

The New Gold Playbook

Webcast with Dave | August 13th, 2024 -- 3 PM ET

Rosenberg
Research

After the Gold Rush

The Case for a Secular and Shiny Bull Market in Bullion and the Gold Mining Stocks

Join David Rosenberg with Special Guests
Ronald-Peter Stoeferle & John Hathaway

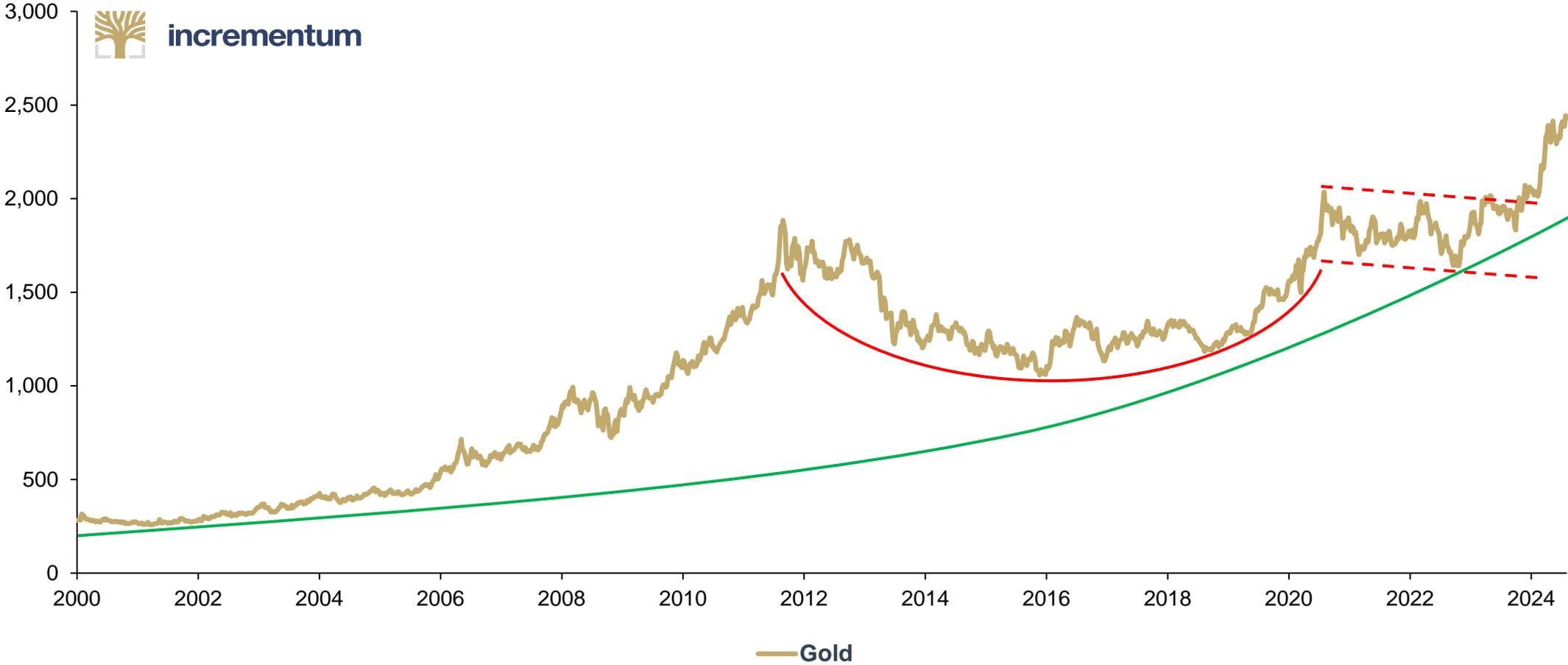


***“Bull Markets Are More Fun
Than Bear Markets!”***

Bob Farrell

Breakout: Gold And Gold Investors Enter Terra Incognita!

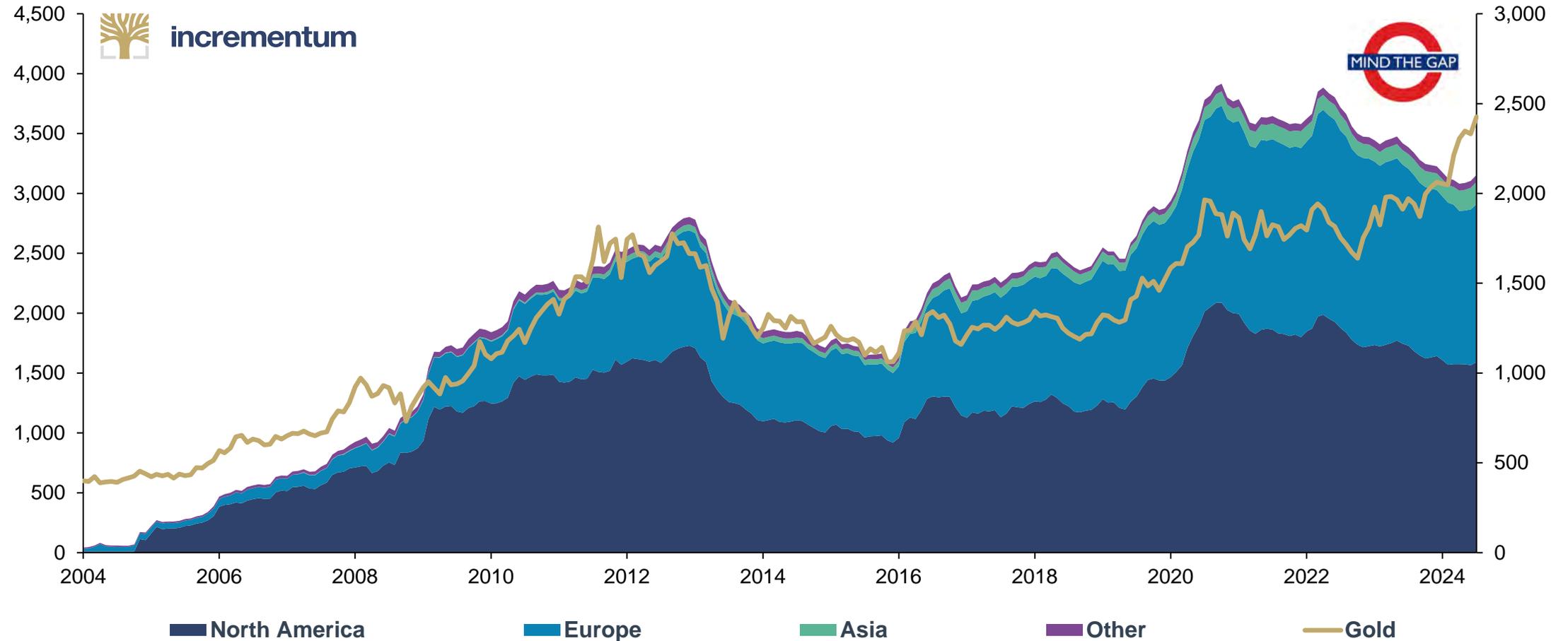
Gold Cup-and-Handle Formation, in USD, 01/2000–08/2024



Source: Reuters Eikon, Incrementum AG

Western Financial Investors Are Skipping the Gold Rush - For Now

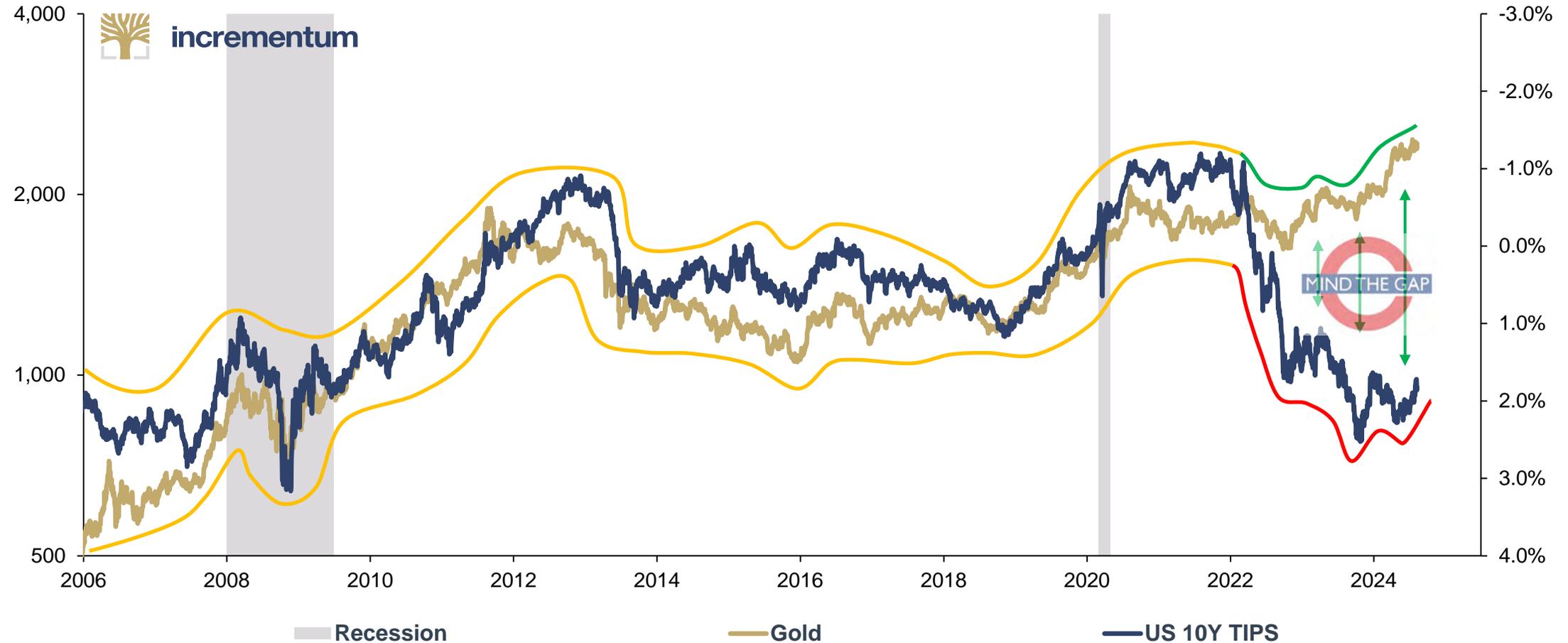
Accumulated Gold ETF Holdings by Region (lhs), in Tonnes, and Gold (rhs), in USD, 01/2004–07/2024



Source: World Gold Council, Incrementum AG

Gold In Rally Mode – And That With Rising Real Interest Rates. In The Old Playbook, This Would Have Been Unthinkable!

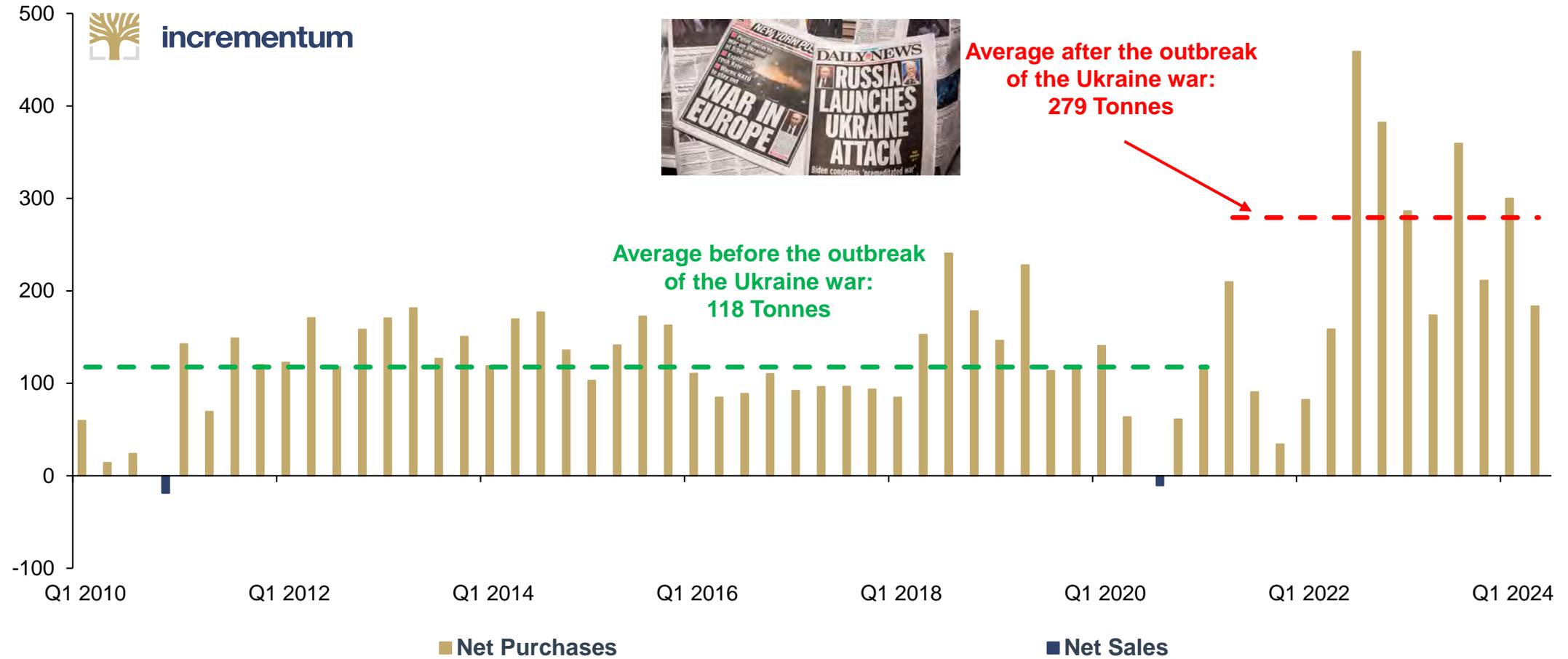
Gold (lhs, log), and US 10Y TIPS (rhs, inverted), 01/2006–08/2024



Source: Reuters Eikon, Incrementum AG

Record-high Central Bank Gold Purchases Are A Sign Of The Return To Gold As A Neutral Reserve Asset.

Global Central Bank Gold Purchases, in Tonnes, Q1/2010–Q2/2024



Source: World Gold Council, Incrementum AG

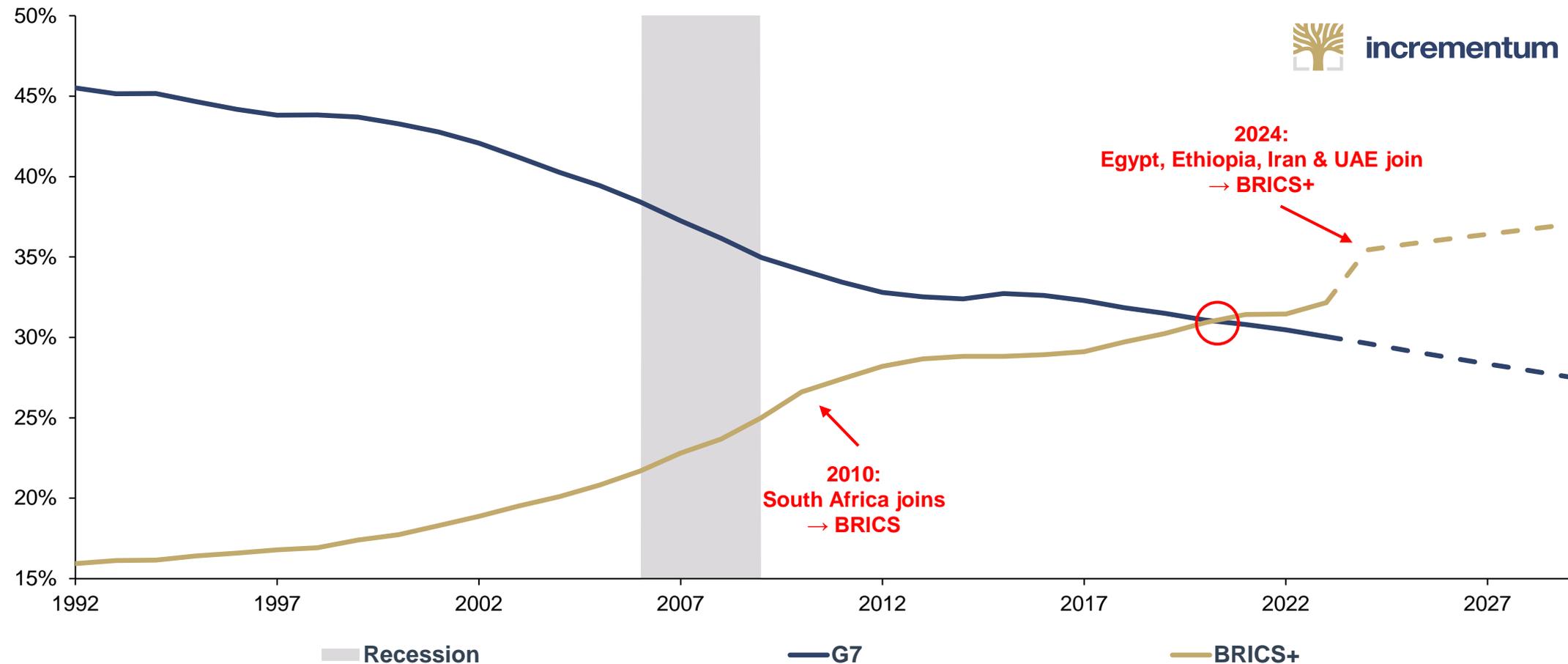
Showdown: East vs. West

“Investors are not particularly well trained to deal with geopolitical risk, because for generations geopolitics didn’t matter – anyone who traded securities or ran a portfolio since the end of World War II, did so in the cocoon of a unipolar world order.”

Zoltan Pozsar

66% Of Global GDP Growth In The Last 10 Years Has Been Generated By The Emerging Markets, Which Are Much More Gold-affine

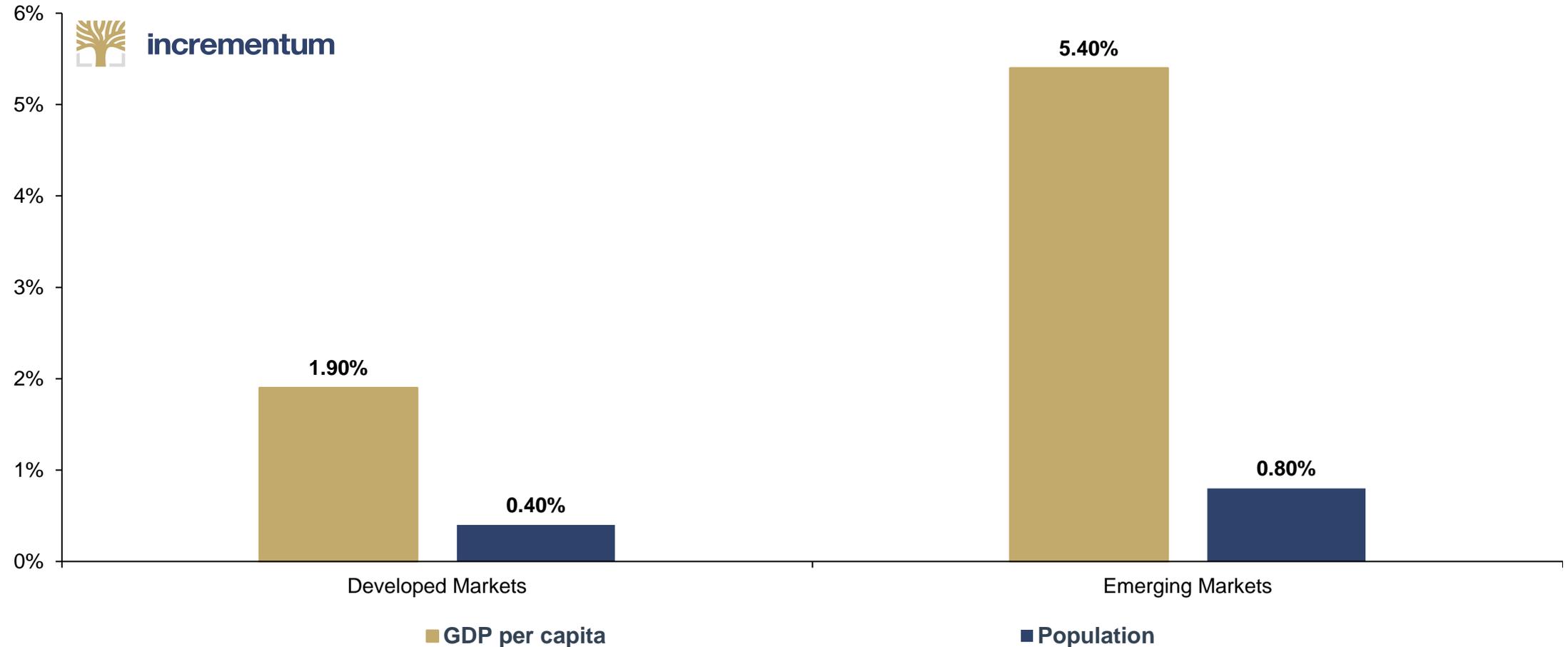
Share of Global GDP (PPP), G7 and BRICS+, 1992–2029e



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

Growing Purchasing Power And Population Are The Breeding Ground For An Increasing Demand For Gold In The East.

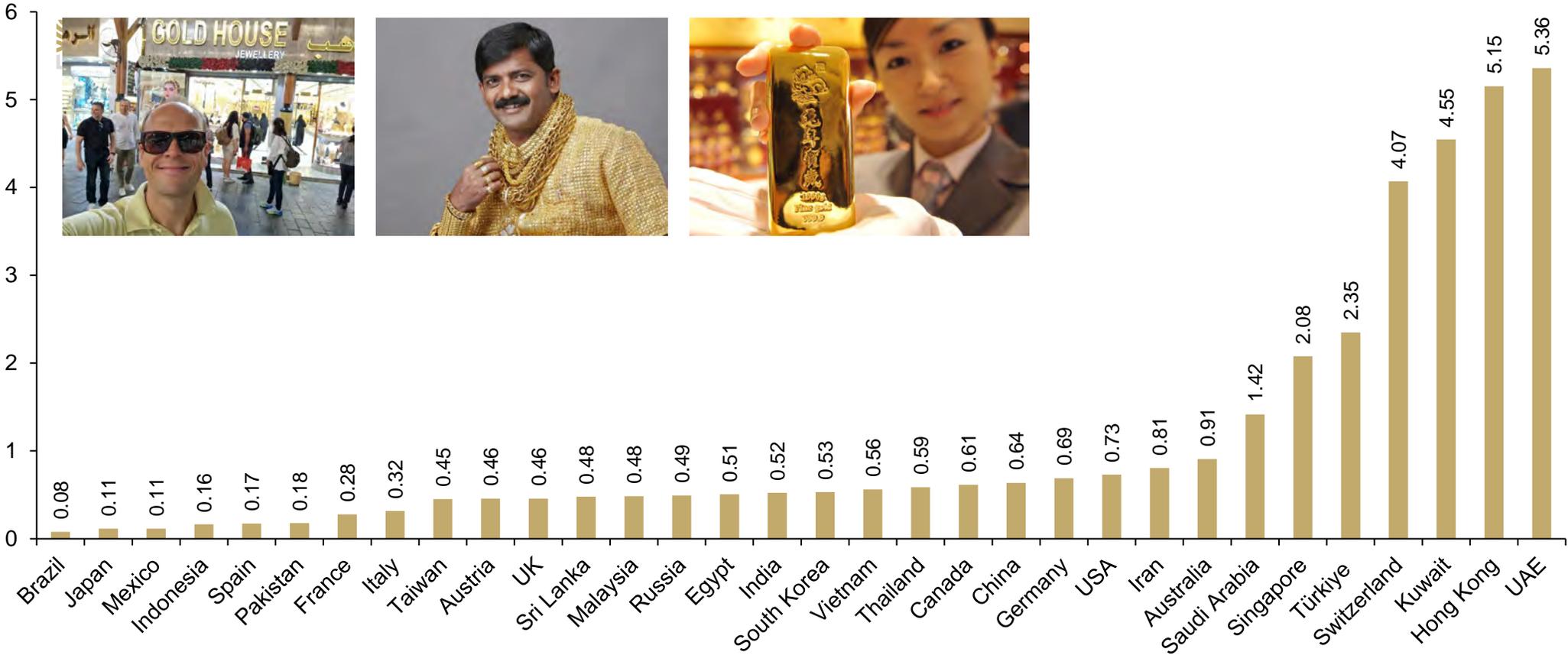
10-Year-CAGR of GDP per capita, and Population in Developed and Emerging Markets, 2013–2023



Source: worldeconomics.com, Incrementum AG

Private Gold Demand is Dominated by Emerging Markets

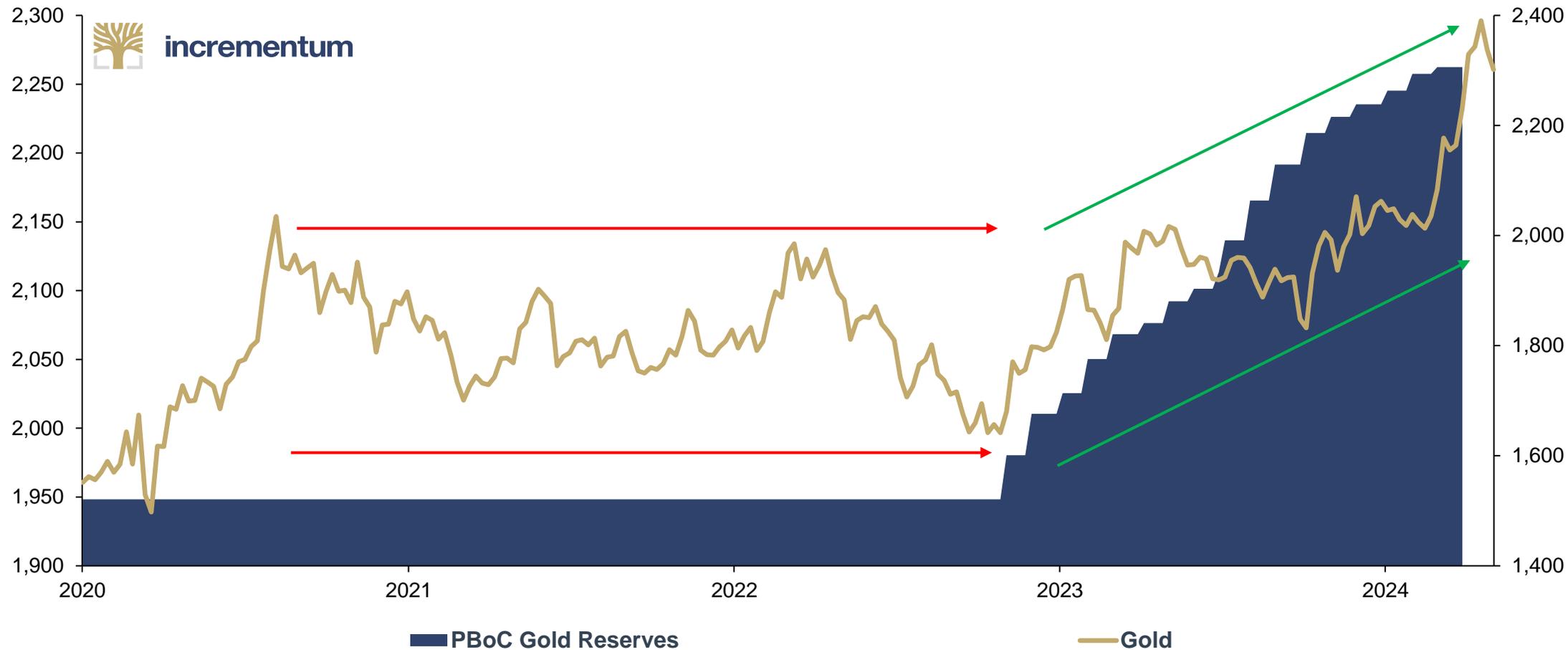
Consumer Demand for Gold, Grams per Capita, 2023



Source: worldometers.info, World Gold Council, Incrementum AG, FRAGOLD, Wolfgang Wrzesniok-Roßbach

Gold Demand From The East Remains Intact: The Gold Reserves Of The Chinese Central Bank Have Risen 18 Months In A Row

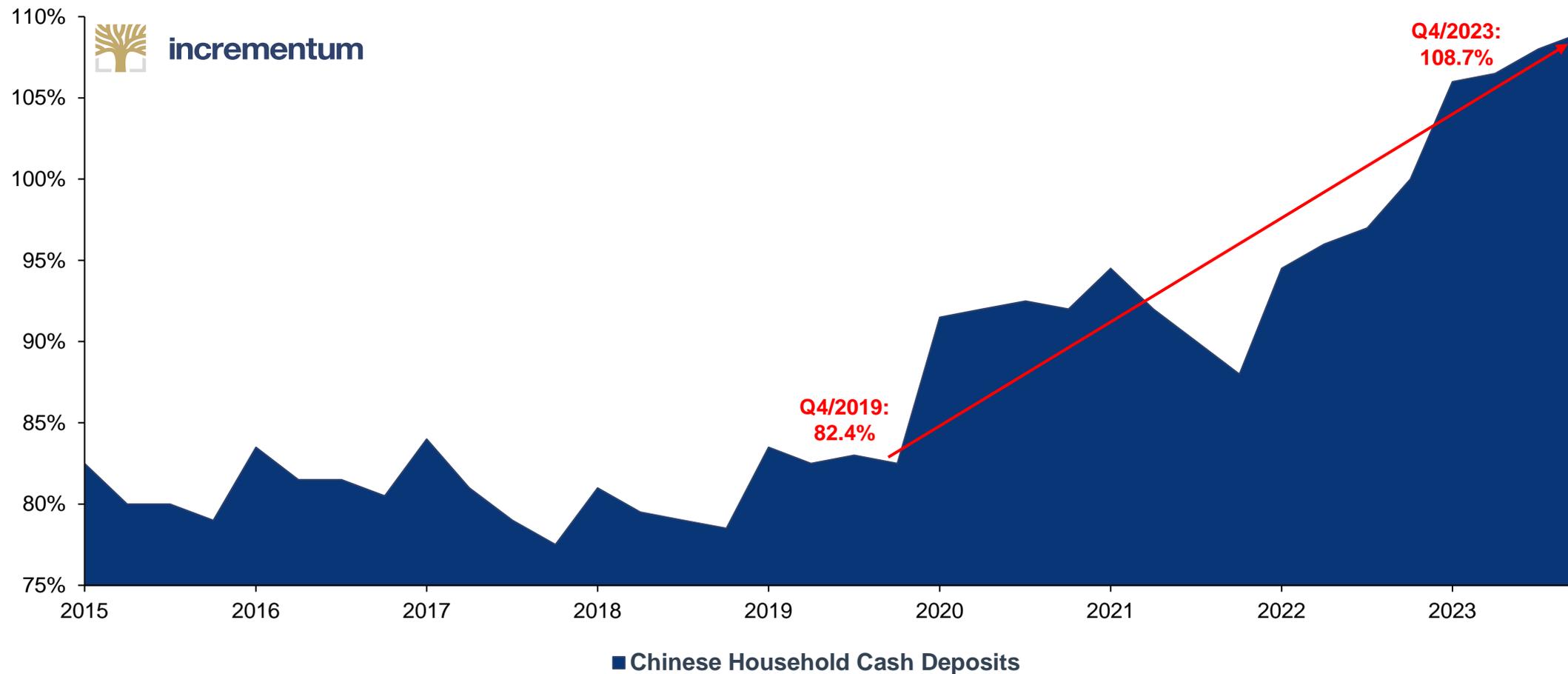
PBoC Gold Reserves (lhs), in Tonnes, and Gold (rhs), in USD, 01/2020–04/2024



Source: World Gold Council, Reuters Eikon, Incrementum AG

The Chinese Population's Cash Holdings Are At A Record High: Private Gold Demand Is Likely To Benefit From This.

Chinese Household Cash Deposits, as % of GDP, Q1/2015–Q4/2023

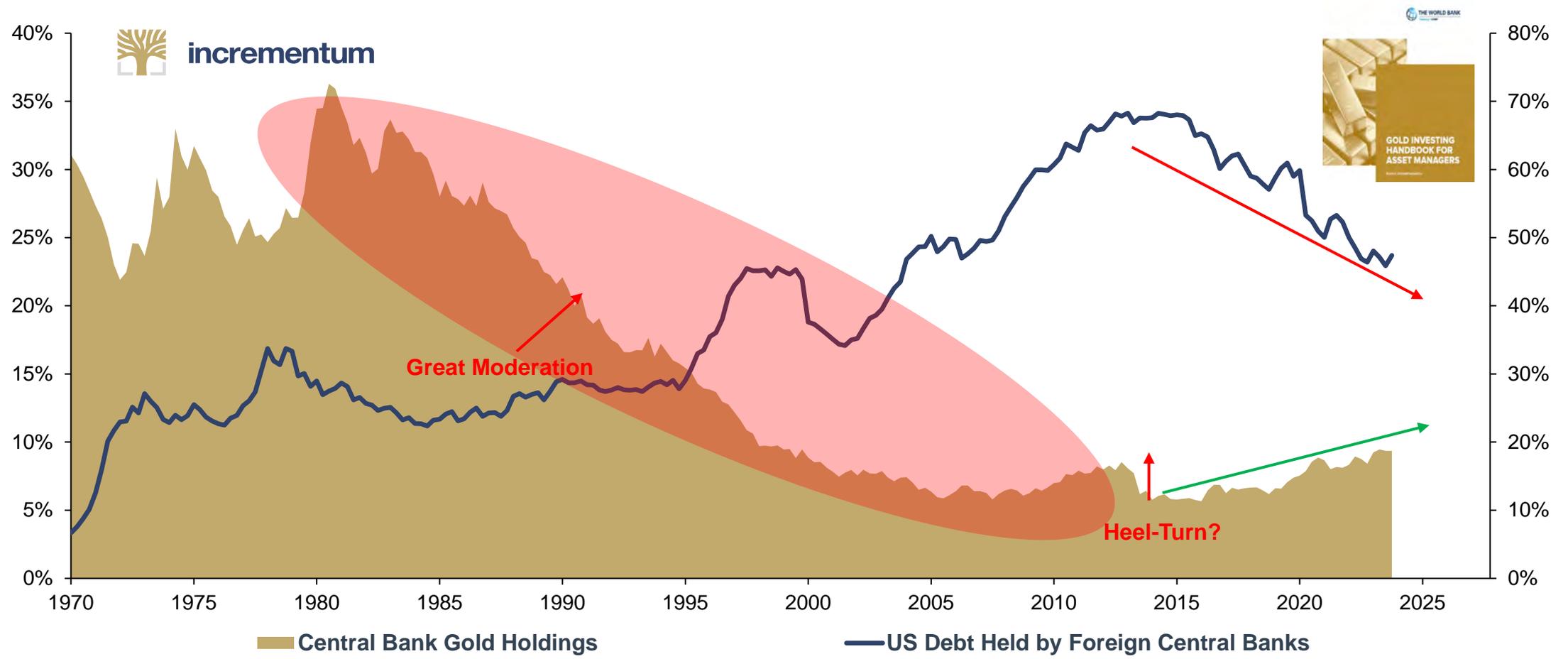


Source: Longview Economics, Macrobond, Incrementum AG



Heel-Turn: The Renaissance of Gold as Central Bank Asset?

US Debt Held by Foreign Central Banks (lhs), as % of Total Debt, and Central Bank Gold Holdings (rhs), as % of Currency Reserves, Q1/1970–Q4/2023



Source: Tavi Costa, Crescat Capital, Reuters Eikon, Incrementum AG

Status Quo of Gold

“If Dr. Copper has a PhD in economics, and is an expert on the business cycle, then gold is a professor with a Nobel Prize in monetary debasement.”

Charlie Morris

Gold Performance Since 2000 in Various Currencies

Annual Performance of Gold, 2000–2024 YTD

Year	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-5.3%	1.2%	2.0%	11.3%	-1.9%	-5.4%	5.8%	-4.2%	1.4%	0.6%
2001	2.4%	8.3%	5.3%	11.4%	8.8%	2.4%	18.0%	5.5%	5.8%	7.6%
2002	24.4%	5.6%	12.2%	13.3%	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%	-1.9%	-1.7%	1.5%	-2.0%	5.6%	0.8%	-3.1%	0.1%	0.5%
2005	18.1%	35.1%	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%	18.5%	29.2%	18.0%	12.0%	22.5%	22.5%	21.8%	16.9%	21.4%
2008	5.4%	10.0%	43.1%	30.5%	28.7%	-1.5%	-14.2%	-0.8%	30.0%	14.6%
2009	24.8%	21.8%	12.9%	-1.6%	7.9%	24.8%	27.9%	21.1%	19.2%	17.6%
2010	29.5%	38.6%	34.2%	13.6%	22.8%	25.1%	13.2%	16.8%	24.8%	24.3%
2011	10.2%	13.9%	10.6%	10.3%	12.7%	5.2%	4.5%	10.7%	30.7%	12.1%
2012	7.1%	5.0%	2.5%	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%	7.3%	7.5%	0.7%	11.6%	9.4%	0.2%	5.6%
2015	-10.4%	-0.1%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	-4.5%
2016	8.5%	12.1%	29.6%	9.6%	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%	8.9%	6.8%	4.1%	-4.2%	-0.8%	7.3%	3.1%
2019	18.3%	21.0%	13.7%	18.8%	12.6%	19.7%	17.2%	16.6%	21.3%	17.7%
2020	25.0%	14.8%	21.3%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	19.6%
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	13.1%	9.7%	7.4%	13.1%	10.5%	16.3%	21.6%	2.9%	13.7%	12.0%
2024 YTD	15.5%	16.7%	15.8%	20.6%	19.9%	16.7%	20.1%	18.2%	16.4%	17.8%
CAGR	9.0%	8.6%	10.0%	9.0%	8.8%	8.3%	10.6%	6.3%	11.9%	9.2%

Source: Reuters Eikon (as of 08/09/2024), Incrementum AG



Which Assets Perform Well Before, During, and After a Recession?

Average Asset Performance in the *Incrementum Recession Phase Model*



6 Months before Recession First 3 Months of Recession* Months between Phase 2 and 4** Last 3 Months of Recession* 6 Months after Recession

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%
Commodities	-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

Gold Shines When Equities Struggle!

Performance of the S&P 500 vs. Gold During Equity Bear Markets

Date of the Market High	Date of the Market Low	S&P 500 Return	Gold Return	Gold Relative to S&P500
09/16/1929	06/01/1932	-86.19%	0.29%	86.48%
08/02/1956	10/22/1957	-21.63%	-0.11%	21.52%
12/12/1961	06/26/1962	-27.97%	-0.06%	27.91%
02/09/1966	10/07/1966	-22.18%	0.00%	22.18%
11/29/1968	05/26/1970	-36.06%	-10.50%	25.56%
01/11/1973	10/03/1974	-48.20%	137.47%	185.67%
11/28/1980	08/09/1982	-27.27%	-45.78%	-18.51%
08/25/1987	10/20/1987	-35.94%	1.38%	37.32%
07/16/1990	10/11/1990	-20.36%	6.81%	27.17%
07/17/1998	10/08/1998	-22.29%	1.71%	24.00%
03/24/2000	10/10/2002	-50.50%	11.18%	61.68%
10/11/2007	03/06/2009	-57.69%	25.61%	83.30%
09/21/2018	12/26/2018	-20.21%	5.59%	25.80%
02/19/2020	03/23/2020	-35.41%	-3.63%	31.78%
01/03/2022	10/12/2022*	-25.43%	-7.08%	18.35%
	Mean	-35.82%	8.19%	44.01%
	Median	-27.97%	0.29%	27.17%

Source: Cornerstone Macro, Bloomberg, Reuters Eikon (*Lowest closing price since 01/03/2022), Incrementum AG



Should the Gold/Silver Ratio Were to Return to its Long-Term Median of 30x, we Would Be Looking at 67 Dollar Silver at Current Gold Prices!

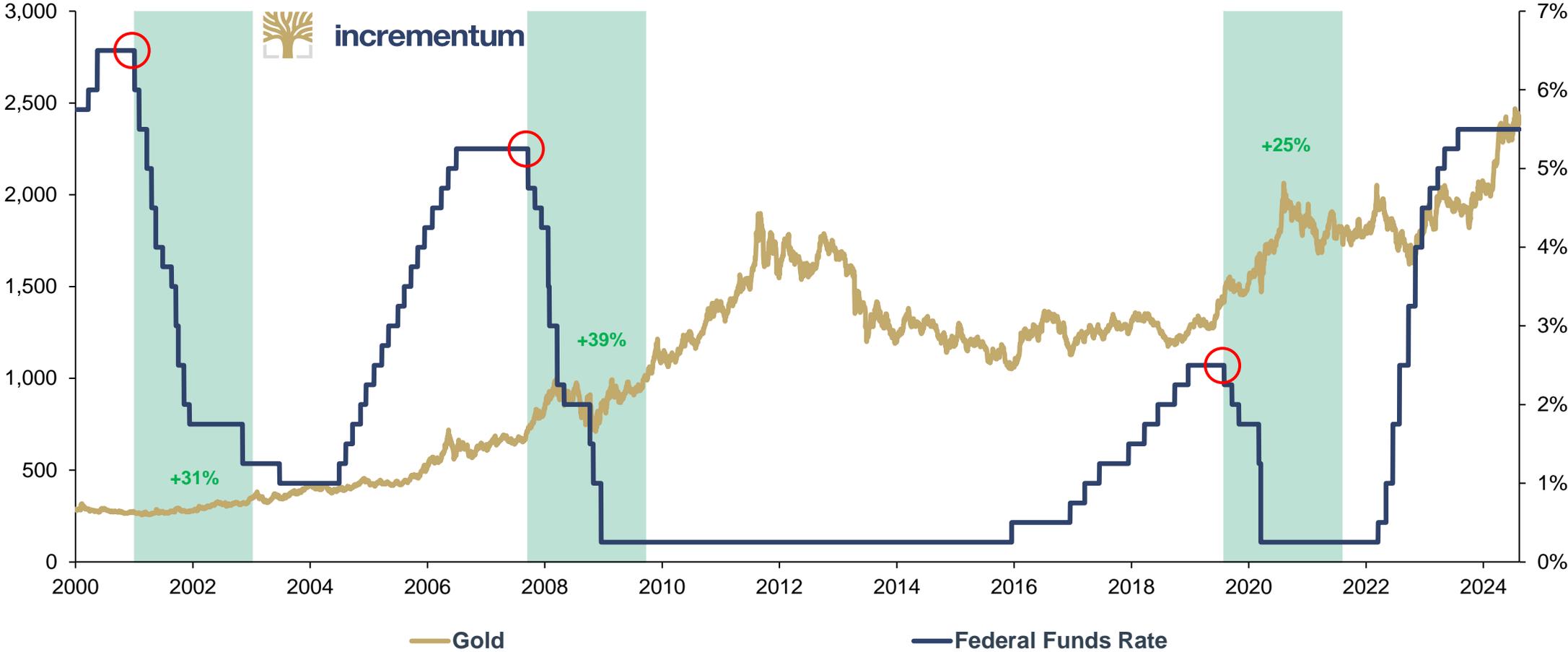
Silver Price Matrix, in USD, Gold/Silver Ratio (x-axis), and Gold (y-axis), in USD

	120	110	100	90	80	70	60	50	40	30	20	10
2,700	23	25	27	30	34	39	45	54	68	90	135	270
2,600	22	24	26	29	33	37	43	52	65	87	130	260
2,500	21	23	25	28	31	36	42	50	63	83	125	250
2,400	20	22	24	27	30	34	40	48	60	80	120	240
2,300	19	21	23	26	29	33	38	46	58	77	115	230
2,200	18	20	22	24	28	31	37	44	55	73	110	220
2,100	18	19	21	23	26	30	35	42	53	70	105	210
2,000	17	18	20	22	25	29	33	40	50	67	100	200
1,900	16	17	19	21	24	27	32	38	48	63	95	190
1,800	15	16	18	20	23	26	30	36	45	60	90	180
1,700	14	15	17	19	21	24	28	34	43	57	85	170
1,600	13	15	16	18	20	23	27	32	40	53	80	160

Source: Incrementum AG

How Does Gold Perform After the First Rate Cut?

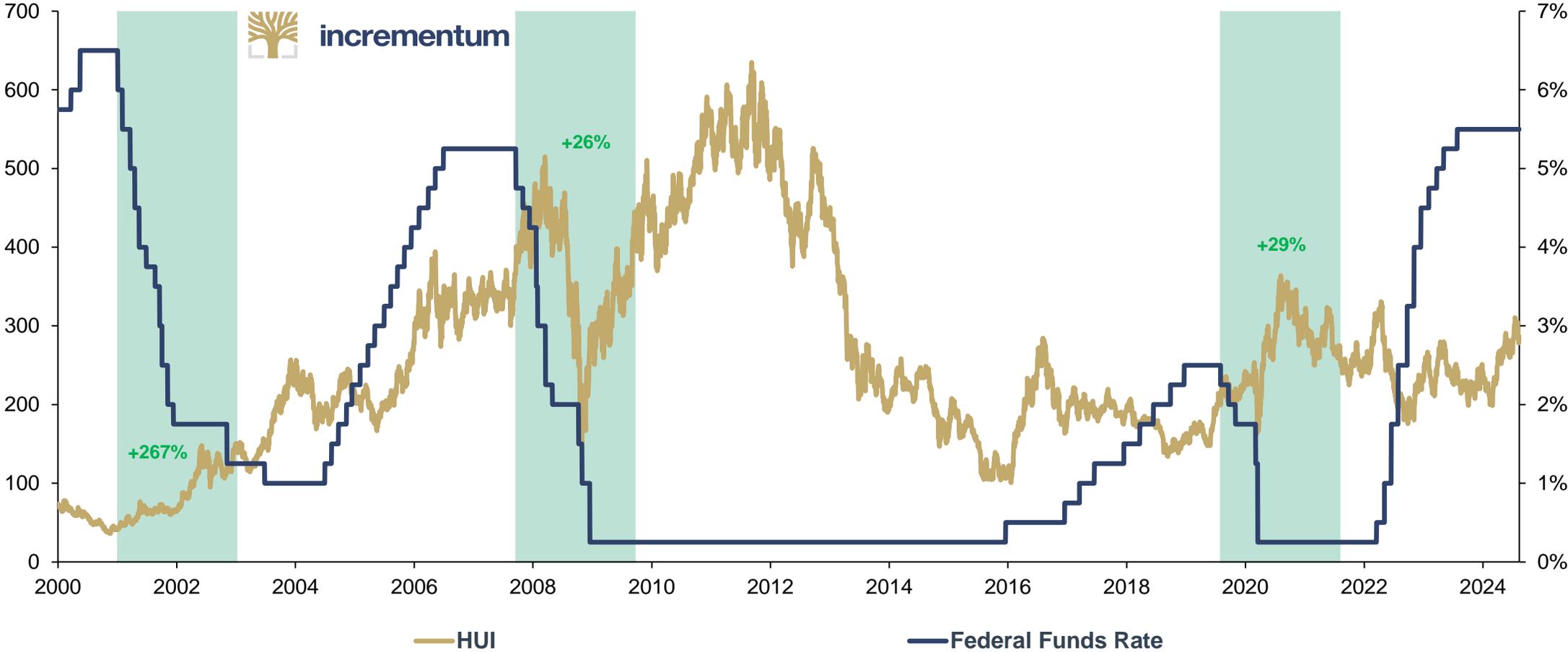
Gold, in USD (lhs), and Federal Funds Rate (rhs), 01/2000–08/2024



Source: Reuters Eikon, Incrementum AG

How Do Mining Stocks Perform After the First Rate Cut?

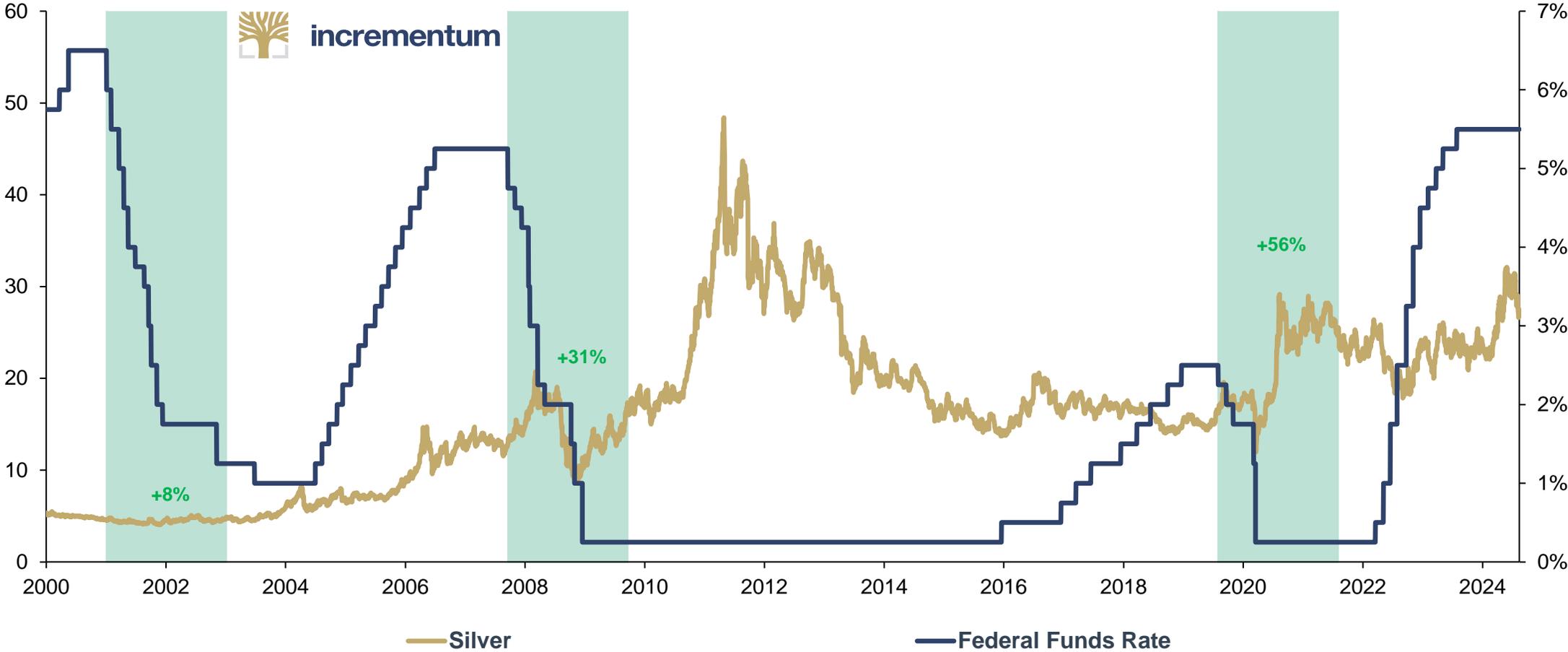
HUI, in USD (lhs), and Federal Funds Rate (rhs), 01/2000–08/2024



Source: Reuters Eikon, Incrementum AG

How Does Silver Perform After the First Rate Cut?

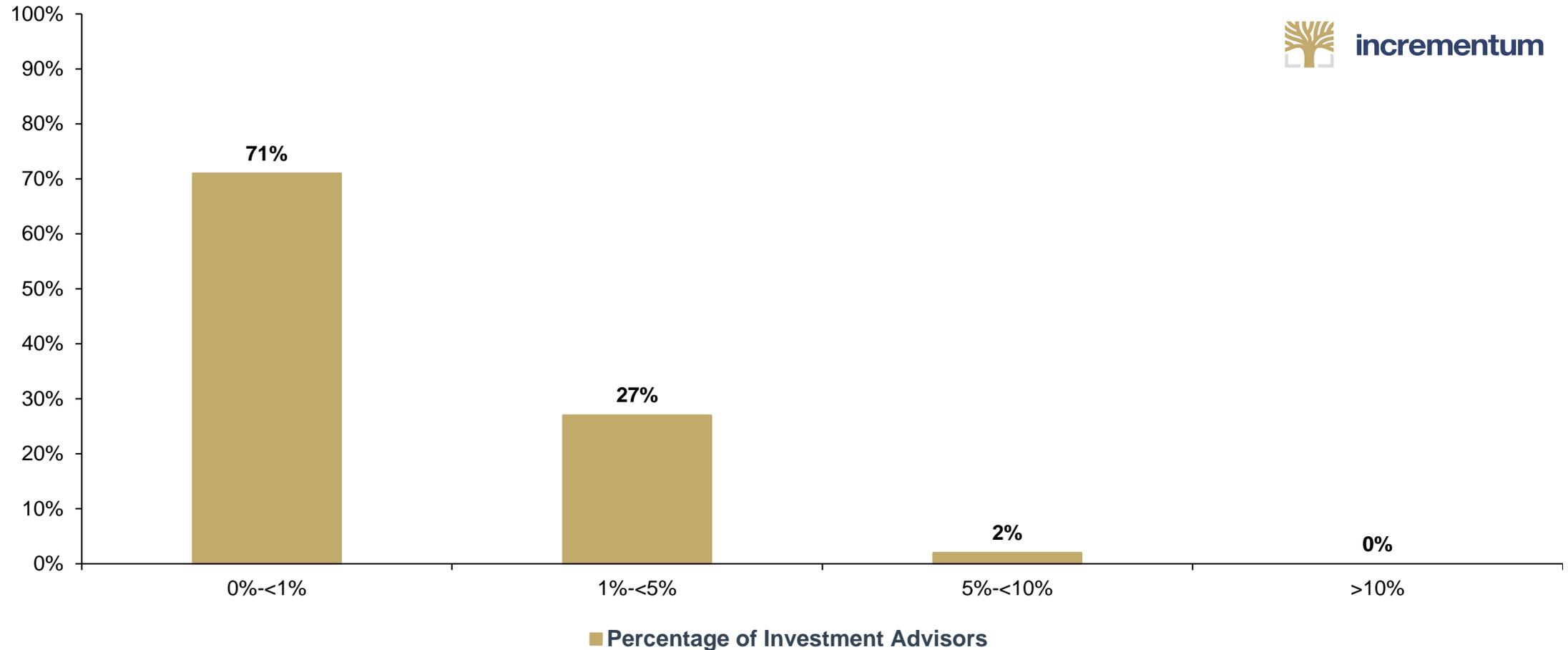
Silver, in USD (lhs), and Federal Funds Rate (rhs), 01/2000–06/2024



Source: Reuters Eikon, Incrementum AG

Gold Is On Everyone's Lips, But Not In All Portfolios: 71% Of All Investment Advisors In The USA Hold Less Than 1% Gold!

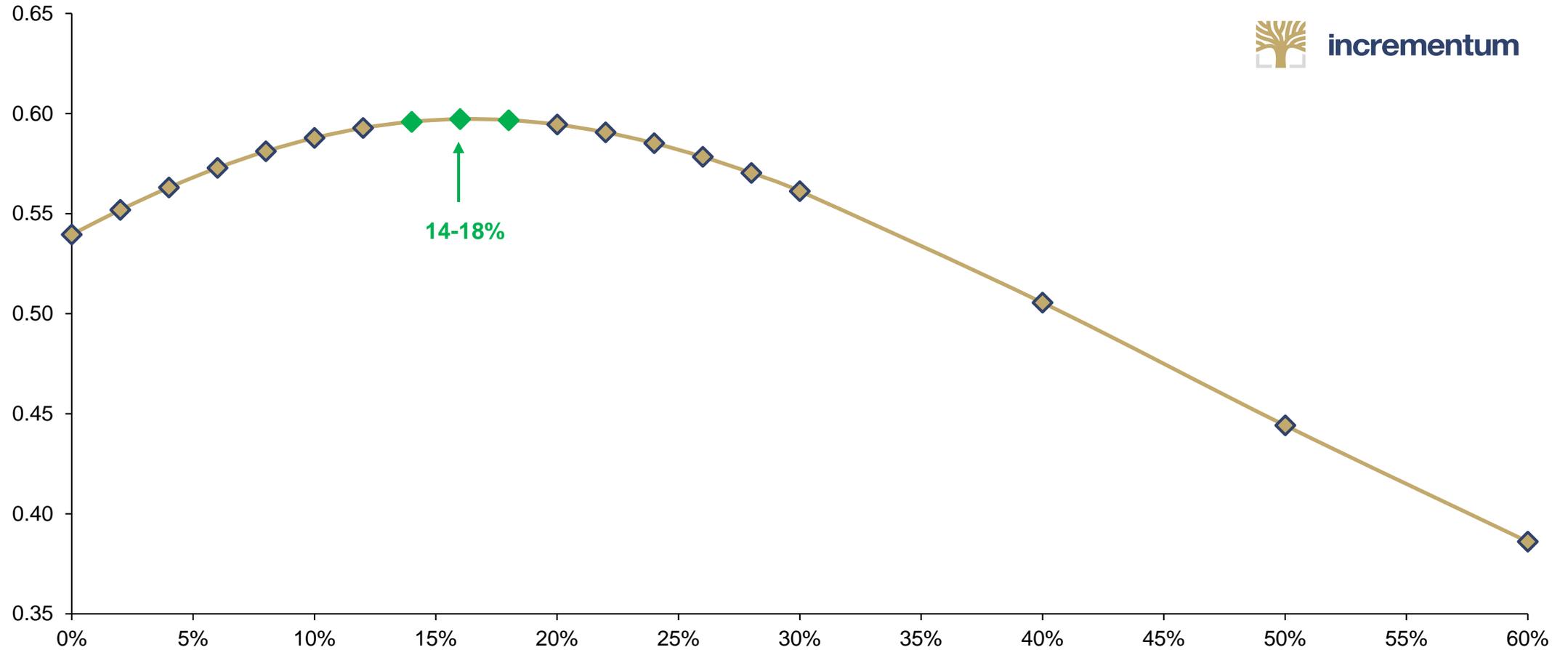
Gold Allocation of Investment Advisors, 2023



Source: BofA Global Research, Crescat Capital, Incrementum AG

Our Calculations Show That The Integration Of Gold Into An Equity/Bond Portfolio Significantly Increases The Sharpe Ratio!

Optimal Gold Allocation for Risk-Adjusted Returns Maximization: Gold Allocation (x-axis), and Sharpe Ratio (y-axis), 01/1970–04/2024



Source: Robert J. Shiller, Reuters Eikon, Incrementum AG

Mining-Stocks

*“A bull market is when you check your stocks every day to see how much they went up.
A bear market is when you don't bother to look anymore.”*

John Hammerslough

The Catch-Up Potential of Gold Mining Stocks is Enormous

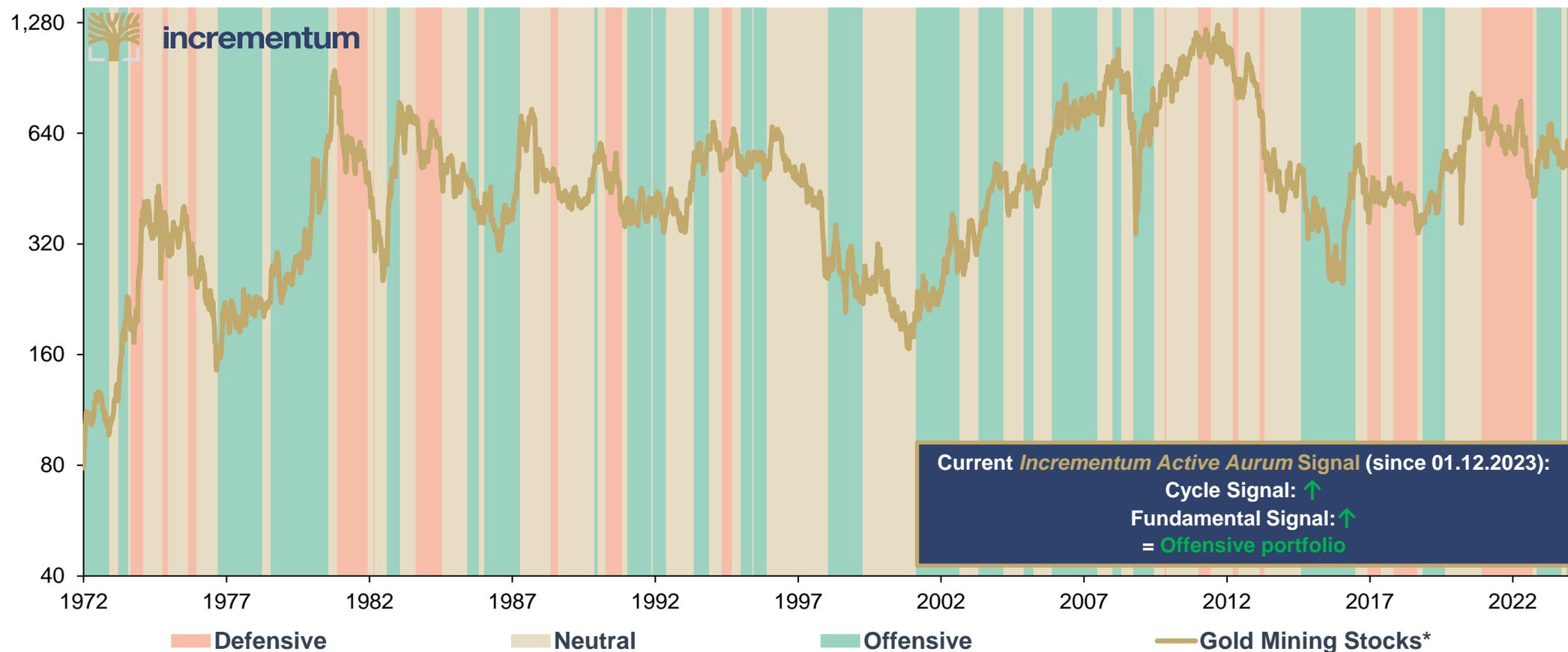
Gold and HUI, 100 = 01/2000, 01/2000–08/2024



Source: Reuters Eikon, Incrementum AG

The *Incrementum Active Aurum* Signal in the Backtest

Gold Mining Stocks* (log), in USD, and *Incrementum Active Aurum* Signal, 01/1972–06/2024



Source: Reuters Eikon, Incrementum AG

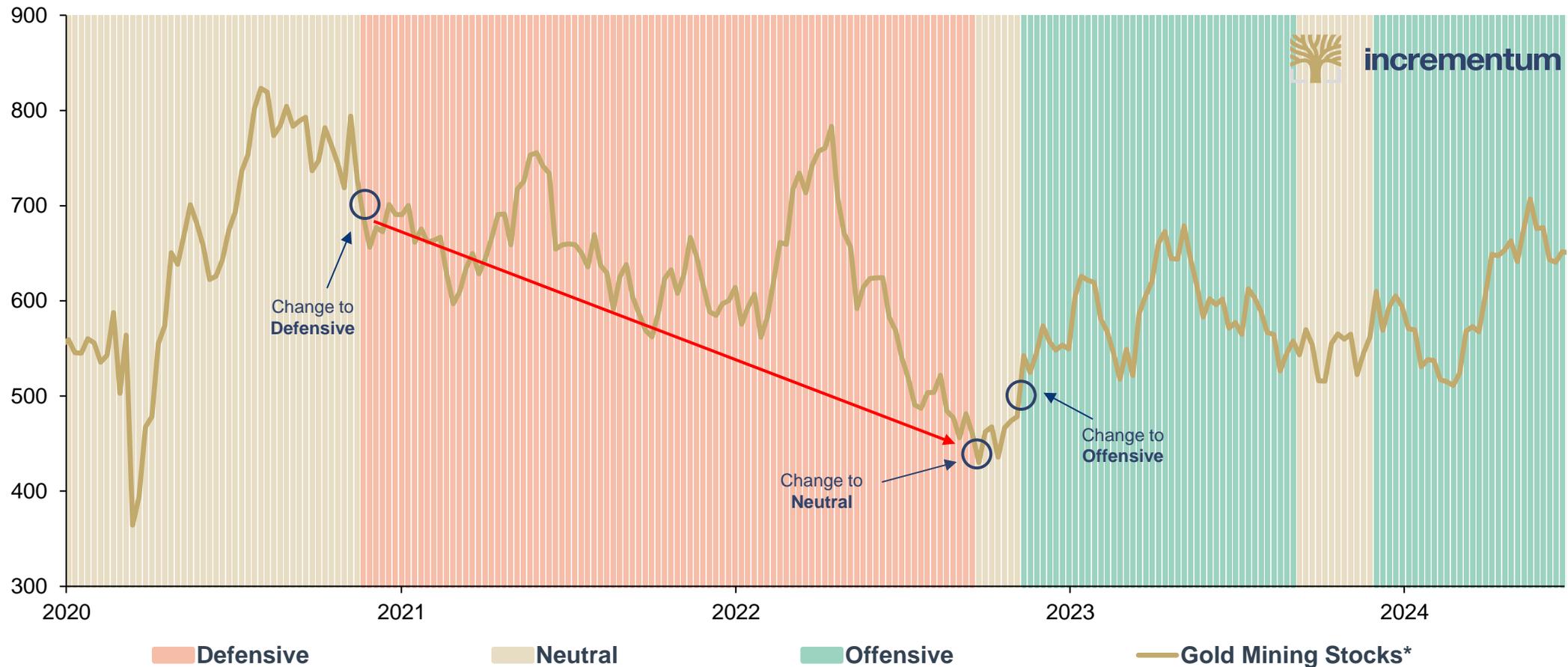
*BGMI = 01/1972–06/2006, GDX = 06/2006–



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The *Incrementum Active Aurum* Signal in the Backtest: Zoom

Gold Mining Stocks* (lhs, log), in USD, and *Incrementum Active Aurum* Signal (rhs), 01/2020–06/2024



Source: Reuters Eikon, Incrementum AG

*BGMI = 01/1972–06/2006, GDX = 06/2006–



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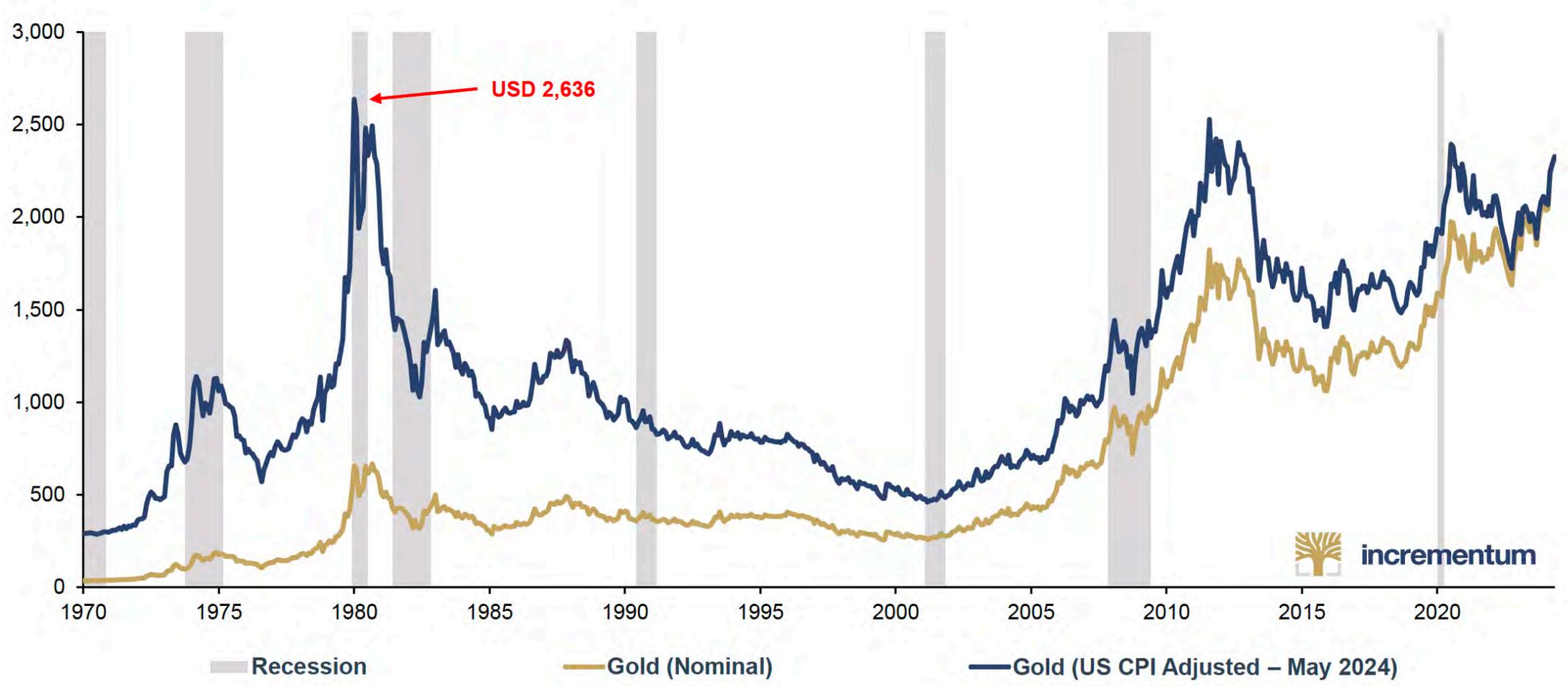
Quo Vadis?

The next major leg up in the gold price will prove to be a religious experience for those people unfortunate enough to find themselves short.

Paul Mylchreest

Gold Is Still Cheap!

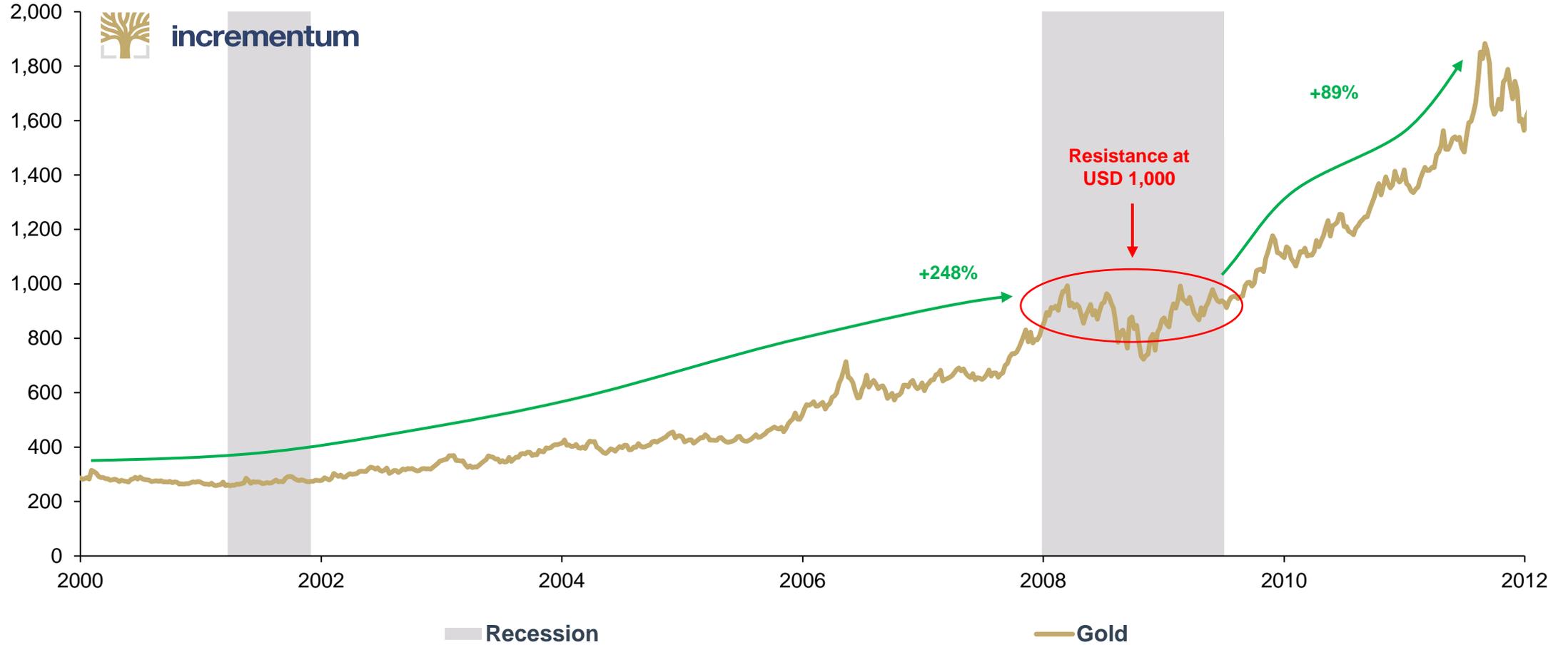
Gold (Nominal), and Gold (US CPI Adjusted – May 2024), in USD, 01/1970–08/2024



Source: Reuters Eikon, Incrementum AG
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The Longer the Base the Higher the Space

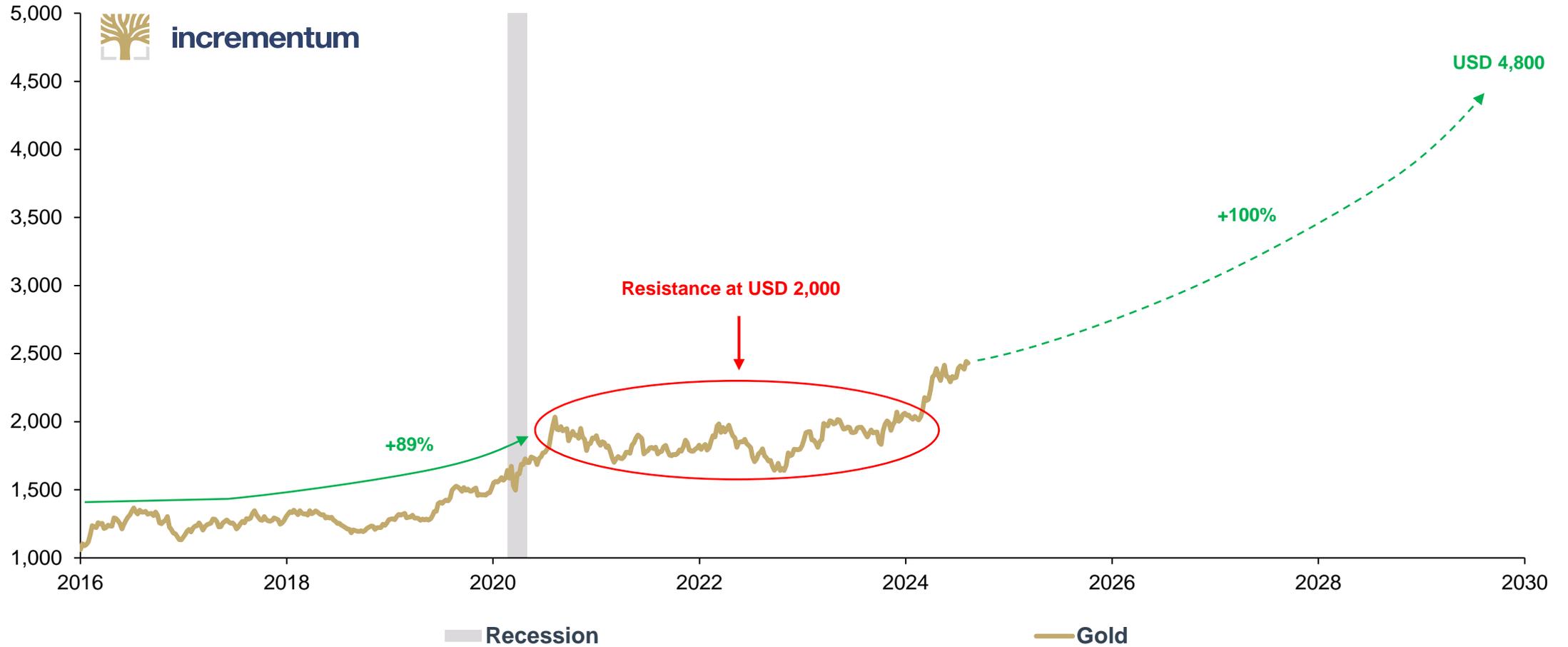
Gold, in USD, 01/2000–01/2012



Source: Reuters Eikon, Incrementum AG

The Longer the Base the Higher the Space

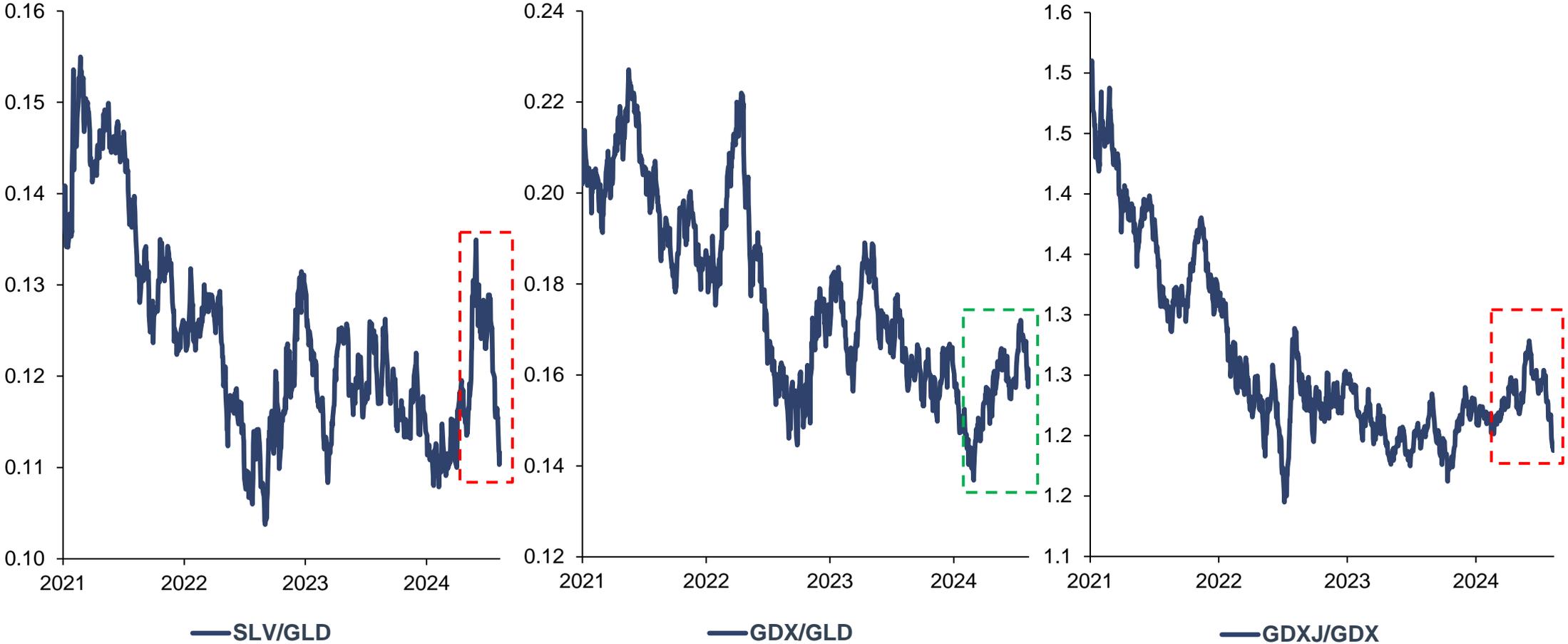
Gold, in USD, 01/2016–01/2030



Source: Reuters Eikon, Incrementum AG

Risk Appetite: Mixed Signals!

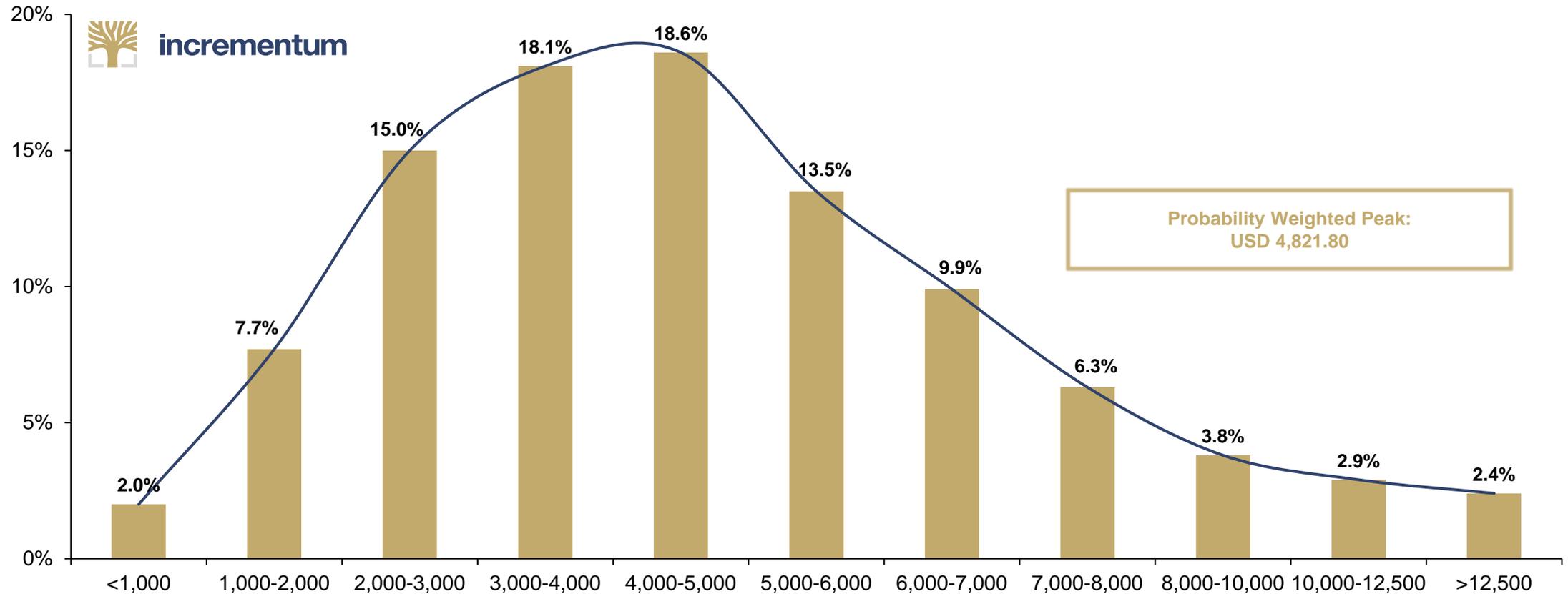
Silver vs. Gold, Gold Miners (GDX) vs. Gold, Juniors vs. Seniors (GDXJ/GDX), 01/2021-08/2024



Source: Reuters Eikon, Incrementum AG

We See the Price of Gold Significantly Higher at the End of the Decade!

Approximated Gold Price in 2030 by Distribution



Source: Incrementum AG (For a detailed presentation of our proprietary gold price model, see [In Gold We Trust Report 2020](#), p. 348)

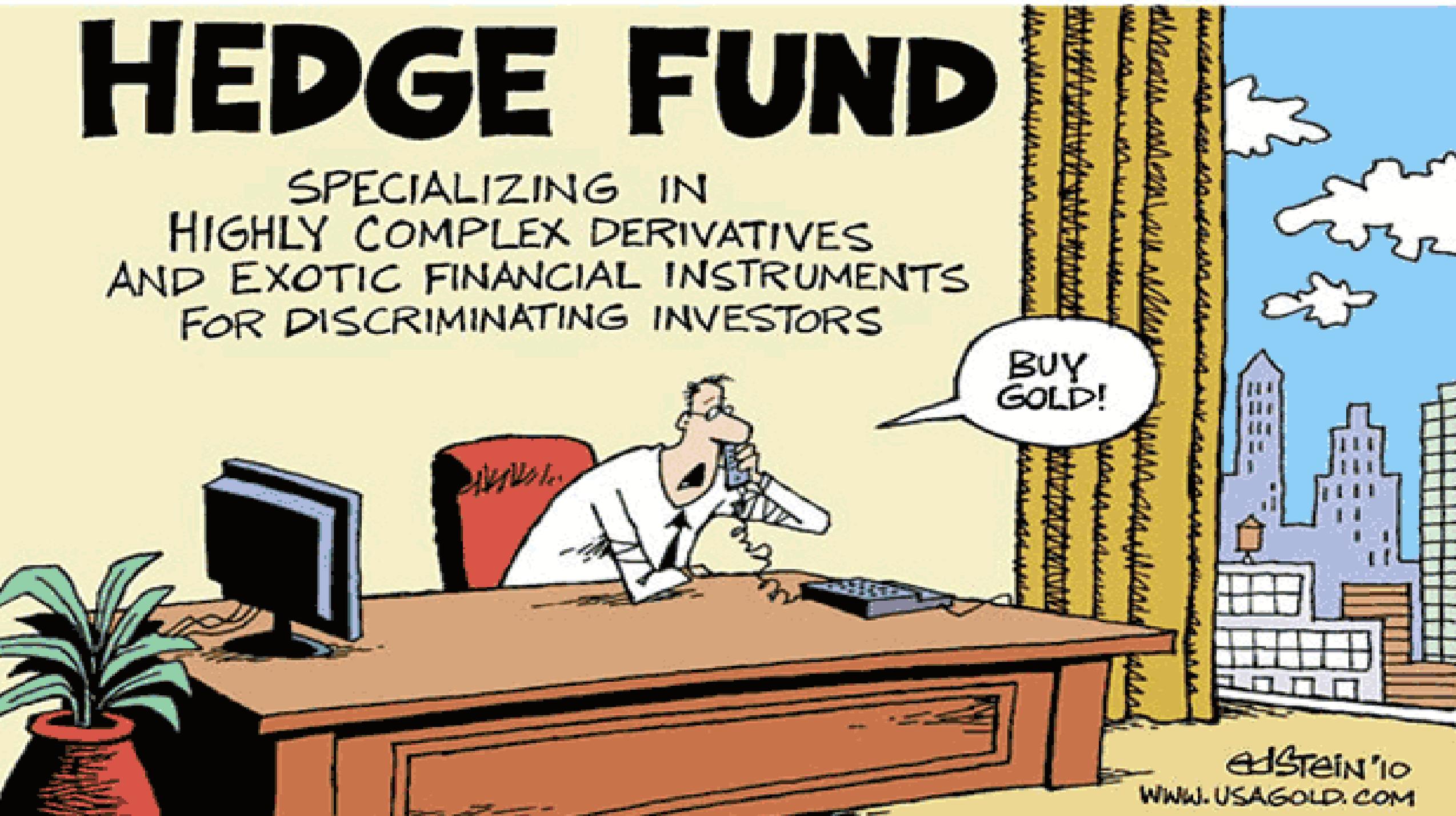
Conclusion

- The inverse correlation between US real yields and gold prices has dissipated, for now.
- Central banks are now pivotal in driving gold demand.
- Unlike the 1960s' gold drain in the USA, emerging markets are currently experiencing a gold gain.
- Non-inflationary assets like gold, silver, commodities, and Bitcoin are gaining importance for investors.
- Long-term price target for 2030 is USD 4,800, reflecting a 12% annual growth rate.
- Year-end target price is set at USD 2,600.



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