Ronnie Stoeferle: In Gold We Trust - Showdown

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Erik: Joining me now is Ronnie Stoeferle, principal author of the In Gold We Trust report and fund manager at Incrementum. Ronnie, it happens each spring and it's that time of year, the In Gold We Trust report is out. Listeners, you'll find the download link for the full report as well as a slide deck that Ronnie prepared to accompany today's interview. Both of those links are in your research roundup email. Ronnie, let's start with just the big picture for people who might not be familiar with the report, which is kind of the event of the season in the precious metals world. How did this thing come into existence? Who's behind it? What's the motive for it? What's the purpose of it? What will people find in the report? And what's new and interesting, and what's maybe the most exciting thing this year?

Ronnie: Hi, Erik. Thanks for having me. And yeah, you said my name almost perfectly. It's a tough name for English speakers, but you're getting better every year, so congrats. Well I started publishing this report already 17 years ago, and it's an annual report and over the years, it became bigger and bigger. And now it's probably one of the most widely followed publications on gold. And the problem is that it's not about gold, it's trying to understand everything, you know, opportunity costs, equity markets, inflation, that then of course, where interest rates are heading, geopolitical stuff, this whole de-dollarization discussion. Then we talk about mining stocks, technical analysis. We've got a chapter on the crack-up boom, we've got a chapter about narratives and how narratives are created. We've got a chapter about the civil war in the sound money community gold versus Bitcoin. Then of course, we've got two exclusive interviews, one with my dear friend Russell Napier and another one with Zoltan Poszar, and the leitmotif of this year's report is Showdown, because we're seeing three different showdowns at the moment.

First of all, the showdown when it comes to central banks versus, let's say, the real economy. So central bankers after raising interest rates that aggressively over the last year, they are facing not a dilemma but rather trilemma between, fighting inflation, then on the other hand, avoiding a recession or a hard landing. And then on the other hand, financial markets stability, especially in the banking space. So this is the first showdown. And we clearly are in the recession camp. The second showdown is when it comes to geopolitics. I mean, this de-dollarization topic that folks like Luke Gromen are talking about for ages already, this is now really becoming mainstream. And therefore, we dedicated two big chapters to that topic. Also, to the topic, how important emerging markets nowadays are for the gold space. And I think, Erik, we in the in the Western world, we think we are London, New York, that's the center of the gold world. Actually, it's not. The price of gold is more and more being made in Shanghai, in India, in emerging markets in general.

So therefore, we took a deep dive and analyzed what's actually going on in emerging markets when it comes to gold demand, but also when it comes to the infrastructure in the gold space. And then the third showdown is actually for the gold price itself. Gold has made new all-time highs in basically every currency. But in US dollar terms, we've been flirting with new all- time highs, and now we're like 100 bucks below. I have to tell you, the feeling that I have is, in the gold community, it seems that general investors couldn't care less and many gold bugs have thrown in the towel. So, this quite negative sentiment, in combination with a price that is only slightly below its all-time highs, I think that's a pretty good setup. So that's basically what the report is all about. We've got a chapter about CapEx, we've got a chapter about our own recession indicator that we've built. We take a deep dive to the topics of inflation, debt developments, we do technical analysis. So it's, it's a long read, 420 pages, but I think it's it's worth taking the time.

Erik: Let's dive into the fundamentals driving precious metals markets. Something changed dramatically, November 6 of last year. I've heard from a few of our other guests on MacroVoices what they think that something was, it happened to be the same day that interest rates peaked, but clearly that was the bottom of a long bear market or cyclical bear market that we had in gold. It was then straight up for a while. Got back tested all-time highs actually did trade to a brand new all-time high for all of about 37 seconds and now we're about 100 bucks lower. So what's driving this, is it about real interest rates? Is it about inflation? What's going on?

Ronnie: Well, I think it's all about this narrative that has been created, that Jay Powell is the new Paul Volcker. And I said a while ago that he should be nominated for the Academy Awards and if Jay Powell is the new Paul Volcker, then Danny DeVito is the new Brad Pitt. So I just don't buy into that narrative. And if we have a look at track records of central bankers over the last couple of years, I still wonder why so many people still actually believe in the forecasts being made by central bankers. But I think that we have definitely, over the last couple of quarters... I mean, let's take a step back. I think nobody, I don't know any strategist, no analysts, no fund manager, actually who forecasted that significant rise in interest rates. I didn't see that coming. I don't know anybody who really forecasted that interest rates will rise more than four percentage points within 12 months. However, I think that, that now I think over the last couple of months, market participants have actually realized that the end of the rate hike cycle is coming closer and closer. But I think that the majority of investors are still, what I think they call them, pessimistic bulls. So they hope for a soft landing, for a mild recession, to see the pivot by the Federal Reserve. And I don't really buy into that. Because, first of all, if we analyze what's coming in, in terms of economic indicators, and you had a brilliant show recently about the recessionary drivers, and we're definitely also in the recession camp. You know, it's the leading economic indicator, it's the yield curve, obviously, it's the labor market that is weakening significantly, it's the ISM. So, I think that, that a recession is definitely our base case. Now, if we have a look at the majority of economic forecasts, we have that based on Bloomberg data. So while many people think it's the most anticipated recession ever, I've heard that quite a lot, the analyst consensus kind of speaks a different language. So the majority of analysts think that there will be a slowdown in growth, but nobody is really seeing a hard landing. So for example, 4 out of 100 analysts that are questioned by Bloomberg, the forecast for this year, is still growth at 1%. And only 4 out of 100. analysts believe that we will hit the recession in 2023. For the next year, it's 13 out of 93 analysts. And none of those analysts are expecting a severe recession, despite this massive monetary tightening that we're seeing, not only on the interest rate side, but also when it comes to credit tightening, also, when it comes to quantitative tightening.

So clearly, I don't buy into this narrative that it's the most anticipated recession. If you have a look at the positioning, I think it's not, if you have a look at analyst consensus, it's not. So therefore, I think that a hard landing is still clearly a minority view. And therefore, we crunched the numbers and analyzed what actually works best over the course of a recession. And this is the result, is our Incrementum recession model, where we said okay, every recession has different stages, and then crunch the numbers and researched which asset classes work best in every stage of the recession. And that's kind of a summary, based on the last recession since 1971. Actually, gold is a pretty decent recession hedge, while equities for example, they only work as soon as the reflation really starts happening. So this is normally the point in time when everybody starts panicking. And what we see, usually during that stage, we see massive fiscal stimulus and monetary stimulus. So in the earliest stages, I think that you want to be overweight gold, you want to be underweight mining stocks, you want to be underweight commodities, but also silver.

Erik: You say underweight mining stocks, let's touch on that. In the past, you know, people have always pointed out, boy, the mining stocks are lagging, there's your opportunity. You want to dive on the mining stocks because that's your chance to still get in, you know, it hasn't made the move up. You're saying the opposite, stay away from them. what's going on there?

Ronnie: Let's say from a technical point of view, I think it's now too early to really start to build a massive position in the mining space. And if you have a look in the sector, you see that the risk appetite is still pretty low. What do I mean by that? Well, have a look at Franco-Nevada, have a look at at Silver Wheaton, for example. So those large royalty and streaming companies, they are pretty close to the all-time high, so they are doing pretty well, because they are being regarded as the most conservative stocks in the mining space. Then, if you have a look at three major producers; so Newmont, Barrick, and Agnico, they're still between 30%, and almost 50% below their all-time highs. So this is telling me, well actually, the market doesn't really appreciate the leverage that the producers have. And then if you have a look at developers, if you have a look at juniors, well, there are some really good names, some really good stories out there, stocks that have done tremendously well recently, but I don't see too much risk appetite.

And, we're seeing so many factors that actually influence the mining space at the moment. Of course, cost of capital, then we're seeing resource nationalism, what's going on in Chile, what's going on in Mexico recently then of course, we're seeing that risk appetite in equity markets is still not really there. And then we see that, well, as I've said before, if you have a look at the gold space, for example, institutional investors, and I would say that Western financial investors can be kind of analyzed via the numbers of the ETFs. So gold ETFs were down a bit last year, and this year, starting in March. And then in April, we saw some modest inflows, but this is telling me that well, still many market participants are on the sidelines when it comes to gold. When it comes to gold mining equities, I think we're not there yet. So from my point of view, it's now time to work on your selection, do your homework, start buying into some quality names. But, I think we're far away from you know, a big in the junior mining space yet. That's going to happen at some point, but this is just way too early.

Erik: Ronnie, different people have different views on what's going to happen next with respect to inflation. But for those of us who think that a new secular inflation trend is already upon us, it pretty much spells a certain showdown coming in monetary policy. Because at some point, what happens is, you start to see inflation running away, the Fed must, MUST hike interest rates in order to fight inflation. Yet, at the same time, if you're having a dislocation in the stock market, as a lot of people think would happen under those circumstances, the Fed must cut in order to save the market. Well, if you must do two opposite things at the same time, you're screwed. What happens when they're screwed? Not only which one do they choose but you know, at that point, what are the potential consequences?

Ronnie: Well, I agree that they're screwed, and there's only, let's say, lesser evils. And as I've said before, I think that the Fed kind of regained quite a lot of credibility over the last year and I'm pretty certain that they will lose quite a lot of credibility over the next couple of quarters. But I think, this this narrative of Jay Powell and I'm not the biggest the fan of the ECB obviously, they have been acting like you know, as flexible as an anvil in any freefall, when it comes to inflation. They told us that it's transitory and it's only a hump and so on for forever and then they reacted very, very late. And David Rosenberg, he said that quite reasonably, it's the same old, the same old game, at first they over ease and they over tighten, and now we're obviously in the overtightening environment. But I would say that, first of all, clearly for the time being, disinflationary drivers are much stronger. So we see that, first of all recessions are extremely disinflationary. Then we of course, see the base effect kicking in. We see that commodity prices have come down significantly. We saw that tapping the SPR was clearly disinflationary. Energy prices have stabilized. If you have a look at break even rates, this inflation is the name of the game at the moment. However, if we have a look at the longer term game, and I would say that this is kind of game between inflation and deflation, it's like a tug of war.

We once published a book almost 10 years ago, it was called *Austrian School for Investors*, Austrian investing between inflation and deflation. And I think, over this period of the Great Moderation for decades basically, inflation for a portfolio manager was not important at all in the western world, not important at all, if you want to structure a portfolio. Now, I think that inflation is really becoming much much more important for your asset allocation, it's a similar set up like in high inflation countries. Well, for them, if you want to structure portfolio, if you want to prepare it for the future, inflation and inflation volatility has always been central, for your decisions. But if we have look at this tug of war between inflation and deflation, I think there is not too many deflationary drivers left anymore. Obviously, if you have a look at M2 growth, which is falling for the first time, basically on a yearly basis since the 1930s. This is one of my favorite recession indicators probably. So, money supply growth is clearly telling us, well, this is disinflation, and it goes hand in hand with my call for recession. But then on the other hand, we are seeing that, global supply chains, they have kind of normalized. And then the big topic out there, technology and innovation, especially artificial intelligence, Chat GPT, that's a major disinflationary or deflationary force. And I think we all have a kind of a view on that, it's gonna impact markets tremendously over the next couple of years and it's a disinflationary driver.

However, I think that medium to longer term inflationary dynamics are becoming stronger and stronger. We're seeing for example, wars are always inflationary, unfortunately, and it seems that the Ukraine war, but also some other regions that are highly fragile at the moment, it's where we're kind of moving into a fourth turning environment. Then, of course, the whole greenflation that we're seeing, yes I mean, we're seeing some sort of a Cubanization of Europe at the moment. And we try to spend gazillions to fight climate change. Of course, it has significant costs. And if you have a look at, for example, at energy prices in Germany, well, if you want to be competitive as an industrial nation, obviously, energy costs are quite important. So, this is definitely another inflationary driver. Then we're seeing, of course, demographics, we're seeing that the supply of labor is declining, we're seeing that demand for labor is rising. And it's driving up wages, we're seeing this cost wage spiral.

Then another big driver is de- globalization. And you know, reshoring, friendshoring or whatever you want to call it. So from my point of view, we should brace for higher inflation volatility going forward. We should brace for another inflation wave as soon as this inflation wave is over. And I think that what's going to happen then, well, actually, if inflation rates continue to come down, then I think that central bankers will basically say, congrats, we did a great job in fighting inflation. The recessionary clouds will get darker and darker, and then obviously, they will start becoming much more aggressive on the monetary side, but also on the fiscal side. And I think they will become too dovish, too early, and then basically prepare the foundation for the next inflationary wave. So that's basically our forecasts; disinflation for the short term, and then another inflation wave. So therefore, I think that hedging against inflation is probably... it's still very, very cheap. And I think that most asset managers that have never really navigated through an inflationary environment, they're still in this Great Moderation thinking, and think, well actually, we will go back to the Great Moderation. We took a big hit in 2022, but now, everything is going back to normal. I don't think we're going back into this Great Moderation environment for the next couple of years.

Erik: Ronnie, way back in 2009, I wrote an article describing Sergei Glazyev, the Russian scholar who has proposed what he described as a de-dollarization campaign. And I was really trying to persuade people that this was worth paying attention to. And oh boy, was I ridiculed and mocked. You know, retired computer geek pretends to be a finance guy and totally misses, he doesn't get it. He doesn't understand that the US dollar is guaranteed to be the center of the universe forever, just like the people thought that the pound sterling was going to be that. Well, it's true that I was way early. But wow, look at what's going on. In 2018, I wrote a book predicting that Russia and China might jointly work together to assert a global digital reserve currency backed by precious metals. Seems like there's an awful lot of Chinese and Russian gold accumulation. Do you think they're planning something?

Ronnie: I think it's just a process. It's a process that has heated up over the last couple of months, and definitely the sanctions against the Russians, they were an important catalyst. Because if the Western world basically with the stroke of a pen can say, well, your currency reserves are worthless, then you're probably going to change your playbook. And I think that, if you want to diversify out of the US dollar and out of treasuries you need something that is, that is highly liquid that has a low bid-ask spread that is traded 24/7, and that is accepted all over the globe, and something that doesn't have any counterparty risk. And I think gold plays a vital role in that. And therefore, I think it's no coincidence that in 2022, we saw a new all time high when it comes to Central Bank gold demand. It's no coincidence that now China and Russia have announced again, that they continue to buy gold, it's no coincidence that I think 17 nations now wanting to join the BRICS.

So therefore, I think this game is really picking up momentum. You quoted Russian finance minister Glazyev and he said, for example, gold along with silver has been the core of the global financial system for millennia and equivalent, an honest measure of the value of paper money and assets. So I think that all those nations in the breaks in the emerging markets in the SCO, the Shanghai Cooperation Organization. Well, first of all, they're quite significant when it comes to Central Bank gold demand. They're quite significant gold producers, China and India, China and Russia being now the top two producers. And also when it comes to consumer demand, they are pretty important. So 50% of all consumer demand is coming from China and from India.

If you have a look at what India imported over the last 20 years, they imported 31,000 tons of gold, those combined gold holdings? That's more than the 27 top central bank gold holders in the world. If you have a look at the importance of the Shanghai Gold Exchange, which is 100% physically backed, then I think I said that at the beginning already. Well we Western guys and girls, we should focus much much more on all those developments in the gold world happening in Shanghai, in Mumbai, in Dubai for example. That's really where the gold flows are heading to. While over here, big banks probably say, yeah, you have to have some 2 or 3% Gold allocation in your portfolio. Well, I'm not sure about if that's the right allocation. So obviously, when it comes to the whole de-dollarization topic. It's a very, very complex, it's a very political development that we're seeing. But all those things that we and Luke Gromen, for example forecasts for quite a while now. They're happening. We are seeing that the BRICS will be discussing a BRICS currency at the next meeting in summer. We saw that Sergei Glazyev last year he was talking about the Gold Ruble, the gold ruble 3.0. We're seeing that, that three out of the out of the top five oil exporters are actually big buyers of physical gold at the moment. So all those little tiny pieces are clearly going into that direction.

However, I still think that it's naive to believe that well, you know, the Renminbi will be the world's reserve currency very soon. That's not going to happen, because obviously the Chinese have their own problems. But we have seen for example, that the US dollar and the British pound, we're basically working side by side as the world reserve currencies for almost four decades. And I think that the Renminbi for example is more and more being accepted as a trade currency, not really as a reserve currency yet because, they don't want to open up the capital accounts. They don't want to float, the currency and so on. But I think the infrastructure and all those small agreements, those bilateral agreements, there's just so much going on that, actually this year in the chapter about de-dollarization. We call it the final showdown. And we quoted Xi Jinping in his farewell to Vladimir Putin on March 22. When he said 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. So this is clearly happening. We discussed this topic with Russell Napier, for example, where we said well actually perhaps gold could be labeled, as kind of a narrative being created by the Western world that gold is something that only the bad guys, the Putin and so on kind of like and this could be quite a powerful narrative like similar to Bitcoin, which started out as a libertarian cypherpunk currency and then it has been labeled as you know, only being road for Silk Road transactions. And then the next narrative are well, well, actually, it needs way too much energy and pollutes the environment. So I think this could be quite a powerful narrative when it comes to gold and it might even impact prices for a while. This narrative that the bad guys will be using gold to kill our currency system.

Erik: Ronnie, you've also got a section in the report about the shift in gold demand from west to east now, is that central bank demand or retail demand or institutional demand? What kind of demand are we talking about that's moving from west to east?

Ronnie: Well I think it's a trend that is really important. We're seeing it, you know, in 2008-2009, we saw a big pivot, when, up until then Western central banks were selling gold. We saw the infamous brown bottom. We saw all the central bank gold agreements, where the Western central banks reduced their gold holdings. And then on the other hand, eastern central banks started purchasing gold started diversifying out of the US dollar and so on. So this is the central bank side, but then also when it comes to consumer demand, I mean, China for example, in the year 2000, they were responsible for 8% of consumer demand. Now, they're being responsible for 25% of consumer demand, the only western nation where consumer demand. So this is like the retail demand for bars, coins, and so on. So the only western nation where consumer demand really picked up significantly is Germany. So they are now almost 6% of all consumer demand. And probably the reason for that is probably because, for the Germans, but also for us Austrians, we've got the hyperinflation in our monetary DNA.

So, our grandparents did tell us about the currency reforms, the hyperinflation, and you often get like little gold coins as a gift for your birthday and for Christmas, and so on. So we're still massively influenced by this hyperinflation and all those currency reforms that our grandparents saw, but besides Germany, and also to some degrees, Austria, basically all Western nations, gold demand basically stagnated while as I've said, India is now 23%, China is 25%. We're seeing countries like Türkiye, but also the Middle Eastern region, becoming much more important and, and I think Erik what's really important is to also have a look at the gold trading infrastructure with the Shanghai gold exchange, with the India International bullion exchange, but also the Russian gold market infrastructure where quite a lot of things happened. They are now introducing, you know, Moscow world standard to kind of compete with the LBMA. We're seeing that there's quite a lot of movement when it comes to cooperation between the Russians and the Chinese in gold trading infrastructure. So there's quite a lot of stuff going on, and it's probably also no coincidence that there's quite a lot of geostrategic central bank gold buying from all those nations in the Shanghai Cooperation Organization, in the BRICS, in the Belt and Road Initiative, all those nations that are now becoming more and more aligned, they're pretty significant Gold Buyers. And I think once again, we tend to underestimate the importance of those markets and also how they behave when it comes to gold for example, the Indian are pretty contrarian gold buyers, you can also always see, when the gold price in Rupee terms is rising too much, will actually start selling and when it's falling days, they start accumulating, accumulating. So that's where we said, well actually, it's very much under appreciated in the Western world. So really, let's focus more on what's going on in those nations where gold is much more of a like, let's say, inflation hedge, a monetary hedge, and therefore, this is really one of the core topics of this year's report.

Erik: Ronnie, let's go back to the gold mining stocks that we talked about a little bit earlier, I really caught my eye in the report to see the ESG section because at first I thought, okay, obviously ESG you know, the mining is a very environmentally damaging industry, it must be the environmental concerns they're talking about and no, you're talking about the social component, the S in ESG, not the E in ESG related to gold mining stocks, why is it the S and not the E that we're talking about?

Ronnie: Well, we covered a topic of ESG already for a couple of years. I think we started in 2019. And everybody's talking about the East or the environmental aspects. But I've visited many, many gold mining projects. And I think, if you hear gold mining, the perception and the image that is that is coming to mind is almost always a negative one. So from my point of view, if you have a look what at the social aspects of mining, what it does to communities, of course, there are some really bad examples. But in general, I think that most of the companies really do a great job in providing infrastructure, hospitals, schools, in providing access to clean water, roads, electricity, and so on. So I think it's really something that is vastly underreported. Now, we say that, well actually, what's going on with all those nationalization campaigns. Well, actually, I think it's a challenge for the mining space. But what we always see, for example in Latin America, well, you know, it's the pendulum is swinging to the very, very left politicians, and then it's swinging back, because they realize, well, actually, mining and natural resources are just crucial for the economies.

But I think that co-ownership is really something that works pretty well. And we're discussing some examples where we're actually the community gets a certain part of the mining project or the revenues, and then you can see lots of positive effects. So I think that most people criticizing mining, and that now coming up with green metals, so for some reason, copper, or lithium, or cobalt, or nickel are greener than gold, for example. I think most of those people have never visited a mine. Have never talked to the people in the community. Of course, there's negative aspects but I think in general, the positive aspects of mining are overwhelmingly bigger than the negative aspects. So I think, as far as I know, the companies we do like 120 management meetings, on average, per year. I would say that the companies really care about that, because they know if they screw it up, their share prices will be impacted by that. So I think that's, that's something that's really important to communicate. And I think that the gold industry could definitely do better in that aspect.

Erik: Ronnie, I want to shift gears now and talk about the market outlook as well as trading strategies because I think you and I are very much in agreement that in a big picture perspective, the fundamentals couldn't be much better for gold. But you know what I'm reminded of one of my favorite Jim Rogers quotes, it was something Jim said to me, I think in the very first episode of MacroVoices, which is look, the problem when you have a market where the fundamentals are just so clear that it can't possibly be a loss, is that it's so clear that all the dummies get it too. And as soon as all the dummies get it that puts everybody on the same side of the boat. And as soon as everybody's on the same side of the boat, it doesn't matter that they're right, it means at least some of them are going swimming before this is over. This ride ever since the sixth of November, frankly, has been too easy. A lot of us making a lot of money on gold. And that leads to a crowded trade. everybody's on the same side of the boat. We had Tian Yang a couple of weeks ago describing a bubble indicator that they use at Variant Perception saying that just fired, you know, two Fridays ago. Sure enough, he called the top of the market almost to the dollar. Were 100 bucks lower already, we just bounced off of the 100-day moving average. We're recording this on Monday, a few days before our listeners will hear it. So the market may have moved since then. I do think there's a bit of an anomaly in that because it was also a contract role. And interest rates are back so, contango is back. So I'm not sure how long this bounce will last.

But if we break this 100-day moving average, this key support right around 1942 that we just bounced off of, to the downside. Seems to me, there's not a lot more under it from a technical perspective for about 100 bucks more to the downside. And frankly, a wash out like that to shake the weak hands out of the market kind of makes sense. Seems like it fits the narrative to me. And I would also recall that back in 2008, and I'm not saying that this coming recession is going to be a 2008 sized market event. I think it'll be smaller than that. But what happened in 2008 is all the gold bugs that okay, this is bad for the stock market, but the fundamentals are really good for gold. And they were right, the fundamentals are really good for gold, but in a market panic, everybody sells what they can not what they want to. Gold sold off hard and a lot of gold bugs got shaken out. I just have the heebie jeebies feels to me like something is just too easy here and about to break. How do you see it as a fund manager?

Ronnie: Well, from a fund management perspective, we put in some stop loss orders in the mining space. We have reduced our positions over the last couple of weeks actually. And I would agree with you and if we have a look at the sentiment, for example, Commitment of Traders report but also, for example, sentiment trader and some other indicators, I would say they're kind of an in a neutral position. It's not from a contrarian point of view. It's not a screaming buy, but it's not super, super overvalued. From let's say, anecdotal evidence, I can tell you Erik that I gave a keynote at Denver gold show conference in Zurich. And actually, it was like, end of March beginning of April. So gold was like, I don't know 50 bucks below, its all time highs. It was almost empty. People in the gold industry really were kind of kind of negative, kind of pessimistic. So I think, if people in the gold industry and in the mining industry, even though we're just only slightly below all time highs, if they're that pessimistic, I think that's a pretty good sign that we are far away from all time highs. I mean, imagine if bitcoin is trading a couple of percent below all time highs? What's going on at those Bitcoin Conferences? So that's, that's a pretty good setup from my point of view. Can we go 100 bucks lower? Definitely, definitely.

I think from a seasonal point of view, the next couple of weeks will be will be tough. Normally, mid July, beginning of August, better seasonal setup starts. And in the report, we've got a couple of really interesting new indicators. And on the last couple of pages, for example, we showed the US two years versus gold and normally, you know, the two years they exploded to almost 5% at their peak. I mean, who would have imagined but normally, each time, the two year yields fell from significant highs, the gold price began an impulsive bull market phase and I don't think that we will go above those 5%. I think for yields, we have seen the peaks. So therefore, can we go 100 bucks lower? Definitely. Of course, if we have a look at risk appetite, for example, the Gold-Silver ratio, it's not very, very bullish. If we have a look at the mining space, we don't really see a lot of lot of interest in the mining space. So we are now a little bit in no man's land, I would say. But being in no man's land at those price levels. I feel pretty comfortable, to be honest. And I think it's basically clearly telling me well you know, our recession call is playing out pretty well. Because commodities if you have a look at commodity performance, I think they're clearly telling us that the recession is building. Have a look at those charts. I mean they really look destroyed over the last couple of weeks.

So once I think recession is being discounted, I think that the price of gold should stabilize around those levels. And once I think the market realizes that the Emperor being the Federal Reserve has no cloth. I think this will be the point in time when gold really starts picking up momentum. And that's going to be the point in time when his huge cup and handle pattern will basically be dissolved. And I think, as I've said before, so many players are waiting on the sidelines, gold ETFs, for example, they've been really, really no inflows recently. I think everybody is really waiting for this momentum breakout over new all time highs. Once this happens, I think it can be pretty explosive rally. And I would say that it's probably going to start late summer, early fall. I think that that would be my my guesstimate. So for the next couple of weeks, it will probably be a tough trading sideways environment, we will probably test the lows, I don't expect any immediate breakouts at the moment.

Erik: Ronnie, I can't thank you enough for a terrific interview. But before I let you go, I want to switch gears completely here because almost everybody knows you as the man behind the in gold we trust report. A lot of people don't realize that you're a fund manager. And you've had some pretty spectacular performance. Now, as a manager of a hedge fund for regulatory reasons, you are not permitted to tell our listeners that you've had a couple of triple digit annual returns in there. But I'm retired, I'm not longer regulated. So I can say whatever I want to so don't say that. But what do you want to say about how people can contact you if they're interested in learning more? Of course, your fund is only available to accredited investors who are eligible to invest in hedge funds. But for those folks are institutional listeners and accredited private investors, how do they contact you and how did they get a Tear Sheet to learn more about Incrementum funds?

Ronnie: Well actually, we run a couple of strategies. We're a boutique. Absolutely we run investment funds. I would say most of them in the commodity space, absolute return space. We've got precious metal strategies. We've got strategies where we combine real gold with Bitcoin, for example, with an options overlay. Some of them are AIF. So kind of hedge funds, but the majority of our strategies are UCITS funds. So they are actually also available for the for the retail crowd. And yeah, all information is on our webpage, incrementum.li. Of course, there's also an English version of that. And yeah, just have a look at the webpage or, you know, drop me an email or contact me via Twitter. I'm pretty active tweeting out charts, not only from the gold we trust report, but also, lots of macro stuff.

So yeah, contact me anytime. I think we've delivered some spectacular results, especially last year, which was a really tough environment. And that's probably when or as I said in an interview recently, well, you know, if the being an Austrian, of course, I'm going skiing all the time, but when the snow is fine, and the weather is fine, everybody tends to be a good skier even the Dutch and the Germans, but when it's icy, when it's foggy, when it's steep, then you can really tell who's a good skier and not and it's the same with asset management. So I think last year, with our performances we really showed well, when it's tough out there, we reach our peak performance. So yeah, have a look at our webpage. Drop me an email and I'm happy to have a chat.

Erik: Patrick Cerensa, Nick Galarnyk, and I will be back as MacroVoices continues right here at macrovoices.com