

Equity Investment Advisers Gold Report



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Gold snaps 3-session skid to end sharply higher amid trade-war talk

Gold futures jumped on Friday, settling with a sharp gain as the threat of a global trade war pushed stocks and the dollar lower, underpinning a flight to the perceived safety for assets such as precious metals. The precious metal also scored a fillip from buying from investors looking to hedge against rising prices that are typically associated with global trade tensions.

Industrial metals were also trading in volatile fashion, though broadly higher in a Friday rebound, as traders assessed the potential impact of tariffs, including the long-run impact on economic growth.

"Gold is extending some of the gains it posted yesterday as concerns over a potential trade war brought the safe-haven back in fashion," said Andreas Georgiou, investment analyst with XM. He noted that gold had pushed through a \$1,320 resistance zone.

Stock bulls and dollar holders are spooked by the news that President Trump will sign orders imposing a 25% tariff on steel imports and a 10% tariff on aluminum. "You'll have protection for a long time," Trump told steel industry executives. Friday morning, Trump tweeted that a trade war would be "good" and "easy."

U.S. steel stocks volatile on Trump tariff uncertainty

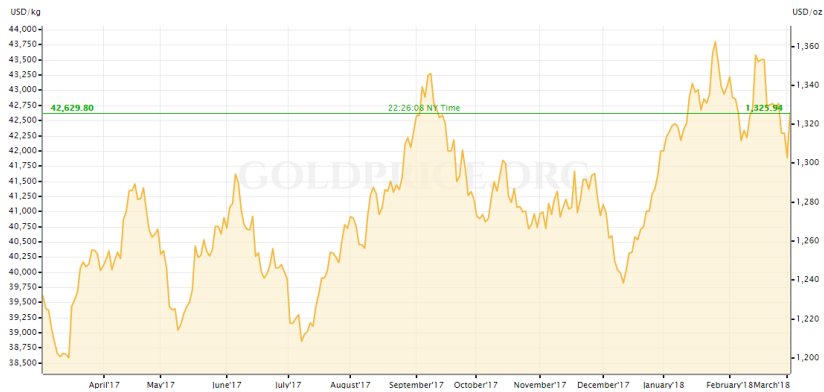
Steel stocks were volatile and some erased part of the previous day's gains, as investors worried threats of retaliation from overseas trading partners would halt or water down Trump's promise of hefty import tariffs. Shares also fell in sectors that could be hurt by the tariffs - from rising prices for steel and aluminum buyers such as car and machinery makers, to the threat of possible counter-tariffs against U.S. companies such as Harley-Davidson, who sell their products overseas.

Trump struck a defiant tone on Friday, saying trade wars were good and easy to win, after his plan to put import tariffs of 25 percent on steel and 10 percent of aluminum triggered global criticism and a slide in stock markets. "The President took a dump truck and dumped a heap of uncertainty onto the market," said Michael Antonelli, managing director, institutional sales trading at Robert W. Baird in Milwaukee.

"We have a tailwind from tax reform and when you throw in a cross wind of tariffs the boat starts rocking. Uncertainty brings about selling." Harley-Davidson shares fell, last down 3.0 percent, after European Commission President Jean-Claude Juncker told German television that Europe would put tariffs on their motorbikes, as well as bourbon and jeans. Shares in Caterpillar, a buyer of raw materials and a big exporter of construction machinery products, were down 2.6 percent after falling 2.8 percent in the previous day's session.

Meanwhile, US domestic steel companies soared on Thursday.

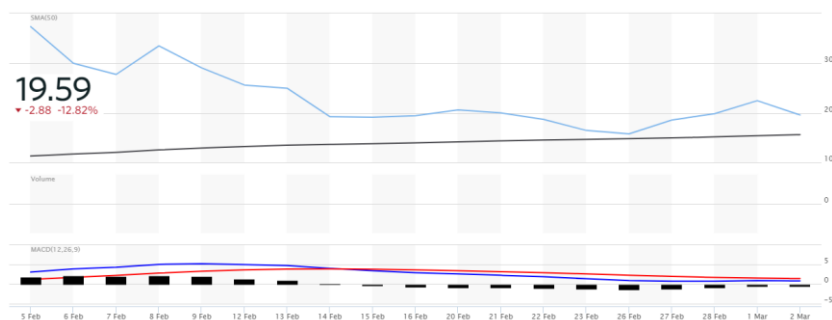
Gold Price



Silver Price



CBOE VIX Volatility Index



Michael Pento: Currencies Will Be 'Flushed Down The Toilet' Triggering A 'Mad Rush Into Gold'

The following is an adaptation of Michael Pento's comments during an interview with Mike Gleason, concerning currencies and bonds:

So, you know that I love gold, I think it's going to be supplanting fiat currencies. But I'm underweight gold in the portfolio now. Looking back to 2008, we had the BRICs trade going. People were short dollars and long BRIC currencies. But, when people became aware that the stock market globally and economies globally and real estate market globally was going to tank, they had to close out that carry trade, which involved buying dollars.

That trade is not prevalent today, so I don't think gold is going to get hurt the next time this happens. The dollar does stand to weaken because of these massive trade deficits we have, in fact the last one came out at minus \$74 billion dollars for one month of goods and services in the deficit. That's very negative for the dollar and positive for gold. On the negative side for gold is rising nominal and real interest rates. So that is never good for gold. So, there's a battle on right now. You see gold tries to get higher but rising rates are not very good for gold, it starts to fall and you realize that hey, a falling dollar is really good for gold, so it's kind of caught in this trading range of ignominy.

But that all ends when that epiphany, that watershed moment comes from the Federal Reserve that yes, we have to stop draining our balance sheet, and we must reduce the federal funds rate. Then I think, as I said, fiat currencies get flushed down the toilet and there's going to be a mad rush into gold like you've never seen before. Because what's going to happen is you're going to have bond prices and equities tanking simultaneously. And people will be fleeing to gold, flocking to gold, in the realization that normalization in the interest rate spectrum and economy, is not going to be achieved any time in the near future.

The Quick Rundown: Sunken Ships & Real Treasure

- A long-lost steamship that is currently being explored for its valuable holdings has been the source of some fascinating news- and no, it has nothing to do with pirates.
- The SS *Central America* sank in 1857 on its way to the United States, losing more than 14,000 kilograms of gold.
- The gold, made up largely of bullion and valuable coinage, was deemed lost to the sea and beyond recovery.
- However, recent exploration attempts have proven successful in not only determining the ship's location under the Atlantic Sea, but also in recovering some of its lost cargo.
- While the story of a sunken ship filled with treasure may seem laughable, the value of the gold recovered so far is no joke, valued at \$40 million USD, with another \$60 million or so still recoverable from beneath the sea.

You may also be interested in:

<https://www.moneymetals.com/news/2018/03/01/gdp-increase-since-2000-001428>

<http://www.silver-phoenix500.com/article/potential-54-trillion-cost-feds-planned-interest-rate-increases>

ETF - Singapore Gold



ETF - Betashares Gold



ETF - Physical Gold



Evolution Mining	0.035	1.207%	\$2.865
Newcrest Mining	0.210	0.976%	\$21.300
Northern Star	0.050	0.781%	\$6.350
Rio Tinto	0.780	1.015%	\$76.080
South32	0.015	0.455%	\$3.315

As at 5:00 pm New Zealand Time

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