

# Alps Precious Metals Group

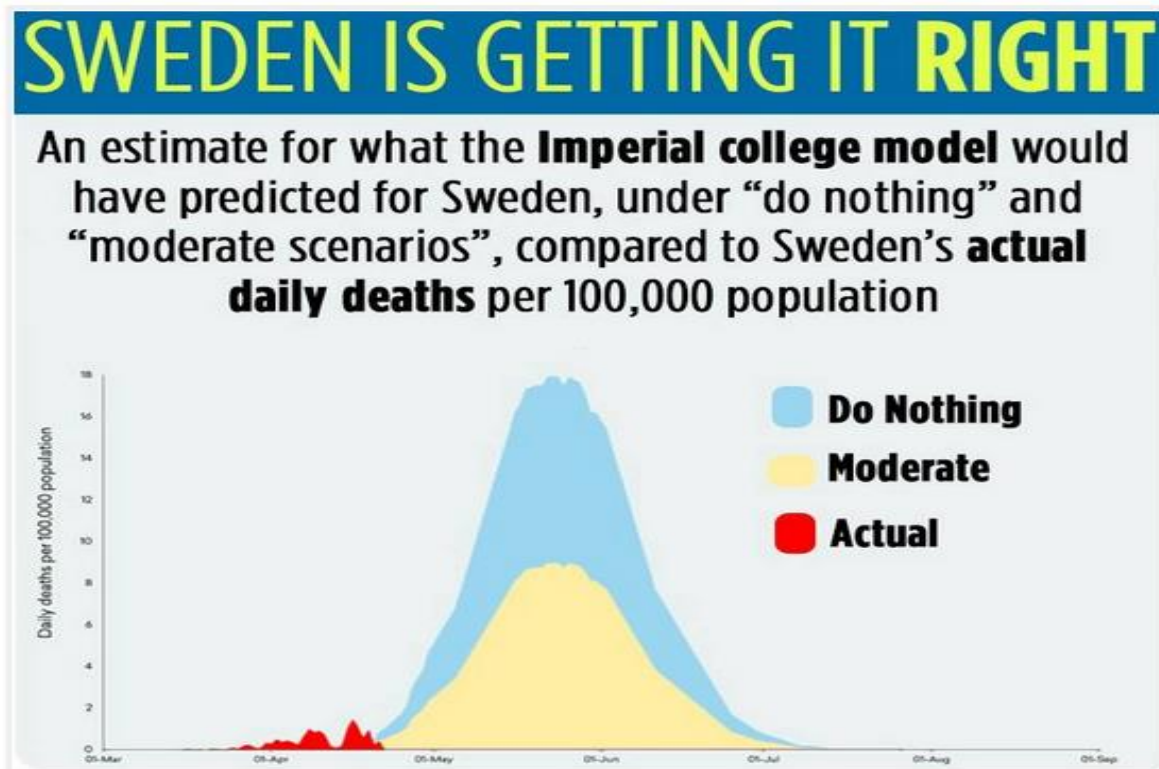
## Monthly Commentary and Update

May 2020

### Postcards from the Edge, 4.0

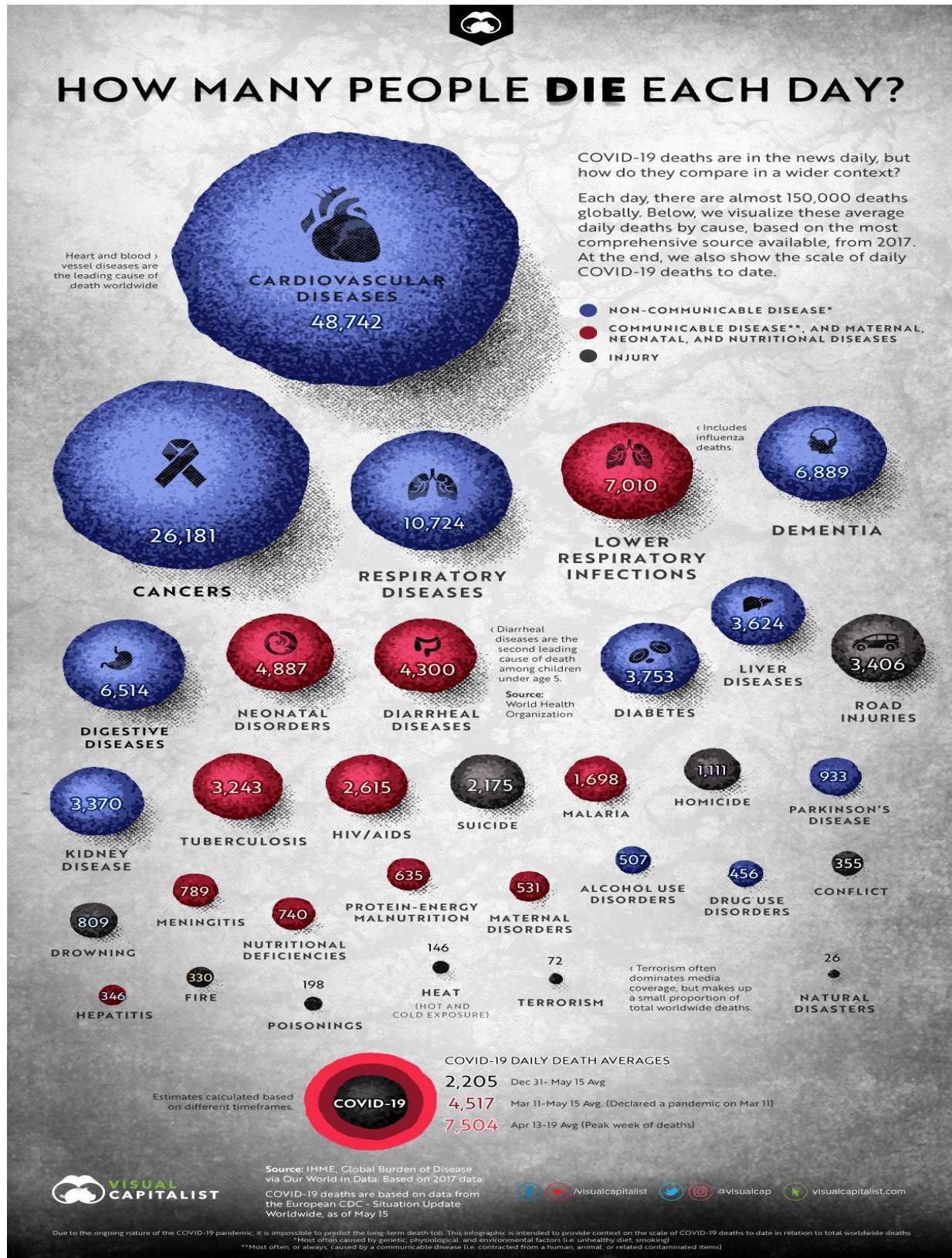
May has arrived so it is again time for our annual edition of “Postcards”. We have been unwavering in the 2 foundational beliefs which underscored the rationale for starting our business – 1) The radical experiment in Central Banking/Planning will end in utter failure and a material reset in banking and finance will result, and, 2) The main beneficiary of this reset will be Physical Precious Metals. Much has changed in the world since last May’s edition – and all of those changes are in concert with our thesis. The recession/depression is here and Physical Precious Metals have begun their ascent.

#### *The Tale of the Tape on COVID-19:*



*IMPERIAL FAIL: On this basis alone, Ferguson and his team should be roundly discredited, and the UK government blamed for ineptitude and incompetence.*

## A chart for perspective:



Source: Visual Capitalist



**According to the Taylor Rule, we're headed for extremely negative % rates:**

## Taylor rule calculation (with 14.7% unemployment rate)

Legend:

fill-in
result

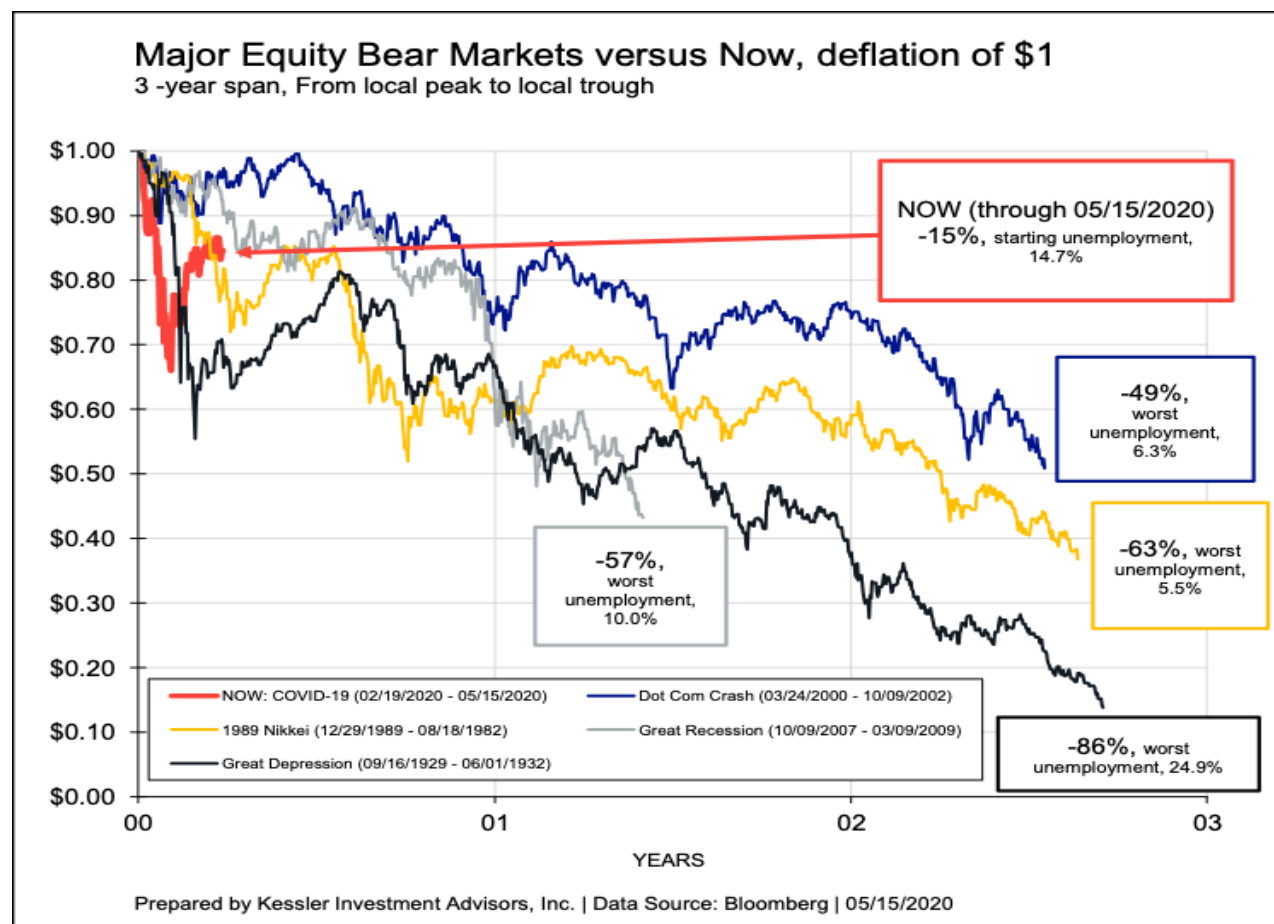
Inflation	-	Inflation Target	=	<b>Inflation Gap</b>
1.70%	-	2.00%	=	-0.30%

Okun Factor	*	NAIRU (Full Employment)	-	Unemployment Rate	=	<b>Output Gap</b>
2	*	5.00%	-	14.70%	=	-19.4%

Neutral Real Rate	+	Inflation Rate (PCE Core Deflator)	+	weighting factor (alpha)	*	Inflation Gap	+	weighting factor (beta)	*	Output Gap	=	Fed Funds Target Rate Prescription
2.00%	+	1.70%	+	0.5	*	-0.30%	+	0.5	*	-19.4%	=	-6.16%

Prepared by Kessler Investment Advisors, Inc. | 05/15/2020

**Just getting started:**



Again, for perspective:

## Equity Bear Market Rallies Greater than +10% in Major Historical Bear Markets

### Great Depression (S&P 500)

	Start	End	Amount	Months
1	10/29/29	10/31/29	+18.2%	0.1
2	11/13/29	04/10/30	+46.8%	4.9
3	11/10/30	11/21/30	+10.7%	0.4
4	12/16/30	02/24/31	+25.8%	2.3
5	06/02/31	06/26/31	+25.8%	0.8
6	10/05/31	11/09/31	+30.6%	1.1
7	01/05/32	01/15/32	+18.1%	0.3
8	02/10/32	03/08/32	+19.7%	0.9

### Japan 1989 (Nikkei 225)

	Start	End	Amount	Months
1	04/02/90	06/07/90	+18.5%	2.2
2	10/01/90	03/18/91	+34.2%	5.5
3	04/09/92	05/14/92	+13.3%	1.1

### Dot Com Crash (S&P 500)

	Start	End	Amount	Months
1	04/15/00	09/02/00	+12.1%	4.6
2	04/05/01	05/22/01	+19.0%	1.5
3	09/22/01	01/05/02	+21.4%	3.4
4	07/24/02	08/23/02	+20.7%	1.0

### Great Recession (S&P 500)

	Start	End	Amount	Months
1	03/11/08	05/20/08	+12.0%	2.3
2	10/11/08	10/14/08	+11.6%	0.1
3	10/28/08	11/05/08	+18.5%	0.3
4	11/21/08	01/07/09	+24.2%	1.5

Average: +21.1% 1.8

### NOW: COVID-19 (S&P 500)

	Start	End (tentative)	Amount	Months
1	03/21/20	04/29/20	+31.4%	1.2

The rally in the S&P 500 since mid-March has now lasted 1.2 months (to the tentative 4/29/2020 peak).

This is very close to the average of all the bear market rallies studied here at 1.8 months.

***As we suggested in our February and March commentaries, “we ain’t seen nothin’ yet” when it comes to out of control “credit creation ex-nihilo”!***



**U.S.  
M2**

Source: Dan Tapiero/Ronnie Stoeferle, Twitter – May 15, 2020

***Which, of course, renders this graph:***

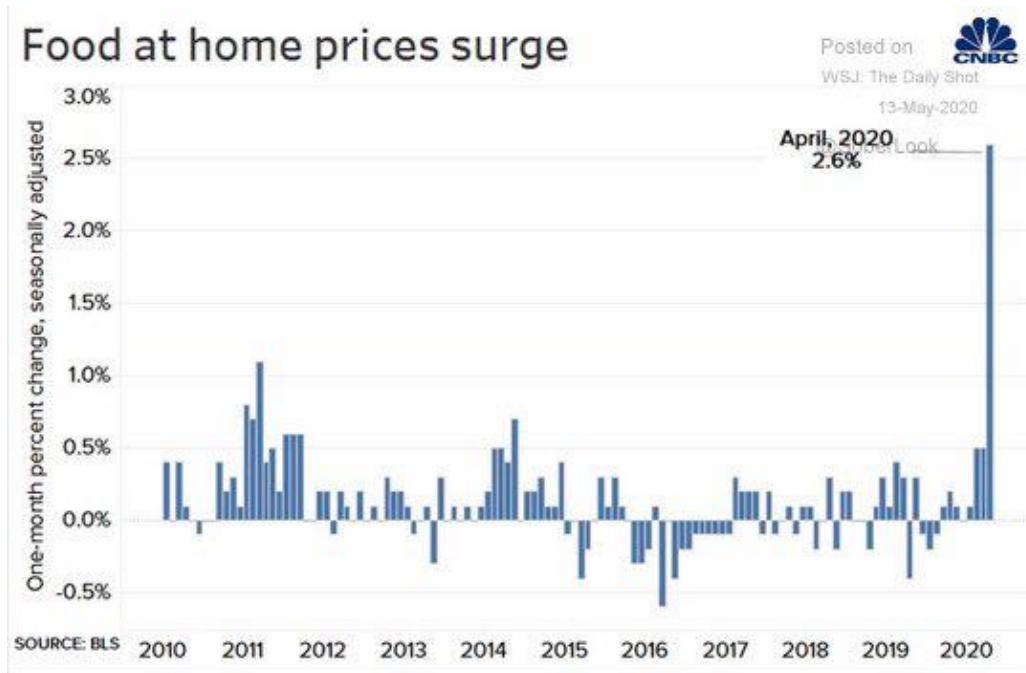
### **The Ratio of Total Market Cap to US GDP**



Source: Ronnie Stoeferle, Twitter – May 15, 2020

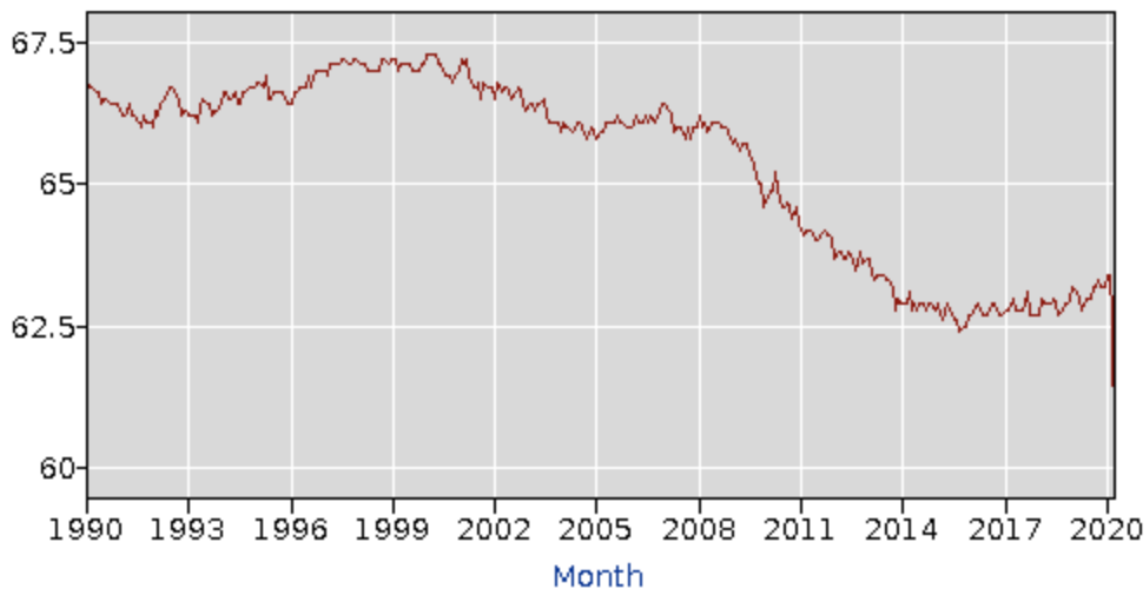
***Here are 2 powder kegs ready to explode:***

### **Food Inflation**



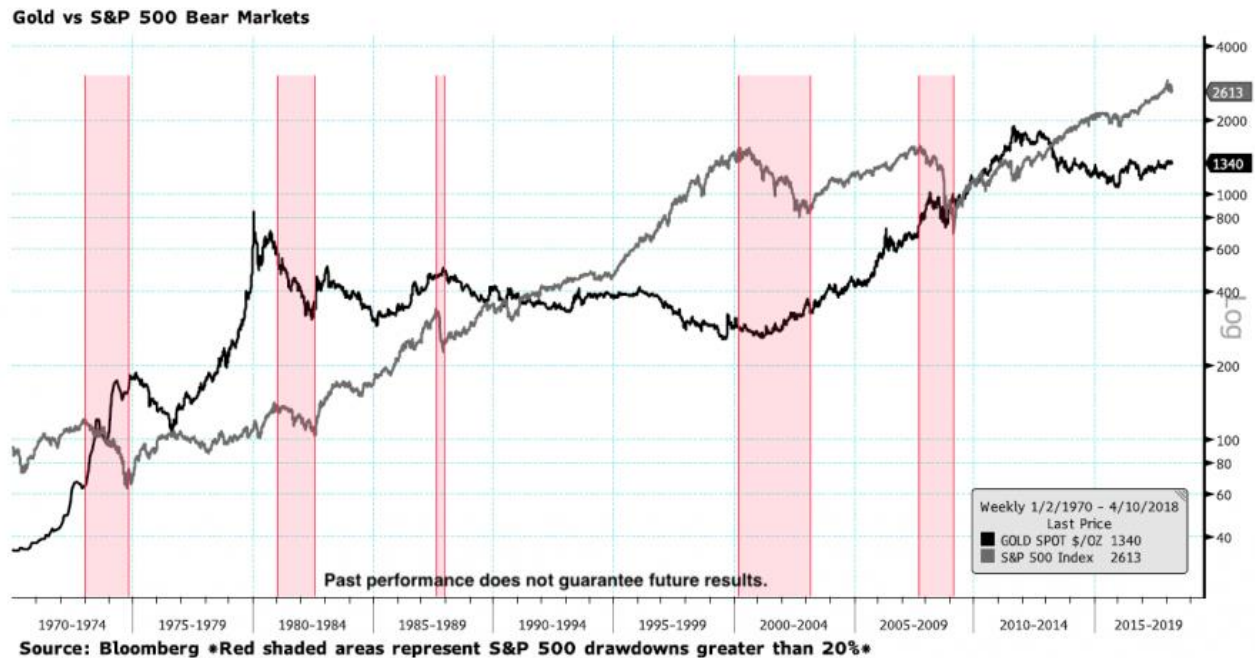
Source: D. Schrottenbaum/Ronnie Stoeferle, BLS, WSJ Twitter – May 15, 2020

### **Labor Force Participation Rate**



Source: Bureau of Labor Statistics, Michael Melissinos/Jesse Felder, Twitter – May 8, 2020

***Finally, updating our favorite graph, if one could expand it incorporating the results in the table below, Gold rallied in \*5 out of 6\* Bear Markets in the last 50 years:***



### **S&P 500 vs. Gold – From 2/19/2020 all-time high to 5/20/2020**

	2/19/2020	5/20/2020	Performance	Performance Percentage
Gold	\$1611	\$1750	+\$139	+8.63%
S&P 500	3394	2972	-422	-12.43%

## **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