

Alps Precious Metals Group

Monthly Commentary and Update

May 2019

Postcards from the Edge, 3.0

May has arrived so it is again time for our annual edition of “Postcards”. We have been unwavering in the 2 foundational beliefs which underscored the rationale for starting our business – 1) The radical experiment in Central Banking/Planning begun by Ben Bernanke and expanded upon by his cohorts around the globe (i.e., the ECB and BOJ) will end in utter failure and a material reset in banking and finance will result, and, 2) The main beneficiary of this reset will be Physical Precious Metals. The graphs and charts which follow speak for themselves, though we have added VERY brief titles to each depiction. We believe the viewer of these “Postcards” will reach a similar conclusion to ours – time is either very short or past until the next recession, and Gold and Silver will begin to materially outperform most (if not all) other assets as a result.

When 10yr Treasury fall lower than Fed Funds, recessions begin shortly thereafter:



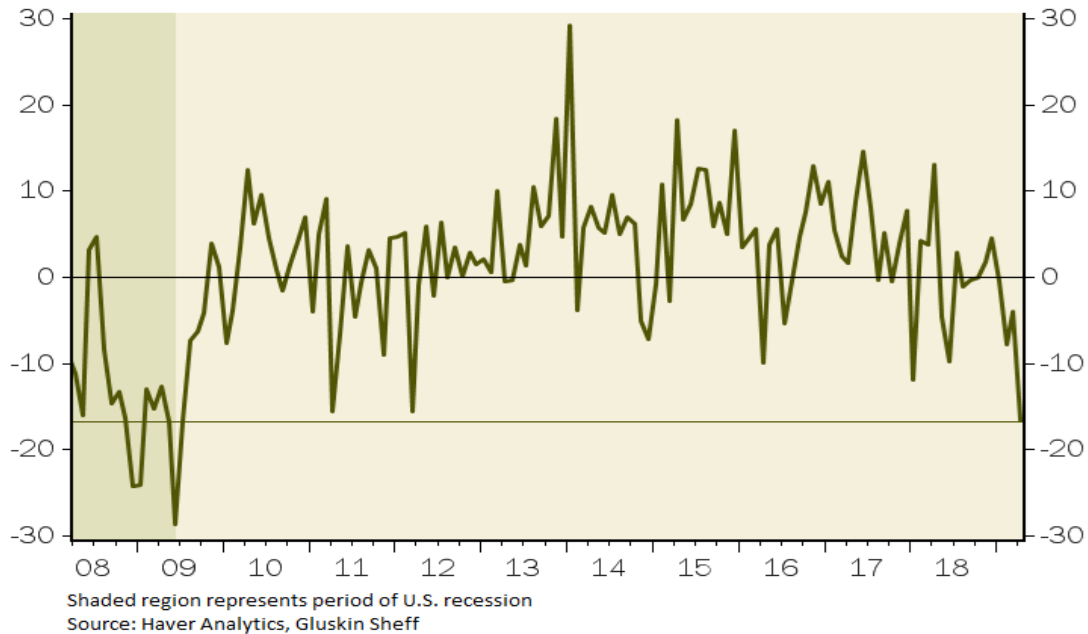
May 27 2019, 8:39PM EDT. Powered by **YCHARTS**

Source: Jesse Felder

When Major Appliance sales fall to this level, recessions are imminent or current:

AHAM: Domestic Shipments: All Major Home Appliances

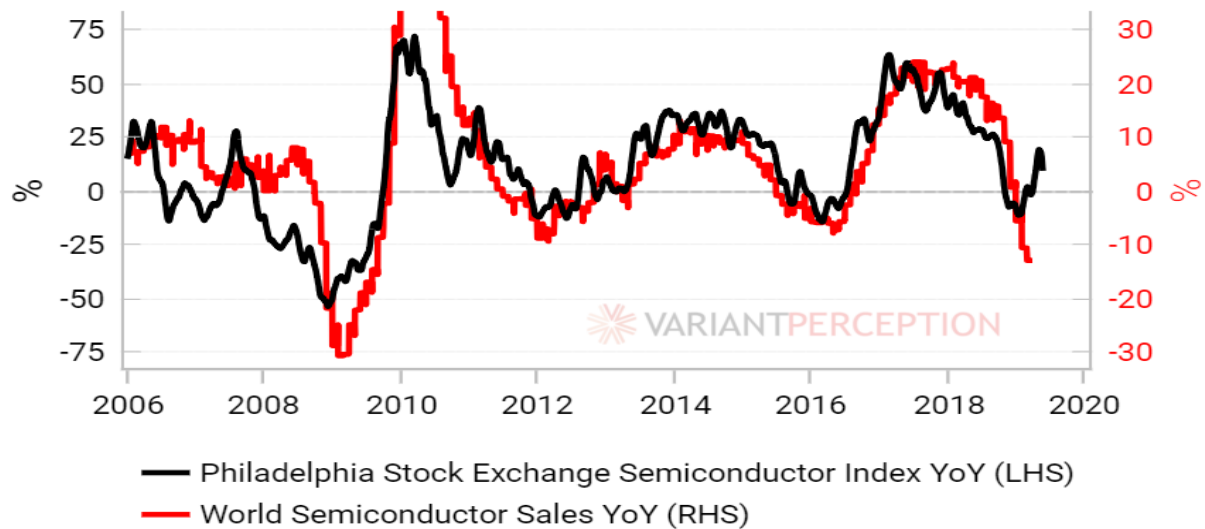
% Change - Year to Year Units, NSA



Source: David Rosenberg

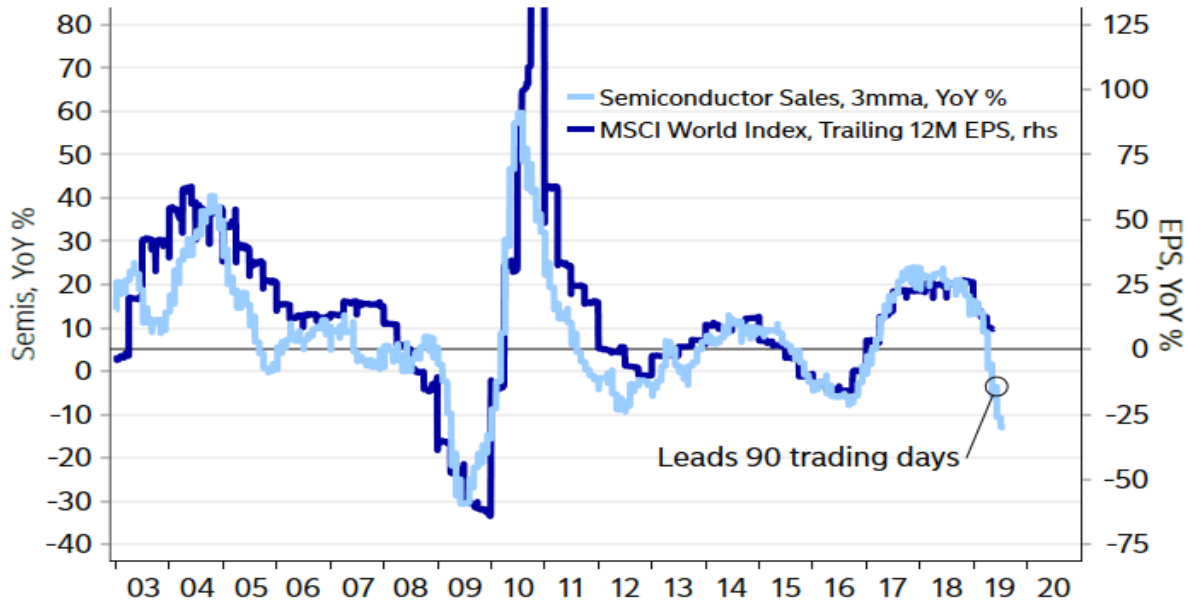
To catch up, the Philly Semiconductor Index needs to fall about 20% from here:

**Philadelphia Stock Exchange Semiconductor Index
vs Global Semiconductor Sales**



Source: Jesse Felder

And this chart on Semiconductors vs. Global Stock prices is even more sobering:



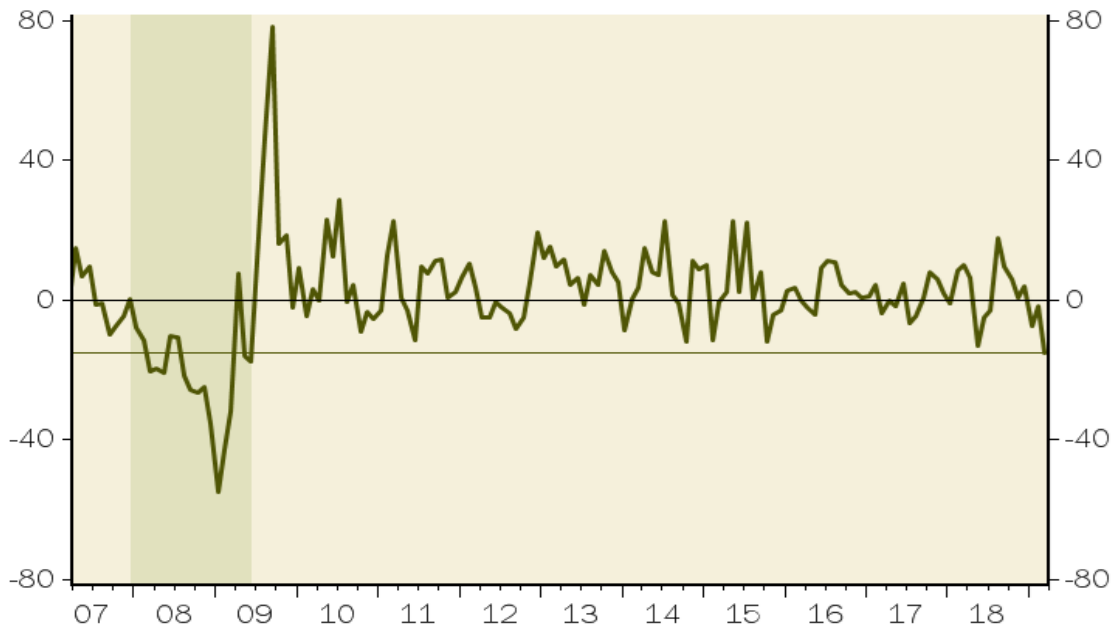
Source: Macrobond and Nordea

Source: Jesse Felder

We haven't seen this level in Durable Consumer Goods since 2008-2009:

Industrial Production: Durable Consumer Goods

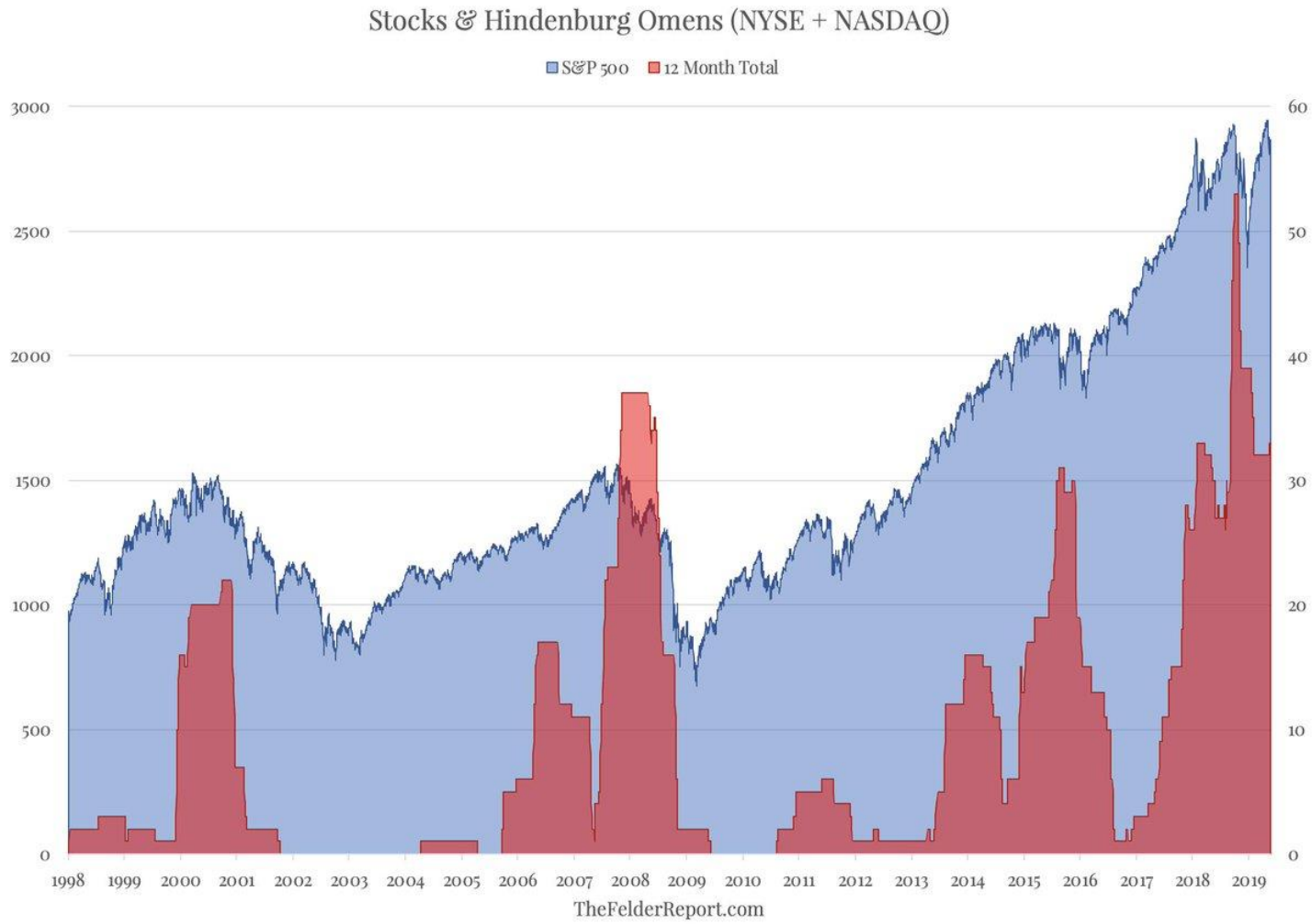
3-month %Change-ann



Shaded region represents period of U.S. recession
Source: Haver Analytics, Gluskin Sheff

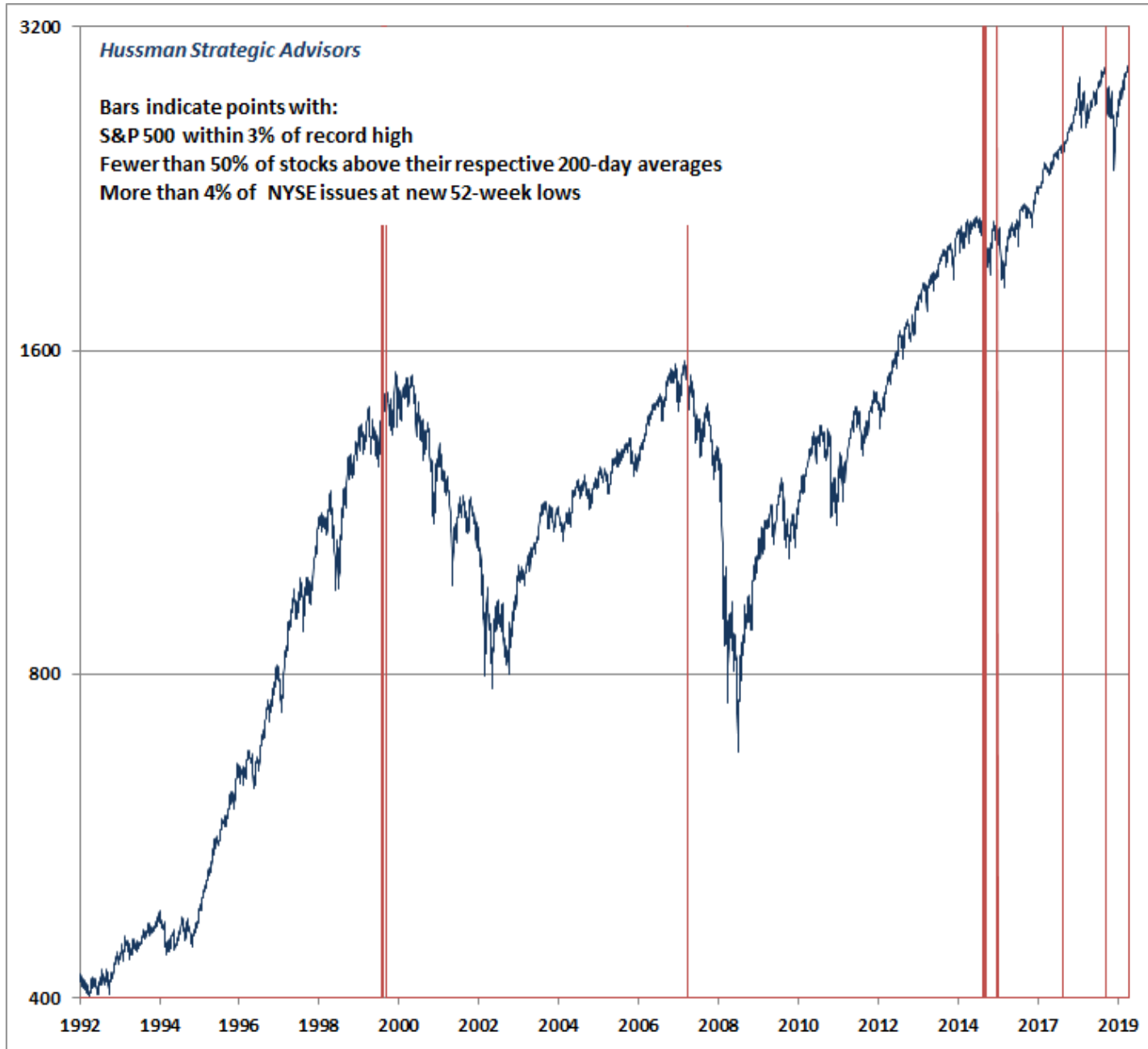
Source: David Rosenberg

Cause for concern – Exhibit #1:



Source: Jesse Felder

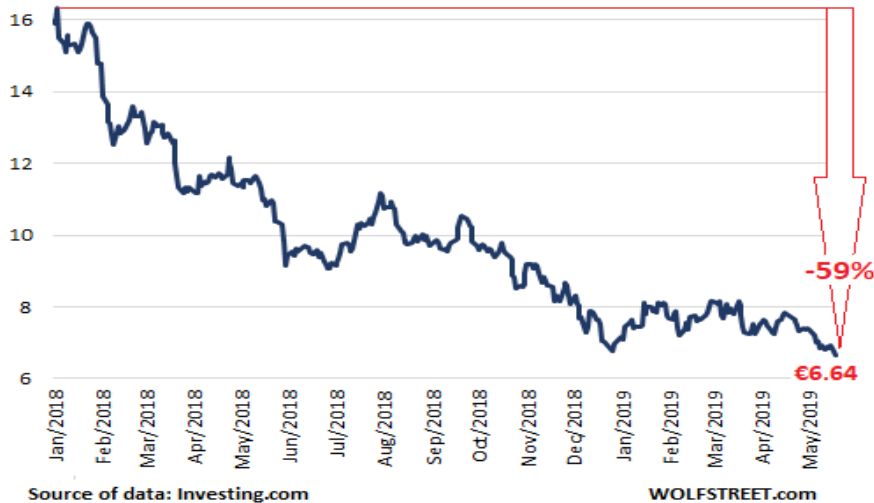
Cause for Concern – Exhibit #2:



Source: John Hussman

Cause for Concern – Exhibit #3:

Deutsche Bank Plunges 59% Since Jan 2018 DBK, daily, in €



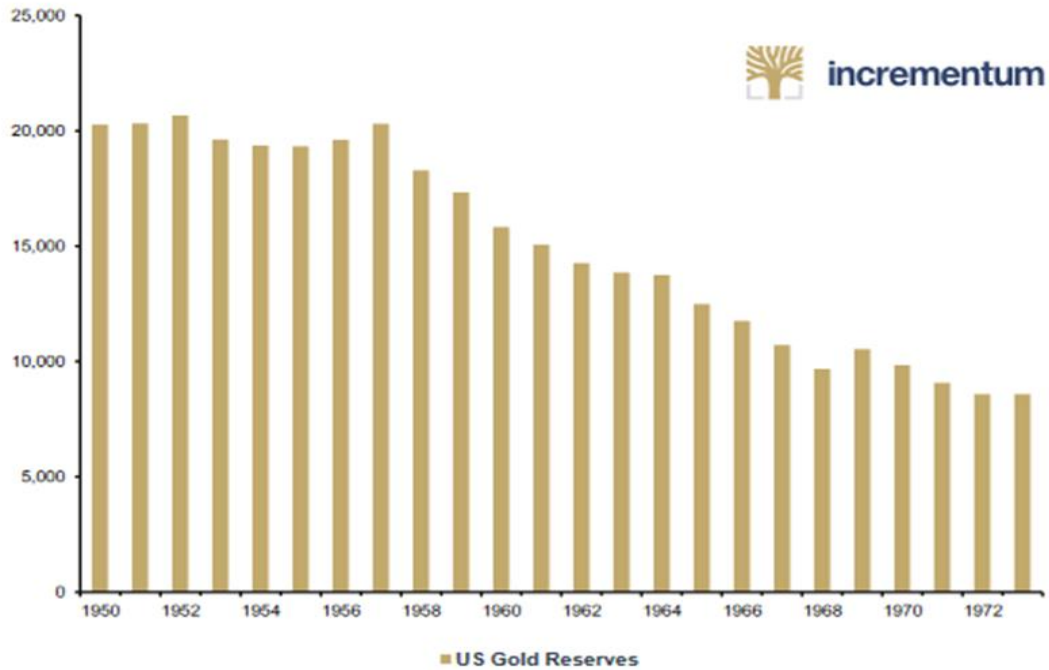
Deutsche Bank's Looooong Death Spiral DBK, daily, in €



Keep in mind that Deutsche Bank has a \$50 Trillion Derivative Book and is intertwined with every “Systemically Important Financial Institution” on the globe. The loss of Deutsche Bank will be 10x the problem the bankruptcy of Lehman was. Expect Bail-Ins if DB blows up.

Gold – U.S. began it divesting from Gold 70 years ago and has now cut it by 60% :

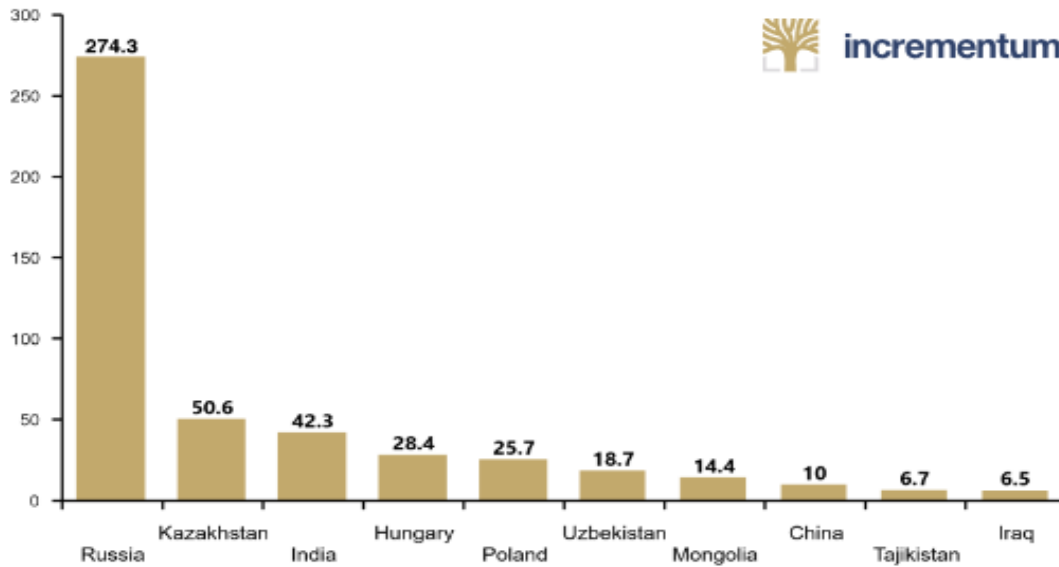
US gold reserves, in tonnes, 1950-1973



Source: World Gold Council, Incrementum AG

Gold – While other Countries have loaded the boat, especially recently:

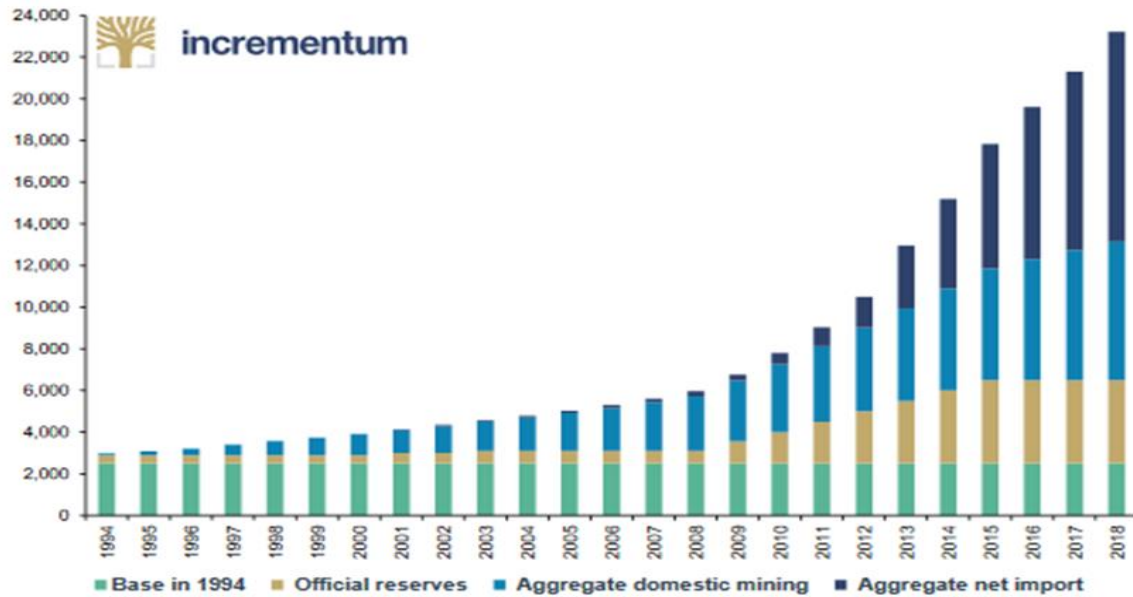
Gold purchases, in tonnes, 2018



Source: World Gold Council, Incrementum AG

Gold – China is up to nearly 24,000 tons (and it is probably more than that!):

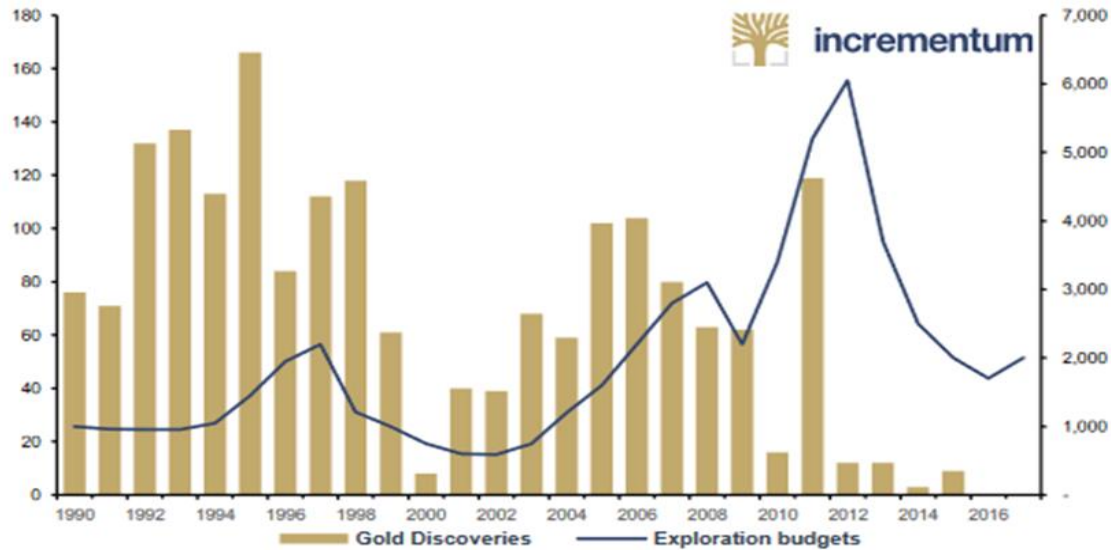
Total gold reserves held in China (estimated) in tonnes, 1994-2018



Source: BullionStar.com, Incrementum AG

Gold – Supply becoming severely restricted; Few are looking and little is found:

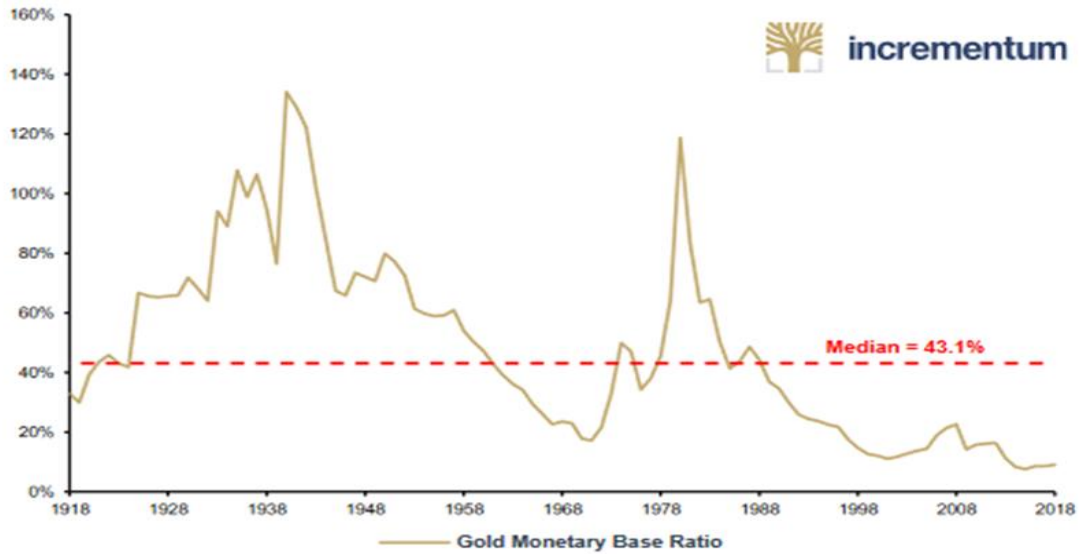
Gold discoveries, in million ounces (left scale) vs. exploration expenditures, in USD mn (right scale), 1990-2017



Source: S&P Global Market Intelligence, World Gold Council, Incrementum AG

Gold – To return to the 100-year median, Gold would have to rally about 6 to 7x:

US gold reserves at market prices/M0, 1918-2018



Source: Federal Reserve St. Louis, World Gold Council, Incrementum AG

Gold – This chart suggests that the Supporting Pyramid is overdue some growth:

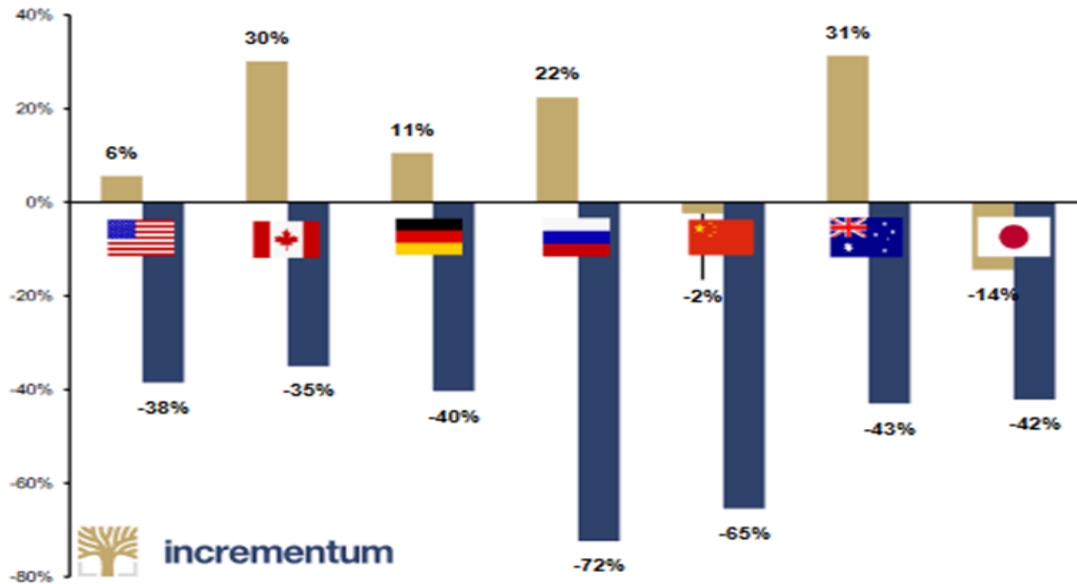
Exter's Pyramid, in USD trn, 2018



Source: BIS, Bloomberg, IIF, World Bank, World Gold Council, Visual Capitalist, Incrementum AG

Gold – Performance in 2008 = Non-Correlated, Liquid Asset when most needed:

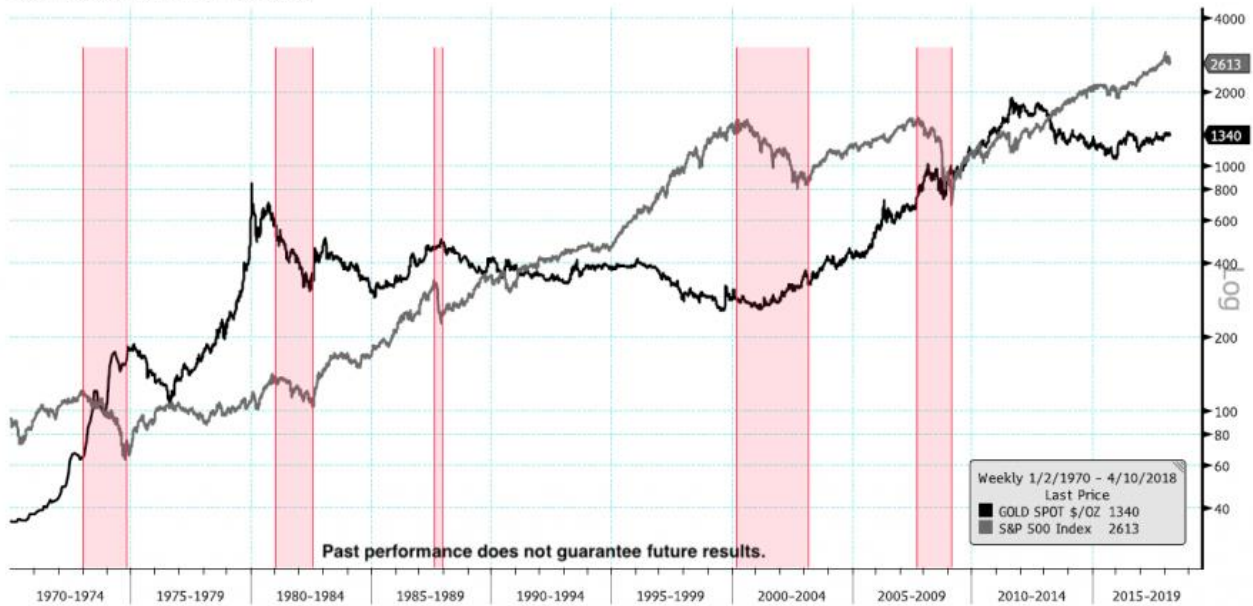
Annual performance of gold in local currencies vs. domestic equity markets, in %, 2008



Source: goldprice.org, Yahoo.finance, BGMI Bullion, Incrementum AG

Gold – In 4 out of 5 Bear Markets in the last 50 years, Gold rallied:

Gold vs S&P 500 Bear Markets



Source for all "Gold" charts and graphs: Incrementum's "In Gold We Trust Report", published May 28, 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