



It's already interesting in the Physical Gold and Silver market. While "paper" prices in Precious Metals have fallen (futures, vault receipts, ETF's, etc.), the opposite is occurring in Physical prices. Here are several "tweets" that define that new reality:



**Jim Rickards**  
@JamesGRickards



From the front lines of gold: Royal Canadian Mint closed for 2 weeks. U.S. Mint backordered a month in advance. Brinks JFK on half shifts (gold can't move). Brinks Utah recovering from earthquake. European refiners can't ship to U.S. (travel restrictions). Sorry, no gold for you.



2:37 PM · Mar 20, 2020 · [Twitter Web App](#)

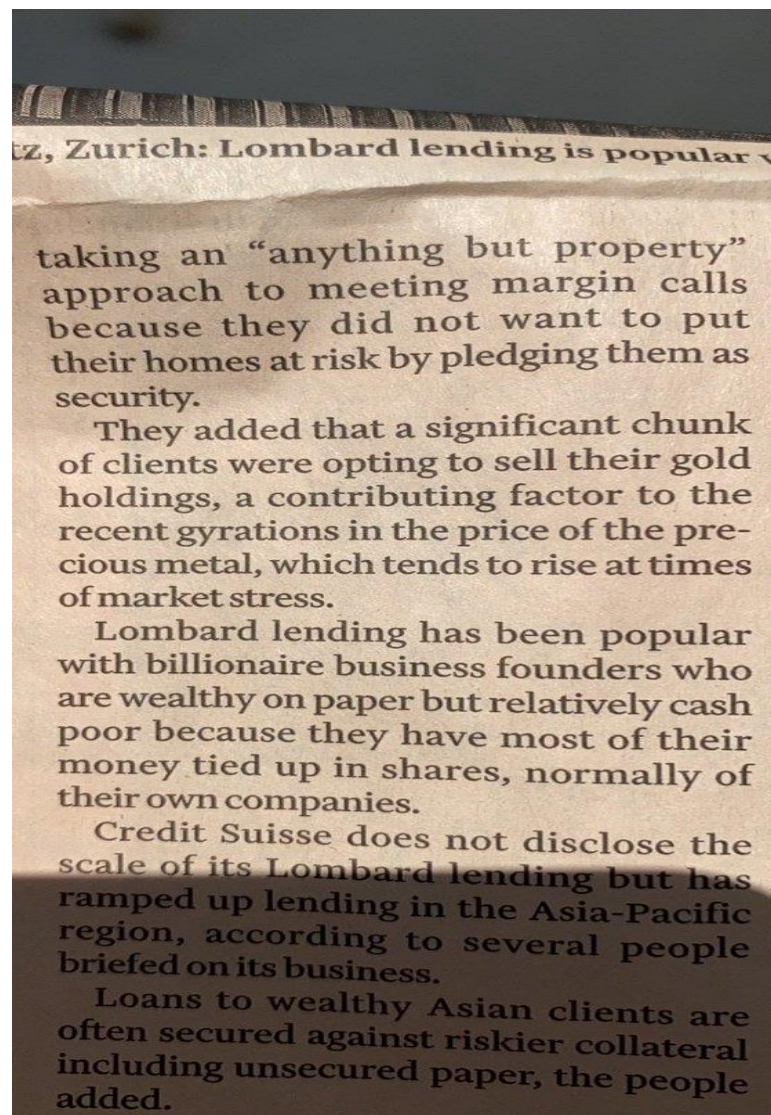
From Simon Mikhailovich of Tocqueville Bullion Reserve:



**Simon Mikhailovich**  
@S\_Mikhailovich

Here comes confirmation from FT that Swiss banks saw gold being liquidated en masse to meet margin calls.

Moral: In a liquidity crisis, one sells not what one wants but what is most liquid & gold is never illiquid, which is why Central Banks hold large bullion reserves.





**Simon Mikhailovich**

@S\_Mikhailovich



FYI - we were just notified by one of the Swiss refineries that they are raising premiums on ingots (1 kg & 100g bars) by 20% effective immediately.

9:45 AM · Mar 19, 2020 · [Twitter Web App](#)

Simon Mikhailovich Retweeted



**morcobleu**

@morcobleu



Simon [@S\\_Mikhailovich](#), just spoke to my dealer: they are 3-4 months backlogged. Normally they charge me about \$48 commission on a Maple Leaf and \$52 on a Krugerrand, now it's \$90 each. Normally it's a 2oz minimum, now it's a 10oz minimum!



**Simon Mikhailovich** @S\_Mikhailovich · Mar 19



This is for those who are waiting to buy physical gold when the gold futures finally bottom. Best of luck...



**Stranius** @StraniusC · Mar 19

Replying to @S\_Mikhailovich

I purchased 15x 1 oz Valcambi platinum bars in the last two weeks about \$150/oz higher than current paper contract suggests. In the last 3 days I've gone back to 3 large online dealers to buy more and everyone is sold out. So yes on paper I'm down but good luck buying volume now.

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Our experience is identical to that of our competitors. So, what are the takeaways?

- 1) Gold and Silver in physical form are in backlog for delivery and may go further so.
- 2) Gold and Silver's \*paper\* price has fallen due to margin calls.
- 3) Even if the paper price of Gold and Silver falls in the future, that will not necessarily translate into a cheaper price for the physical.

Relative to point "2)" above, a number of our clientele have expressed frustration that Gold has not provided positive performance during last month's meltdown. While this frustration is understandable, reviewing the fact that we are only one month into what may be a protracted bear market in equities (with \*MASSIVE\* rallies within the same, one of which may be next week!), the following table is instructive. For the record, in the equity market downdraft from the all-time high on February 19, 2020, here is how has Gold performed, in spite of its use as a Margin Call Cash Generator:

### **S&P 500 vs. Gold – From 2/19/2020 all-time high to 3/21/2020**

	2/19/2020	3/21/2020	Downdraft	Downdraft Percentage
Gold	\$1611	\$1503	-\$108	-6.7%
S&P 500	3394	2305	-1089	-32.08%

Identical to its behavior in the autumn of 2008, Gold and Silver's price has initially fallen. However, in the case of Gold, it certainly has enjoyed relatively decent performance.

The absolute performance is in the next act.

And for a broader perspective, we update last month's "Scorecard". Gazing through the clearing smoke of the material selloff in U.S. and global markets, Gold's total return vs. equities has moved well into the lead on a 50-year and 20-year basis:

### **S&P 500 vs. Gold – 1971 to the Present & 2000 to the Present**

	1971	2020	Dividends	Storage (0.5% p/a)	Total Return
Gold	32	1500	n/a	-135	4266%
S&P 500	98	2303	1284	n/a	3560%
	2000	2020	Dividends	Storage (0.5% p/a)	Total Return
Gold	280	1500	n/a	-90	404%
S&P 500	1469	2303	710	n/a	105%

So, what does in fact happen next? Here are a compilation of our thoughts:

- A) COVID-19 will be found to have been far more prevalent in the global population than originally thought, meaning that people who were in fact infected but had no symptoms was and is a FAR higher number than originally thought and that the disease has been amongst us longer than was originally thought. Therefore, current measures to lockdown/isolate/socially distance the entire populace – as opposed to doing the same for ONLY those most at risk – will prove to have been a catastrophic ECONOMIC mistake which may very well prove to be a far higher threat to humanity and civilization than COVID-19 ever was.
- B) Government money-printing will come under the category of "You ain't seen nothin' yet!"
- C) As a result of "B)" \*AND\* the loss of confidence in the status quo government and banking system, Physical Precious Metals prices will rise dramatically (as to what level, see here: <http://www.alpspmg.com/wp-content/uploads/2018/03/Alps-November-2019-Update.pdf>).
- D) As a result of "C)", some banks will fail/be nationalized (Deutsche Bank, anyone?) and bail-in risk will become a reality. Precious Metals stored in such banks will be at risk of confiscation.

5 years ago, I was privileged to hear a speech by Jim Grant. At the conclusion of his remarks, he opened the floor to Q&A and I asked him the following question:

Mr. Grant, what will it take to unravel this giant concoction of perceived prosperity the Global Central Banks have given us?

He answered with two words – “The Surprise”. He then expanded the answer to say that it would be some sort of event that would expose this unhinged experiment by PhD’s for what it actually is.

Sadly, I’m afraid “The Surprise” is upon us.

### **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](http://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