

Alps Precious Metals Group

Monthly Commentary and Update

July 2019

Tremors

California, United States has had: (M1.5 or greater)

134 earthquakes in the past 24 hours
1,716 earthquakes in the past 7 days
9,892 earthquakes in the past 30 days
16,522 earthquakes in the past 365 days

The largest earthquake in California, United States:

today: 4.1 in Searles Valley, California, United States
this week: 4.6 in Inyokern, California, United States
this month: 7.1 in Ridgecrest, California, United States
this year: 7.1 in Ridgecrest, California, United States

Sorted: Recent ▾

Filtered: 3.0+ mag ▾

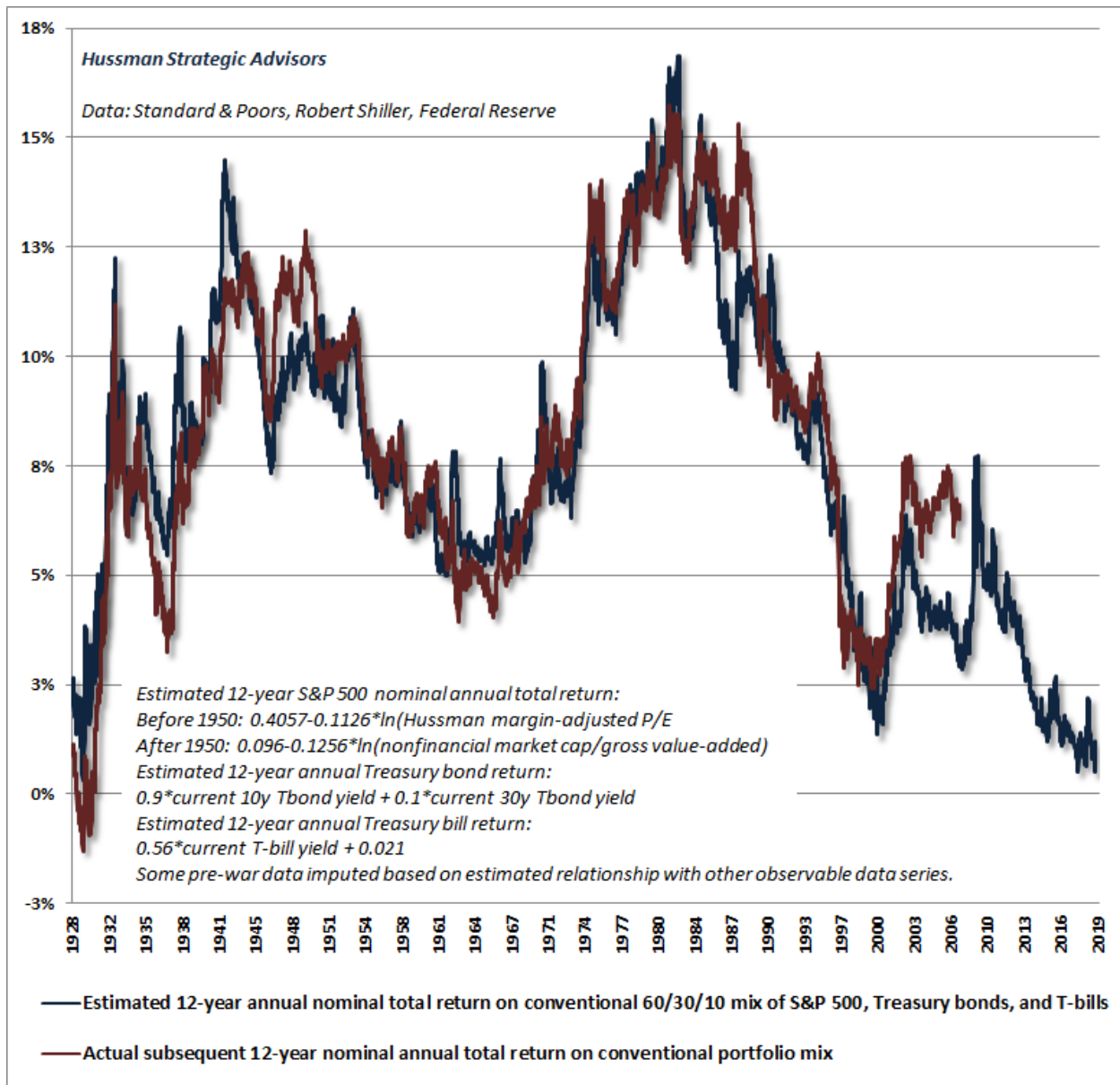
Nearby Places ▾



- about 11 hours ago 4.1 magnitude, 5 km depth
Searles Valley, California, United States
- about 17 hours ago 3.9 magnitude, 2 km depth
Searles Valley, California, United States
- about 23 hours ago 3.0 magnitude, 2 km depth
Searles Valley, California, United States
- a day ago 3.0 magnitude, 3 km depth
China Lake Acres, California, United States
- a day ago 3.7 magnitude, 22 km depth
Ferndale, California, United States
- a day ago 4.2 magnitude, 7 km depth
Twentynine Palms, California, United States
- a day ago 3.0 magnitude, 2 km depth
Searles Valley, California, United States
- 2 days ago 3.1 magnitude, 9 km depth
Ridgecrest, California, United States
- 2 days ago 3.2 magnitude, 9 km depth
Ridgecrest, California, United States
- 2 days ago 3.1 magnitude, 7 km depth
Ridgecrest, California, United States

“We are not changing our forecast for the San Andreas (as a result of the July 5, 2019 Ridgecrest earthquake). We still believe there’s a 70 percent chance of a magnitude 7 or greater in Southern California before 2030.”

Paul Caruso, United States Geological Survey



“...A passive investment strategy is now closer to “all risk and no reward” than at any moment in history outside of the three weeks surrounding the 1929 market peak....”

“...The current market highs are dominated by a single concept: the idea that the Federal Reserve is likely to shift to an easing mode in the months ahead, most likely at its July 30-31 meeting. I don't doubt that prospect at all. The problem, as I observed in my regular July comment, is that with the exceptions of 1967 and 1996, every initial Fed easing (ultimately amounting to a cumulative cut of 0.5% or more, following a period of tightening in excess of 0.5%), has been associated with a U.S. economic recession....”

Dr. John Hussman: “They're Running Toward the Fire” - July 14, 2019 Commentary



“...So, the big question worth pondering at this time is which investments will perform well in a reflationary environment accompanied by large liabilities coming due and with significant internal conflict between capitalists and socialists, as well as external conflicts. It is also a good time to ask what will be the next-best currency or storehold of wealth to have when most reserve currency central bankers want to devalue their currencies in a fiat currency system....those (investments) that will most likely do best will be those that do well when the value of money is being depreciated and domestic and international conflicts are significant, such as gold....I believe that it would be both risk-reducing and return-enhancing to consider adding gold to one’s portfolio....”

Ray Dalio: “Paradigm Shift” - July 17, 2019

There is a high probability that I will complete the 56th year of my life on this earth next month. Of the many wonders of this world, perhaps the most intriguing to me are those brief moments where time seems to not exist. Where the past and the present seem to be not separated at all. Memory brings a “past” event back to me and its distance in time simply evaporates as I can “see” the setting and the people therein; I can “feel” the hot or cold; I can “hear” the laughter, sighs, cries, roars or even the silence of the response to a word of truth given that shook the hearers to their core. I, the person who today requires glasses to see and no longer needs a comb due to the lack of follicles on his head, am the

exact same person who (nearly a half century ago) is in a church with a head full of hair and with un-aided eye and ear sees and hears a sermon which materially changes who I am. The “tragedy” of learning that I had failed my first driver’s license road test was 40 years ago; I see the non-plussed policewoman and hear her telling me matter-of-factly that I had not executed the 3 point turn correctly and that I would have to come back next week. 30 years ago, my first business trip as Institutional Fixed Income salesman – first stop, an insurance company in Atlanta, Georgia; I am so nervous I am having trouble speaking as I look at the backs of the frames of photos on this money managers desk. At 36, I am in our home, huddled in the inner hall of our home with my wife, 16-month-old daughter and 2 year old Labrador retriever as we ride out Hurricane Georges. With no effort at all, these memories are here, now. The time in between can be filled in, sure; but the presence of these and countless other life events is so vivid that all the time that has passed since then can often seem not to have occurred. To paraphrase, “Oh Time, where is thy sting and victory?”.

In addition to the first business trip I took in 1989, I also remember the San Francisco earthquake of 1989. It occurred during the beginning of the broadcast of “The Bay Area World Series” between the San Francisco Giants and the Oakland A’s. The game was held in Candlestick Park south of downtown San Fran. In the twinkling of an eye, the nation went from the entertainment of a baseball game to scenes of the collapsed bridges and ramps of the Embarcadero Freeway stacked like pancakes during the middle of rush hour traffic, with the sound of some imbecilic news commentator saying ad nauseum, “We’d like to repeat there are no deaths reported thus far”.

The ground on which the people of the State of California live had been relatively stable for 25 years when the large earthquakes hit 3 weeks ago. Suddenly, the reality of “The Big One” is being discussed again. As the opening quote above brings to the fore in stark terms, there is a 70% chance of a world-changing earthquake on the San Andreas fault by 2030. Wait,.....2030?!?!? That’s a smaller journey forward in time than it is back in time to when I coached my youngest son in his first T-ball game. Do your own “calculation” of a memory that seems like yesterday but would be outside of the 11-year window Dr. Caruso has defined. Is the time to the Big One for all practical purposes now?

Note Dr. Hussman’s valuation graph; the only other valuations this detached from the realities of risk and return existed exactly 90 years ago right before the occurrence of the most earthquake-like period in modern capital markets. A period so burned into the memories of those who endured it, that the “Stock Market Crash and Depression” became an ever-present event, changing forever those collective minds, hearts and behaviors of its actors.

However, the typical response to we Cassandra’s who call to remembrance this history and past realities is “you’ve been saying that for years and it hasn’t happened yet”. But, remember the truth of time and its effervescence. Has the irony of Chuck Prince’s “we’re still dancing” quote and the almost simultaneous demise of that “dance” been completely forgotten? What should we do with Horseman Capital’s Russell Clark’s suggestion that the Chinese government might decide to change the rules of currency pairs in response to the U.S. changing the rules of trade – and that the Chinese might do so on a Saturday, taking the Renminbi/Dollar exchange rate to a “9” handle, leaving the markets to open down limit on Monday with the VIX opening at 40? And what if Ray Dalio is correct and a time of conflict accompanied by a world-wide stagflation or recession is basically upon us?

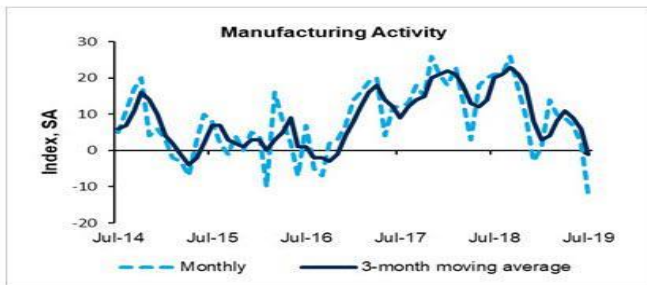
If/when “The Big One” in world markets is upon us, the time before it will vanish into ether and the new reality will be as if it always was. What history tells us is that there is one constant through all the vicissitudes of economic peaks and valleys - Physical Precious Metals. Owning some will be crucial in negotiating what lies before us, the rumblings of which the up-to-the moment charts below detail.

The two main engines of Europe are struggling:



Source: Zero Hedge – July 24, 2019

The Richmond Fed report – Lowest reading in 6 ½ years, while prices paid were up, with all other economic measurements down:



Source: Zero Hedge – July 23, 2019

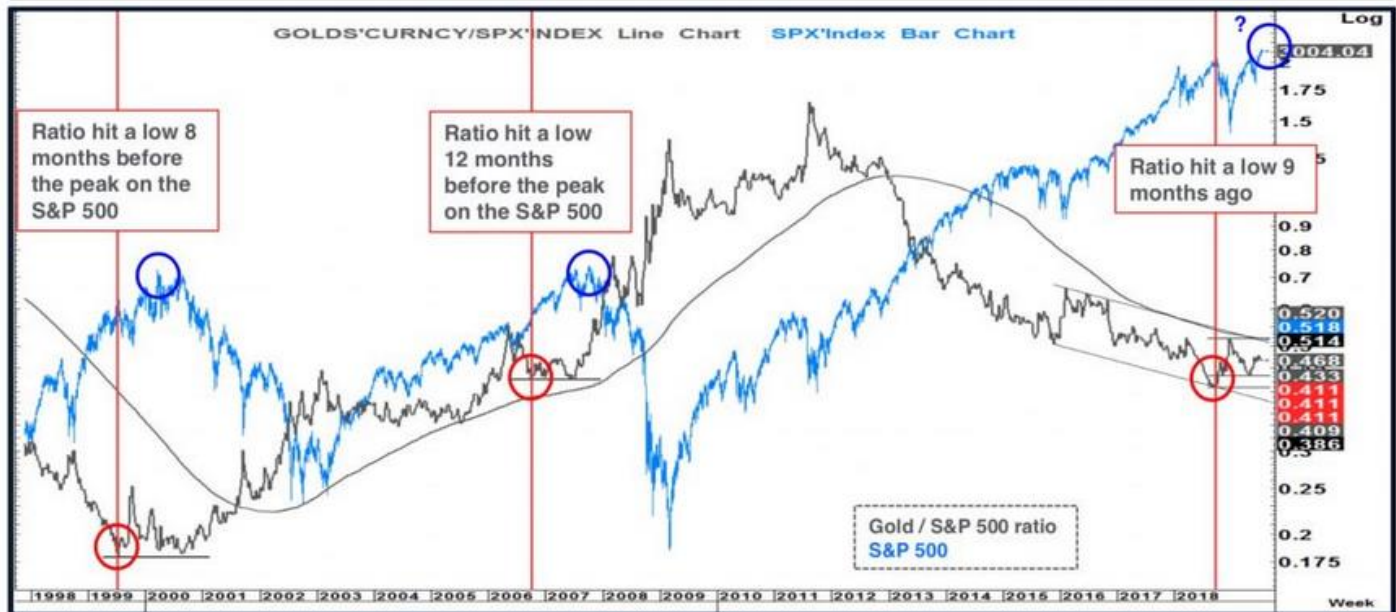
Gold technical charts look extremely compelling:



Source: Tom Fitzpatrick, Citibank/KWN - July 18, 2019

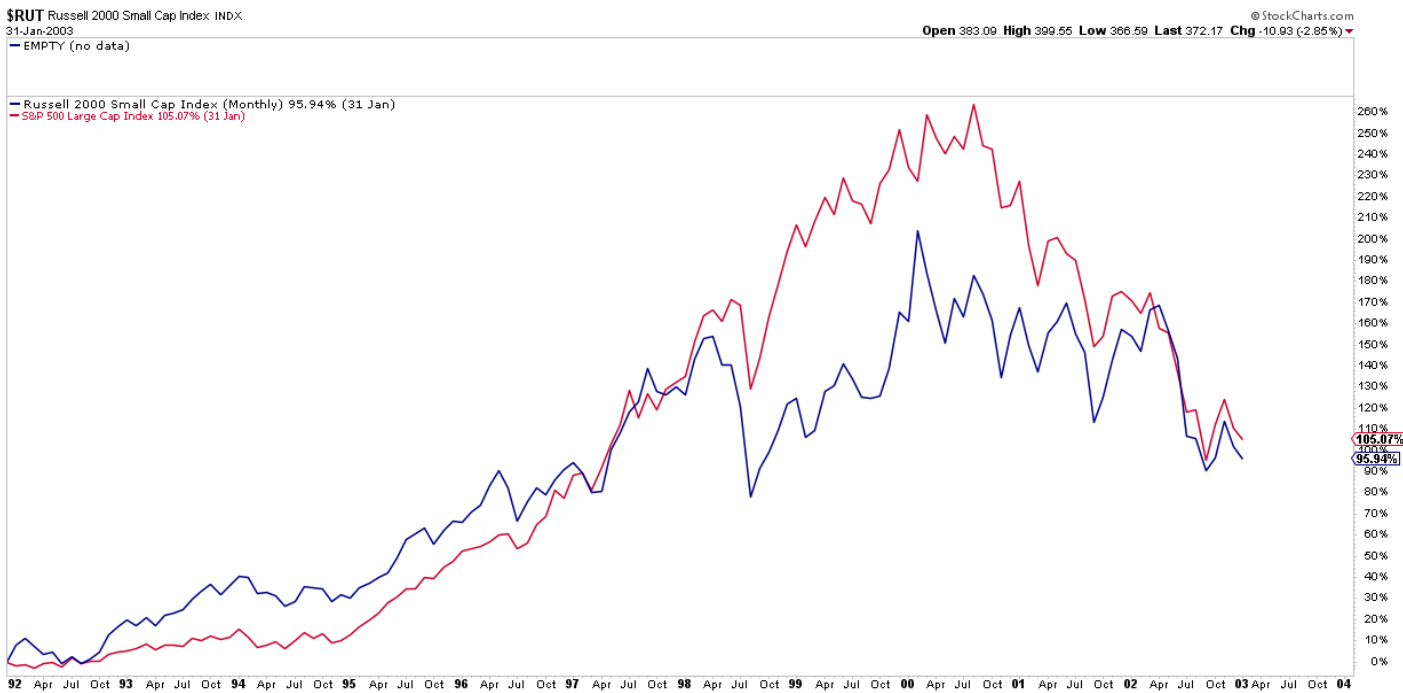
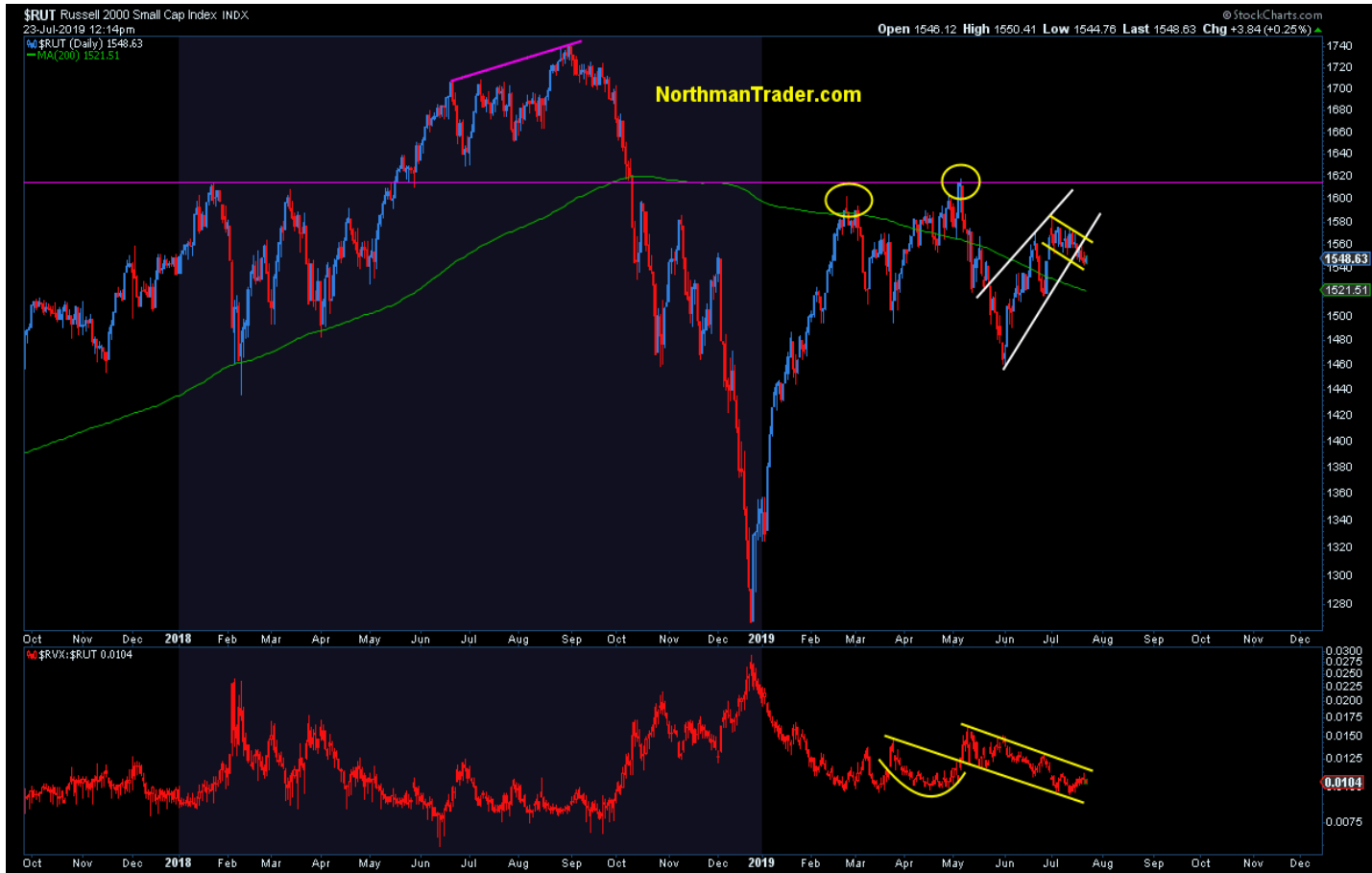
Gold / S&P 500 Ratio overlaid with the S&P 500

The ratio turns before the stock market peaks



Source: Tom Fitzpatrick, Citibank/KWN - July 18, 2019

While Stock technical charts – especially the Russell 2000 – do not:



Source: Sven Henrich, Northman Trader - July 23, 2019

APMG, LPMG and St. Joseph Partners

Alps Precious Metals Group via our partnerships with Liechtenstein Precious Metals Group (Global and Offshore clients) and St. Joseph Partners (U.S. focused clients) is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vaults have some of the highest security standards in the world (“Class 10” at LPMG) and, via our insurance partners, each client’s specie is insured at 100% of its market value. Our trading desks provide liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the status quo global financial system. Contact us (www.alpspmg.com) to discuss how Alps can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

James P. Hunter
Managing Partner
Alps Precious Metals Group