Equity Investment Advisers Gold Report



Monday, 16 April 2018

www.equity.co.nz E-mail: Info@equity.co.nz Tel: +64 (9)304 0145

Gold scores second straight weekly gain

Gold futures finished higher Friday, giving up early declines, as U.S. tensions with Russia and China fed the precious metal's investment appeal, sending prices up for a second straight week.

"Safe haven demand picks up with situation in Syria coming to decision point today and into the weekend for the Trump administration," said Jeff Wright, chief investment officer at Wolfpack Capital. "The true anxiety is how to respond without escalation of crisis from Russia, who have their own troops embedded" alongside Syrian President Bashar al-Assad's forces throughout the country.

Overall, it's been a "roller coaster for gold prices" said Will Rhind, chief executive officer of ETF company GraniteShares.

"Gold shot up on Wednesday primarily on the back of U.S. talk of airstrikes and saber rattling with Russia and Syria," he said. Gold prices then fell Thursday as "fears of imminent airstrikes and military action in Syria receded on the back of President Trump's tweet clarifying that the time frame could be 'sooner or much later'."

Meanwhile, expectations for more gold-negative interestrate hikes this year were backed by Federal Reserve meeting minutes late Wednesday, which fueled the pullback in gold Thursday. Hawkish comments in a speech early Friday from one Federal Reserve regional bank head added to that tone.

Higher interest rates can boost the dollar and dull demand for dollar-denominated commodities, although some camps will always consider gold a hedge should inflation run too hot, even if the Fed is raising rates.

Palladium price rises as US impose sanctions on Russia

The price of an ounce of palladium has risen by more than 5% in the past week following US sanctions against Russia and one of the leading palladium producers in the world, and there are now fears that supply could be hit as the US/China trade war escalates.

Oleg Deripaska, the owner of United Co. Rusal, was added to the US sanctions blacklist earlier this week. His company is the largest aluminium producer outside of China and owns a 28% stake in Norilsk Nickel, a nickel and palladium mining venture.

In a statement from Commerzbank on Monday, their spokesperson said: "What participants on the metal markets are far more concerned about is that the sanctions could also result in supply disruptions."

Russia is the top palladium producer in the world and the news of sanctions saw the price for palladium rise by $\varepsilon_{33.80}$ (5.2%) in the last seven days. The shift in price has been attributed to speculative buying, though experts aren't expecting an immediate threat to supply.

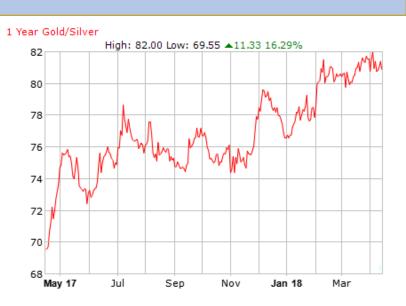
The metal peaked in January 2018 at £826.38 an ounce, but has since fallen back by 20%.



Silver Price



Gold To Silver Price Ratio



Dear Congressman Mooney,

The following is an open letter to the United States Congress:

I am writing to you about something of great importance, the path to the gold standard. Thank you for introducing H.R. 5404. I agree with your findings, especially that inflation undermines jobs and retirement. Yet I must say that the dollar cannot now be defined as a weight of gold.

This would be nothing more than a price-fixing scheme.

Every attempt to fix prices has ended in disaster. Roman Emperor Diocletian set price caps in A.D. 301, which disrupted commerce. The Swiss National Bank lost 13% of Swiss GDP in the instant its currency peg failed in 2015.

The dollar is falling, because the US government is sinking into debt it cannot repay. One dollar was once worth over 1,500 milligrams of gold, but it's now down to 23.25mg. The Fed might fix the price temporarily, while the government's gold holds out, but it cannot prop it up indefinitely.

In a working gold standard, people deposit gold and get a piece of paper promising to return it. Paper is credit. And credit is built up, by countless decisions made by people in the market.

Our challenge today is that no dollars are gold receipts. Every dollar began life as an irredeemable promise. They cannot retroactively be declared to be gold receipts. It won't work to try to impose a monolithic price policy, in lieu of the credit structure of debtors and creditors that evolves in the market.

Further, it would be an unfair change of the rules of the game. Creditors lent and debtors borrowed based on current law. If the gold price is fixed, they must all come to Washington to lobby for their preferred price (or game the price of gold on the critical day it is determined).

Creditors want a low price of gold. Suppose the price was fixed at \$20 an ounce (the pre-1933 value). Then a homeowner with a \$100,000 mortgage will have to come up with 5,000 ounces to pay the creditor. Debtors want the opposite. At \$10,000 an ounce, that same homeowner only has to give 10 ounces and he is out of debt.

To move to a new gold standard, people must be allowed to make the decisions to grant and use gold credit. Here are some simple policies that Congress could immediately enact:

- Repeal capital gains tax on gold and silver (several states have done this recently)
- Allow taxpayers to make an election to keep their books in gold or silver
- Clarify that debts in gold or silver are valid
- Direct the Treasury to issue gold bonds.

Sincerely, Keith Weiner, PhD

Founder, Gold Standard Institute USA

The Quick Rundown: VAT pounds Dubai Gold

- Dubai gold jewellery merchants have suffered a serious shock, as sales in QI 2018 dropped by 40% to 50%.
- The United Arab Emirates imposed a new 5% VAT on gold jewellery (among many other goods and services), that came into effect in January of this year.
- Merchants attacked the legislation, blaming it for the disastrous business season experienced so far.
- Chandu Siroya, vice chairman of Dubai Gold & Jewellery Group, blamed the Government's hamfisted VAT for "dampening the market".
- The impact has been so devastating that the famed Souk Marketplace, one of Dubai's most impressive, now has space available to rent for the first time in years.
- He also blamed related legislation for turning relatively simple business trips to buy inventory into "bureaucratic nightmares".
- The Dubai market never recovered from the Great Recession to its relatively prosperous pre-2008 era and this year marks the worst point since then.

You may also be interested in:

https://news.gold-eagle.com/article/golds-waiting-place/966

https://www.moneymetals.com/news/2018/04/11/fragile-nature-ofcurrencies-001454

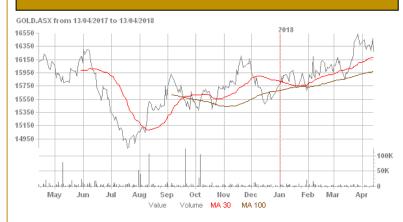
<u>ETF – Singapore Gold</u>



<u>ETF – Betashares Gold</u>

QAU.ASX from 13/04/2017 to 13/04/2018 1420 1400 1380 1360 1340 1320 1300 1280 1260 1240 1220 600K 40.010 200K Sep Oct Apr May Jun Jul Aug Nov Dec Jan Feb Mar Value Volume MA 30 MA 100

ETF - Physical Gold



Evolution Mining	0.00	0.000%	\$3.270
Newcrest Mining	0.02	0.010%	\$20.080
Northern Star	0.040	0.626%	\$6.350
Rio Tinto	0.140	0.179%	\$78.070
South32	0.140	4.023%	\$3.620
	As at 5:30 pm New Zealand Time		

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA gold reports: Kitco, BullionDesk, MoneyMetals, GoldSeek, Gold-Eagle, GoldSilver, MarketIndex, BullionVault, ANZ & BusinessDesk.

Interested in adding Precious Metals to your portfolio? <u>Contact Equity Investment Advisors today.</u>

E-mail: Info@equity.co.nz Tel: +64 (9)304 0145

