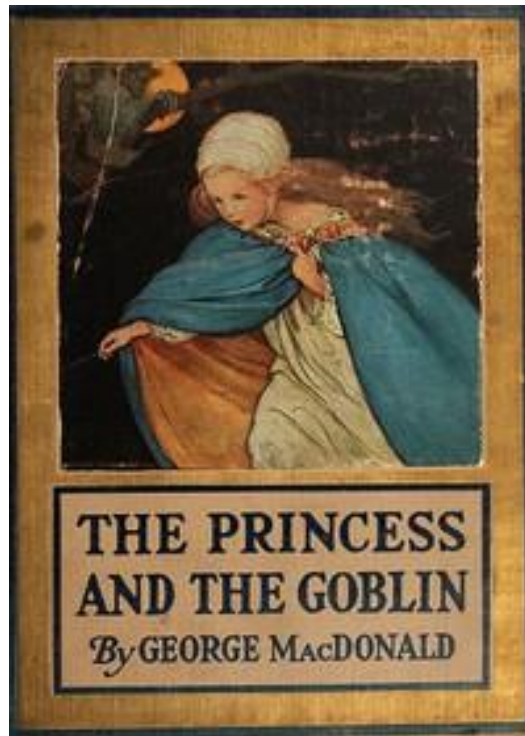


Alps Precious Metals Group

Monthly Commentary and Update

July/August 2020

The Way Out



Source: <https://www.gutenberg.org/ebooks/34339>

“...When he looked up, with the lighted torch casting a glare into the great darkness of the huge cavern, he caught sight of Irene disappearing in the hole out of which he had himself just come. 'Where are you going there?' he cried. 'That's not the way out. That's where I couldn't get out.' 'I know that,' whispered Irene. 'But this is the way my thread goes, and I must follow it....'”

Irene and Curdie in the Goblin Cavern; Chapter 21 – The Princess and the Goblin
by George MacDonald

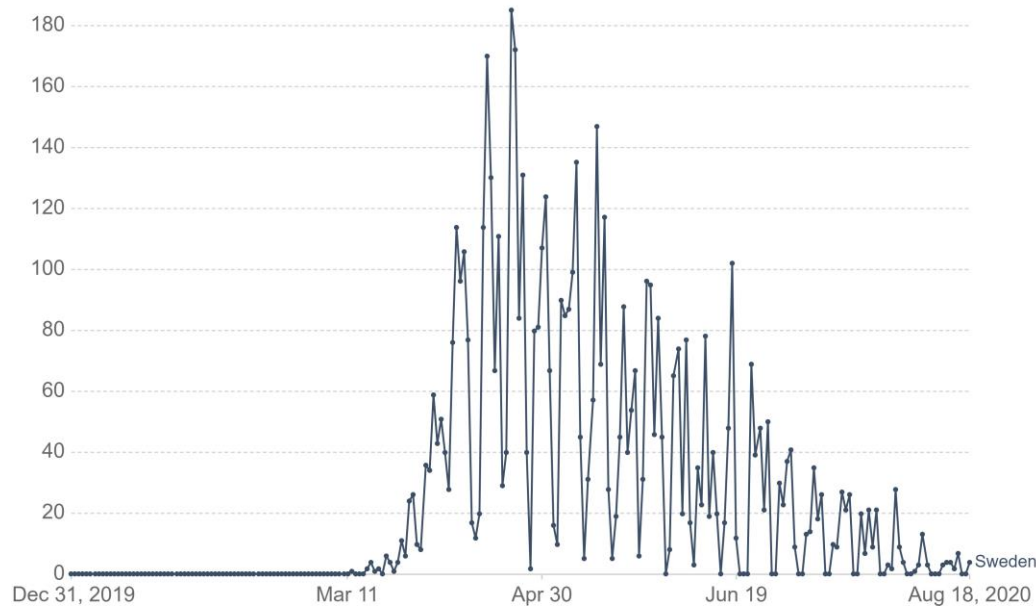


“We all want progress. But progress means getting nearer to the place where you want to be. And if you have taken a wrong turning then to go forward does not get you any nearer. **If you are on the wrong road progress means doing an about-turn and walking back to the right road and in that case the man who turns back soonest is the most progressive man.** There is nothing progressive about being pig-headed and refusing to admit a mistake. And I think if you look at the present state of the world it's pretty plain that humanity has been making some big mistakes. We're on the wrong road. And if that is so we must go back. Going back is the quickest way on.”

– **C.S. Lewis, The Case for Christianity**

Daily new confirmed COVID-19 deaths

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: European CDC – Situation Update Worldwide – Last updated 18 August, 15:40 (London time)

CC BY

Sweden: No Lockdown

Population of 10.2 million

Coronavirus deaths – 5,667

Lockdown State#1: New York City

Population– 8.3 million

Coronavirus deaths– 32,133 (5 and a half time more than Sweden with 2 million less people)

Lockdown State#2: New Jersey

Population– 9.2 million (1 million less than Sweden)

Coronavirus deaths– 15,684 (nearly 3 times as many as Sweden with a smaller population.)

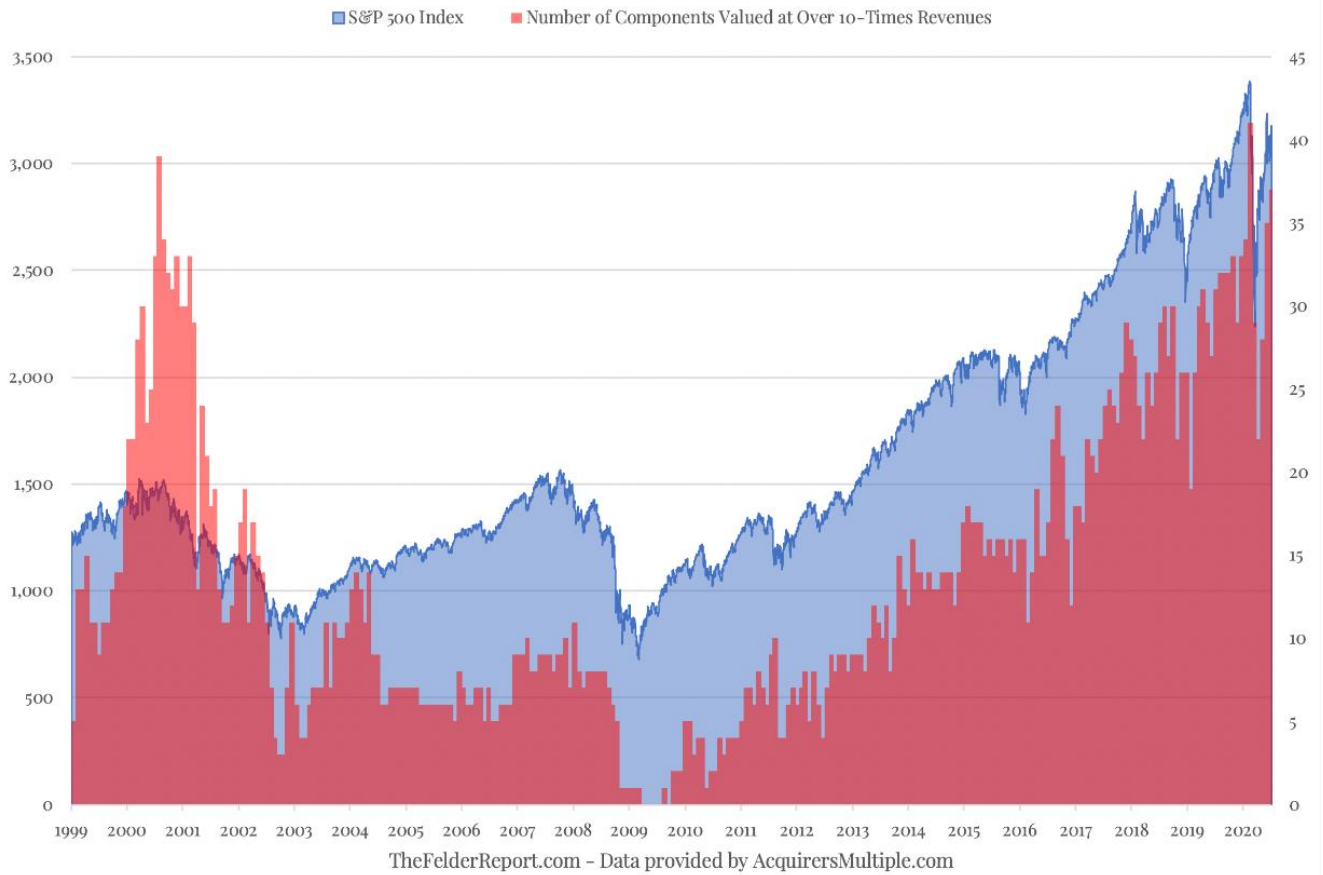
Lockdown State#3: Massachusetts

Population– 6.9 million #.3 million less than Sweden)

Coronavirus deaths– 8,380 (1 and a half times Sweden’s total with 3 million less people.)

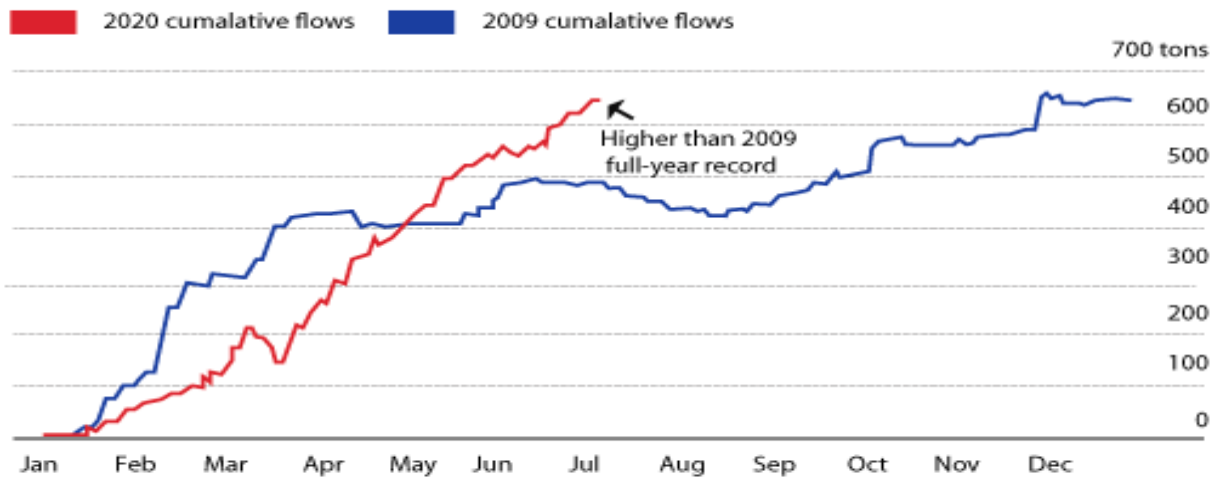
(Source: Mike Whitney, The UNZ Review - <https://www.unz.com/mwhitney/sweden-the-one-chart-that-matters/>, July 28, 2020)

What Were You Thinking?



A Year's Buying... Packed Into Six Months

Inflows into gold ETFs, 2009 and 2020



Source: Bloomberg

5MinForecast.com

“I can’t wait for when we’re out of this mess. How much longer do you think it will go on?”

I have heard the above two sentences from a cross-section of friends, clients, prospects and strangers for the last 4 months. My wife, a Nurse in the Rehabilitation ward of one of our local hospitals has heard the same from her fellow nurses, doctors and techs. The follow-up after we shrug our shoulders and say “Who knows?”, is often – “You do think it will be over soon, don’t you?”

I flew to the Midwest this week to attend the funeral of an old friend. The trip and the airport experience was one of the best I’ve enjoyed in some time. The airplane was not packed-in like sardines, the planes were as clean as I’ve ever seen them, and a far less-harried support staff in the airports are far more friendly and helpful. Of course, there’s a reason for all of this – Covid-19.

Covid-19 is also the reason that the utterly immense parking lots at the Atlanta International Airport were completely empty as I flew over them to land. I have been flying in and out of Atlanta for 50 years and I have NEVER seen such a sight. Forget the stats blasted across the TV and Internet; seeing those Parking Lots tells you all you need to know about the state of the global economy. When one of the world’s busiest airports looks like a ghost town, something wicked this way comes. The thought/question that crossed my mind almost immediately was “Didn’t the Elephants of Sri Lanka high-tail it to the mountains before the tsunami hit?”

(<https://www.nationalgeographic.com/animals/2005/01/news-animals-tsunami-sense-coming/>)

The argument might be posed that all the business that all those cars represent has simply been moved to an on-line, non-personal meeting mode and it’s no big deal except for the Atlanta Airport Authority. I would counter that while I respect and use market-generated solutions like Zoom, etc., and I also respect the speed at which electronic solutions can solve problems, what that parking lot represents is an Aircraft Carrier-size “Delta” (pun intended), that will take some time to turn around.

But meanwhile, the credit ex-nihilo “Miracle rally” in global stocks continues on its merry way. So much so, we’re back to the same “values” we last saw in 1999-2000 – as the chart above demonstrates, we once again have a “market” that has nearly 10% of the companies which compose the S&P 500 trading 10 times revenues. The chart below it detailing the amount of Gold ETF’s being purchased tells of the undertow of this same period in the financial sector – a disbelief in the superstructure of the economy, governments, Central Banks and, most importantly, the culture. That disbelief is being expressed in new purchases of Precious Metals.

If one were to take a class in “Technical Analysis” at any of the finest Business Schools around the world, and asked his Professor to give a visual of an “Upside-down ‘Head-and-Shoulders’ graph that would be one of the most long-term bullish he could imagine”, the Prof would show him this:

HISTORICAL GOLD CHARTS



Source: <https://www.goldbroker.com/charts/gold-price/usd>

A high of \$1900 established in Q3 2011; cascade down in 2013 to form the “left shoulder” of \$1200/oz. at the end of that year; deterioration to the ultimate low of \$1050/oz. in December of 2015 to form the “head”; rally in 2016 back to \$1200/oz., forming the “right shoulder” which holds throughout the next two years, until Q4 of 2018 which completes the formation; consummating recently with the breakout above \$1900/oz. A 10-year chart with a perfectly formed technical pattern which has an historical track record of foretelling many bullish years ahead, irrespective of what the subject of the graph was.

For those who lament “I missed it and have blown it”, what would make this graph even MORE powerful would be for a “U” curve of a brief selloff and recovery on the far right side of the graph, which would form the “handle” of a “cup-and-handle” pattern which is also extremely bullish.

For those who “throw shade” on technical analysis, this discussion may seem a needless waste of space. My response would be simply: irrespective of what one thinks of technical analysis, he must concede that a rather large contingent of money managers exist who couldn’t care less about fundamental research and exclusively “follow the charts” to make their investment decisions. When these guys get a buy signal they get involved, no matter what the “widget” is that trades.

And when we're talking about a rather material amount of Assets Under Management, many of which are starting the buy program at ZERO allocation, the impact may be substantial.

So, great; a superb setup both fundamentally and technically is in place for Physical Precious Metals prices to head to the moon. But what about that ubiquitous question about when this mess ends? In contemplating the answer, I'm reminded of what my friend Brent Johnson of Santiago Capital said about those of us who have been recommending Gold and Silver investments, lo these many years – something along the lines of “We'll be right and we won't like the state of the world that vindicated us.”

Why that memory given the question I'm trying to answer? Because “this mess” is only going to end when – sadly I also need to add “if” – we get Covid-19 right. Better said, when we admit that Sweden got it right.



Source: <https://cached-images.bonnier.news/cms30/UploadedImages/2014/9/27/8329732a-1df8-4079-a5ef-9158d71fc462/original.jpg?interpolation=lanczos-none&fit=inside%7C1010:568&output-quality=80>

If the Nobel Committee doesn't award their native son Dr. Anders Tegnell the prize for Medicine, then they need to abandon giving the thing altogether. Tegnell has endured merciless hounding and criticism for his strategy and advice to his Swedish countrymen as to how to deal with Covid-19 – and his strategy and advice was basically the polar opposite of that of the U.S., Europe and most of the rest of the world. He took the criticism with bravery and fortitude, and stood by what his wisdom told him was the correct decision. Now, as the graph above attests in detailing the collapse in deaths due to Covid-19 in Sweden to basically zero, Tegnell has been proven correct.

The make-it-up-as-you-go-along strategy of the U.S. did not work. In spite of our non-Scientific, not-open-to-other-ideas behavior, the U.S. may be turning the corner in terms of gaining immunity to the virus. But it won't be because of our policies, it will be because we got to 'herd immunity' anyway because mask-wearing, social distancing, and stay-at-home mandates don't do a darn thing to a virus which is microscopically small, airborne and all over everything we touch. Tegnell knew this and proceeded accordingly.

What may be the most important by-product of Tegnell's wisdom and fortitude? The stability of the culture of Sweden. No social breakdowns, no rioting, no loss of normal human interaction. Meanwhile, people in the U.S. are at each other's throats for a host of real and imagined sins against one another, and a material loss of interaction that has left millions alone in their homes, adrift in world of their own, compliments of their TV, computer or I-phones.

John Stepling writes from Norway (<https://off-guardian.org/2020/08/19/if-you-are-reading-this-you-might-be-a-conspiracy-theorist/>)

"...There is a paper put out by one of the founders of the World Economic Forum, Klaus Schwab, called *The Great Reset*. The conclusion of the book reads:

"...at a global level, if viewed in terms of the global population affected, the corona crisis is (so far) one of the least deadly pandemics the world has experienced over the last 2000 years."

In other words, a mortality of .06% is simply not commensurate with the extreme measures the governments of the world (the West in particular) are taking. There is no question, none, that those measures, the lockdown, the masks, the distancing, and the attending *diseases of despair*, will kill more people by a factor of ten than the virus itself.

This is not even to begin discussing the psychological harm done, in particular to children. And not just harm to children, but severe [harm to the most vulnerable](#).

What is being internalized by children is three-fold. One, there is something inherently sick and contagious about ME. Two, everyone MIGHT be a threat to my health. And three, obey authority, because you don't want to end up like those smelly homeless people we are trying so hard to avoid.

Children take things personally. They tend to blame themselves. Even in the comparative sanity of Norway, where I reside, children are increasingly anxious about the world. How could they not be? All this for a health risk of .06%.

But it is more than just the decimation of the economy in the US and UK. It is a dismantling of the culture. One in three museums closed because of Covid will not re-open. Ever...."

How is it that the West wonders why there's a sense that, in the words of W.B. Yeats, "a rough beast is slouching towards Bethlehem"?

So, yeah, Gold's going higher; probably much higher. But can it still do so without having a destroyed culture lying in its wake? C.S. Lewis would opine that it could do so, but it would take "manning up", swallowing one's pride and admitting that one was wrong (and in the case of the United States to do so at an Institutional level – the CDC, Fauci, et.al.), turning around and getting back to the path of wisdom. Such a path is difficult to take, but as MacDonald described in his beautiful book, it is also the path that one must trust, no matter how hard or counter-intuitive that path seems at first glance.

Mankind gets sick and we always will on this side of the veil. Sometimes a given sickness affecting Man will be worse than others and we need to be thoughtful in terms of how we interact with our loved ones and neighbors. What we don't need to do is what we've done, and worse, what we continue to do in the United States and elsewhere around the world. Do we have the capacity to say to Sweden and Tegnell, "Touche"; you were right and we were wrong. What would you advise us to do at this point?" Though I truly hope we have such humility and can say such words, I'm not holding my breath. And given that, I'm holding and adding to my Gold and Silver.

Alps, LPMG, St. Joseph Partners and Monetary Metals

Alps Precious Metals Group via our partnerships with Liechtenstein Precious Metals Group (Global and Offshore clients) and St. Joseph Partners (U.S./Canadian 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.

We have an additional partnership with Monetary Metals ("MM"). MM has a unique niche in the Precious Metals markets, which is summarized in their motto: "A Yield on Gold, Paid in Gold". For investors who would like exposure to the Precious Metals sector but require an income flow from the investment, our partnership with MM can provide the same.

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