nations, how quickly US dollar reserves can transform from a highly liquid asset to a useless piece of printed paper and de facto, the US and the euro area have basically told the whole world that they no longer want to pay their economic quid pro quo from previous trade deals.

So I think, going forward this whole deglobalization and this, this block building that that we're seeing now, which is very worrisome, from my point of view, this should be an additional case for gold because if we see some sort of monetary multipolarity, I think we will need between the blocks, we will need some sort of an internationally recognized anchor of trust. And I think as gold is first of all neutral, it doesn't belong to any state, to a political party, or to a dictator or whatever, it can represent the unifying element then secondly, gold has no counterparty risk. And I think this counterparty risk, the Russian saw that quite well. And I think the Chinese also watched this reserve freeze with a wary eye. And thirdly, gold is one of the most liquid assets worldwide. So last year, gold was traded daily to the tune of almost 150 billion. So I think this topic is a big additional driver for gold. But I think we have to be clear. In German we say *Eierlegende Wollmilchsau*. The English translation would be an egg laying woolly pig or an egg laying a goose or whatever. So I think people mix up, people think that gold is the solution to all our problems. I think gold works pretty well as a hedge against tail risks. It works pretty well as a currency hedge. It works pretty well in times of turmoil. And it's a highly liquid investment so therefore, I think it has done okay-ish. But expectations were obviously much higher.

Erik: Ronnie let's move on to page 13 in the slide deck, as you said, I love the analogy to Danny DeVito and Brad Pitt. Even if Danny DeVito was Brad Pitt, or if Jay Powell was Paul Volcker. Paul Volcker told us very clearly before he passed away, that what he did in the early 80s would never work today because of the debt overhang. So I see on page 13, you're getting into this topic of what happens as we get into a new era here of maybe a different Paul Volcker played by Danny DeVito.

Ronnie: Well I think if we have a look at this chart, it's pretty obvious that the Great Moderation is over. And I think that central bankers, politicians, and especially investors still are conditioned by basically four decades of falling inflation rates and inflation, you know, studying inflation numbers was probably as important as studying the I don't know, the snow forecast in the Sahara. So it wasn't really for portfolio construction. It wasn't really a big topic. Now, as we see now, we just got for the Eurozone, the new inflation numbers, we are running in the Eurozone at 8.1% with core inflation at 4.4. In Germany, the inflation rate is 7.4%. And know just to put that into perspective Erik, this is the highest since 1981, when I think ET premiered in US cinemas, and in 1981 back then Helmut Schmidt was the chancellor in Germany. So this is really I think that that it's pretty clear. That this great moderation is over. However, there is a very big difference with the last time we saw inflation at 8%. Well back then actually, the key interest rate in Germany was 7.5% while in the US, it was 16.5%. So obviously, we are seeing the lowest on most negative real rates probably ever. And from my point of view going forward as we see some sort of inflation mania, as I've briefly said before, I think that for this inflation wave, we might have seen the highs already. So five year breakevens are at 2.9%. The 10 -year break evens are at 2.6%. They're coming down from 3% in April this year. We're seeing five years forward inflation expectation rates at 2.3% which is still kind of anchored. But what gives me confidence that inflation will be around for much longer, is the fact that we now really have this inflationary mindset. It reminds me of emerging markets, and it changes our behavior as consumers, as business people, as investors, and I think this disinflationary mindset will stick around.

Well of course in the report, we explain why we see continued inflationary pressure. And you can see that, for example, on page 14 and page 15, producer prices in the euro area are rising at the fastest rate in half a century. Erik, from my point of view, as we study the political developments, and I can tell you over here in Europe, everybody is really concerned. But I think it's clear that the era of globalization probably is taking a breather, a really big breather. And as globalization has had a big disinflationary impact for decades, deglobalization will have an inflationary effect. I think that Russia will continue to be a pariah state for the Western community for many years to come. But I think that the Western world, especially the European Union, is completely under estimating the commodity leverage that Russia but also probably China has.

So Zoltan Poszar wrote about that a couple of weeks ago, where he said, for the case of Germany, commodity imports, which is mainly energy imports from Russia, that's worth 27 billion supporting economic activity worth 2 trillion. So I think this, this leverage effect of commodities has a big impact not only on the economic development, but also on inflation. And for the European Union, we shouldn't forget that Russia is a major supplier of palladium, which is very important for automotive industry, for fuel cells, electronic applications and so on. So I think this this inflationary pressure will continue to exist. We are writing about the wage price spiral that is just starting to spin over here. You can see it for example, for the for the wage growth track by the Federal Reserve, Atlanta, it's currently at 6%. So we're really seeing wage pressure kicking in. And therefore, our take is, we will see much more inflation volatility, we will probably see lower inflation going forward. And this will probably also give Central Bank's leeway to put the monetary pause button, and to stop their hawkishness. But our take is that inflation will come back because there's so many additional drivers. And therefore, it's crystal clear for us. The Great Moderation is over and this will have an enormously important impact on portfolio construction.

Erik: Well, I think that really is the key distinction in this entire conversation is you're saying and I agree with you the Great Moderation is over. But you also said that the marginal buyer of gold is institutional investors, institutional investors are mostly stuck in the mindset that this whole inflation that we're seeing is just a transitory event, which has been driven by supply chain disruptions, thanks to the COVID crisis and now the Ukraine war. And just as soon as those things are over, it's all going back to normal. And we're going to be back into our permanent, Great Moderation that lasts forever. I think you and I agree, that's not what's happening here. But the rest of the institutional community doesn't see it that way yet. Any thoughts on what it will take to get through to them?

Ronnie: Well, I think the longer we are above 2% and really at those nasty levels that we are currently in, I think the bigger the pressure will become. And as I've said before, we're talking to lots of institutional players and for them, they try to make them believe that it's only transitory and that going back to the old playbook. But I think the longer we are in a in a highly inflationary environment, the bigger depression will be especially coming from their investors. So I think it's important Erik. Gold is not the only solution, or the only asset class that that works in such an environment that we're talking about, I think Bank of America came out with the FAANG 2.0 which is fuels, aerospace, agriculture, nuclear and renewables, and gold, and metals, and minerals. So that's the new FAANG.

And from my point of view, the Bloomberg commodity index is up 33% year-to-date. I think there's still a very, very strong case to be made for commodities. And it's very much the same when it comes to gold. If I talk to institutional players about their commodity allocation, it's basically not existing. Most of them say, well, actually due to ESG, we're not really allowed to invest in oil and gas anymore. When it comes to copper and so on when it comes to lithium. When it comes to base metals in general, when it comes to agriculture. There's very, very little expertise in investing in those assets. And most tell me, well you know, this bull market is already over. Of course, we're not at the beginning of the bull market in commodities, but we are far away from the end of this party.

And in the report we describe, for example, just one thing Erik. The net zero banking alliance by the United Nations, it is representing 40% of global banking assets. And they are committed to aligning their lending and investment portfolios with net zero emissions by 2050. So there are all the big banks: JP Morgan, Bank of America, Morgan Stanley, controlling 66 trillion. And actually, to put it bluntly, these financial institutions commit themselves to reduce emissions by basically starving oil and gas producers of capital. And this is, from my point of view, a very strong case to be made for energy. But also for commodities. In general, we're seeing this, this massive under investment that we saw over the course of this bear market, we consumed roughly 40% more commodities than 15 years ago, for example, for iron ore, for copper. And to me, it's somewhat surprising that CapEx levels are at 15 year lows currently. So the sector has been starved of investments. And I think this is slowly starting now. But from my point of view, it is not only gold that I'm quite confident at it is also commodities. And as I've said, we haven't seen, we haven't seen any swing from large institutional players into the gold space and into the commodity space yet.

Erik: Let's come back to the subject of recessions and whether or not one is coming. Now I get a lot of really, really smart people on the show surprised at how many of them even someone like Ole Hansen who is a commodities guy at heart, sees absolutely no risk of a recession. And it seems to me that the Fed needs to engineer a recession in order to accomplish their goals. On that note, let's move on to page 16 in the deck.

Ronnie: Yeah, well it shows, we kind of like long term charts. And this starts in 1915 and actually only 3 out of 20 rate hikes did not end in a recession. And if the Fed hikes by 50 pips at the next two meetings, and then 25 pips at every other meeting, we will have 3.5% or 3.6% in the middle of next year, which would be significantly higher than in the last tightening cycle in2019. And what we're seeing, it's not only very aggressive monetary policy, and the FT had a great article, basically saying that we are seeing the most widespread rate rises for over two decades. So policymakers around the world have announced more than 60 increases in interest rates in the in the past three months. It is not only very aggressive hiking, it is also quantitative tightening. And as I've said before, six out of seven QT efforts were followed by a recession, I just don't see that they really will aggressively hike rates and do quantitative tightening without causing a nasty recession. And I mean, we're already seeing the consequences. And therefore, I think, just have a look at a 30-year fixed mortgages. 5.2% at the moment, it's more than doubled from its lows in 2021. And of course, the housing market suffers already lumber is quietly down 50% from its March highs. So obviously, we are moving into a recessionary environment. But obviously, the Federal Reserve will be too late as they are always and I just don't see this soft landing narrative. It just doesn't work out in practice. It's like, if I tell my kids, okay, just have one piece of chocolate and then that's it. You know, it sounds great in theory but in practice it just doesn't work.

And if we have a look at slide 19 Erik, where we show the aggregated balance sheet, Federal Reserve, ECB, Bank of Japan, and people Bank of China, and then a global stock and bond market index, we can already see that basically, we haven't seen any significant tightening yet. And already, stock and bond markets are reversing big time. So, of course, if the Fed continues on its path. If we see 3.6% rates next year. If we see aggressive quantitative tightening, well obviously we won't go into recession, but rather into a depression because we never before in history, have we seen such a financialized economy. We've never seen more dependence on high and rising asset prices. So I think it would be really naive to think that well, they continue with their plan without causing a nasty recession. And then without seeing a big monetary U-turn and I think this is really… Now if you have a look at the ISM for example Erik, The Federal Reserve usually cuts interest rates, when the ISM is below 50. Based on our calculations, and the ISM is already slowing big time, we could cross the 50 by July or August already. The Eurodollar curve is already starting to price in rate cuts. So I think we are already seeing that the market is kind of anticipating this reversal. But still market participants believe in this very hawkish narrative that they tried to communicate.

Erik: Ronnie, you've got a whole bunch of terrific slides in this deck. Unfortunately, we don't have time to cover every one of them. I want to move on though to page 26. Talk about the commodity supercycle where it's headed and what you see next.

Ronnie: Well, this is another very long term chart of commodity prices. And you can tell that that every high. First of all, that there's very long cycles in the commodity space, and we can see that we experienced a brutal bear market in commodities and in 2020, we said well, you got to load up on commodities. And so far, it's doing pretty well. And we can also see on this chart that for every bull market, obviously, it went significantly higher than the previous high. So this would suggest that perhaps we are halfway through this cycle. But we're not close to the end of this commodity cycle. And I think Erik, first of all, what's important, and I talk to you about this already is the under investment, the CapEx cycle that we're seeing in the commodity space. But then we're also seeing this green demand, which is becoming much more important going forward. And just one example for Tesla and its battery day last year, they said that they are projecting three terawatt hours of lithium battery capacity needed in 2030. For the EVs and storage that they expect to produce. Well, actually to reach this target. Tesla alone would gobble up roughly 75% of the world's current nickel production and four times the world's current lithium production. And this is just Tesla alone and if you walk around over here in Europe, you can tell that that EVs are really becoming a big thing and that, of course, they're heavily heavily subsidized.

But I think this green demand is still being under appreciated by many, many investors especially in the commodity space. And if you have a look at slide 27, I can tell that, the commodity producers are indeed cashflow monsters at the moment. For example, in our funds we've got a couple of big names, Vale for example, they generated about 20 billion in free cash flow last year, which is pretty good for a company with around 100 billion market cap and no debt. They paid out 10 billion in dividends last year. And it's not only Vale, it's also Rio Tinto, it's Shell, it's BP, it's Glencore. All those companies are funneling cash back to their shareholders.

So what we really see in the commodity space is the value. We saw that over the bear market in commodities, most of the companies really cleaned up their balance sheets, and now they're in a fantastic shape and they're giving back their earnings to their shareholders. And I think this is still very much under appreciated, especially by institutional players. So so I'm still heavily confident when it comes to the commodities space in general. It has rewarded us very well since the beginning of the year in our funds and still I'm seeing you don't have to go into the into the junior space, into the small cap space, you can stick with the large names to find tremendous amounts of value on the balance sheets.

Erik: Ronnie, let's tie this all together. It seems like we agree that all the fun fundamentals really, really are very, very strongly in favor of gold yet curiously, it hasn't really moved as much as either of us would have expected yet. So what do we do from here? Is this a hurry up and wait situation where you just have to have faith in your fundamentals or is it time to look deeper into why it hasn't responded as we thought it would?

Ronnie: Well, I have to say I'm pretty relaxed about the performance of gold, especially compared to most other asset classes, and we shouldn't forget that it has stood up to collapsing equities, bonds and crypto markets and also against the rallying US dollar. But I think that we should only expect real upward momentum Erik for the price of gold when this turnaround in monetary policy starts and when that's gonna happen? That's obviously the the crucial question. As I've said, I think some sort of a last hawkish crescendo should be expected. So we don't think that we already saw the bottom in equity markets, and that we saw the top in bond yields. And I think, at some point... Well first of all, it's illusory that the Federal Reserve can really deprive the market of the Punchbowl and I don't think that this transformation of doves into hawks will really last because at some point they will see the consequences of monetary tightening, which is a recession that is looming, aggressively rising yields, stock market's doing poorly, bankruptcies, unemployment. So at some point, we will see this U-turn. What instruments or what rabbits can central bankers pull out of their hats. Well, at some point, perhaps renewed QE or QQE, then I think we will see much more financial repression. I think Russell Napier is talking about that very eloquently. I think that the yield curve control at some point will be implemented, I'm expecting much more fiscal stimulus. We write in the report, the US is as far away from a balanced budget as Joe Biden is from puberty. So I think, going forward, the big question is, what would really make me nervous when it comes to gold? And I think it's really a sustained move into positive real rates, which is, as we write in the report, it's as likely as a real marriage between Johnny Depp and Amber Heard. So I don't really see that. For the short term Erik, we had a close look in the report at the seasonality and especially the seasonality of gold in midterm election years. And actually, June is after May the second weakest month in election years. So in midterm election years, so perhaps we should expect some further headwinds over the next coming weeks. But I think we should really buy the dips in every gold correction. As soon as we see this monetary U-turn. I think gold will rip higher and I can clearly see that will go to 2200 US dollars by the end of this year.

Erik: Ronnie, I can't thank you enough for a terrific interview. But before I let you go, please tell us a little bit more about what you do at incremental and particularly for our accredited investor audience who are qualified to invest in your funds. Tell us a little bit more about what's on offer there and how they can contact you for more information.

Ronnie: Yeah thanks Erik. Well actually Incrementum is an owner managed asset manager boutique asset manager based in Liechtenstein. We manage 60 investment funds, most of them I would say in the commodities and precious metal space. We also have two funds that combine gold with Bitcoin where we basically harvest the volatility. The enormous volatility of Bitcoin but also of mining stocks, for example. So yeah, that's what we do besides writing lengthy reports about gold and you can contact me. Have a look at our webpage incrementum.li. I'm pretty active on Twitter. It's @Ronstoeferle and you can download this year's In Gold We Trust report in English, German, but also for the very first time in Spanish and we've got a mandarin edition on our webpage ingoldwetrust.report.

Erik: Ronnie, we look forward to getting you back again for an update in a few months. Patrick Cerensa and I will be back as MacroVoices continues right after this.