

Alps Precious Metals Group

Monthly Commentary and Update

September 2019

What a Difference a Day Makes

“...They moved swiftly, silently, with purpose, under a crystalline, star-filled night in western Siberia....For at least five kilometers in all directions stretched the cracking towers, storage tanks, catalytic chambers, and above all the thousands of kilometers of large-diameter pipe which made Nizhnevartovsk one of the world's largest refining complexes.....First the gasoline. He closed sixteen control valves--the nearest of them three kilometers away—and opened ten, which rerouted eighty million liters of gasoline to gush out from a bank of truck-loading valves. The gasoline did not ignite at once.....The KGB sergeant leaped around the lower landing and his first burst tore the rifle from Rasul's bloodless hands. Two hand grenades arched through the air as the sergeant disappeared back around the corner. There was no place—and no reason—to run. Mohammed and Ibrahim stood immobile in the doorway as the grenades bounced and skittered across the tiled floor. Around them the whole world seemed to be catching fire, and because of them, the whole world really would....”

Red Storm Rising: Chapter 1, “The Slow Fuse” - Tom Clancy & Larry Bond

Bellwether' FedEx Shares Tumble After Slashing Outlook, Blames Trade War

Tue, 09/17/2019 - 16:15

“...Fed Ex shares are **down 8%** after hours following a **cut to its earnings outlook**.



The bellwether noted that **operating results declined primarily due to weakening global economic conditions**, increased costs to expand service offerings and continued mix shift to lower-yielding services.

“Our performance continues to be **negatively impacted by a weakening global macro environment driven by increasing trade tensions and policy uncertainty**,” said Frederick W. Smith, FedEx Corp. chairman and chief executive officer.

These FedEx forecasts assume moderate U.S. economic growth, the company’s current fuel price expectations, no further weakening in international economic conditions from the company’s current forecast and no additional adverse developments in international trade policies and relations.

Sounds like a lot to hope for...”

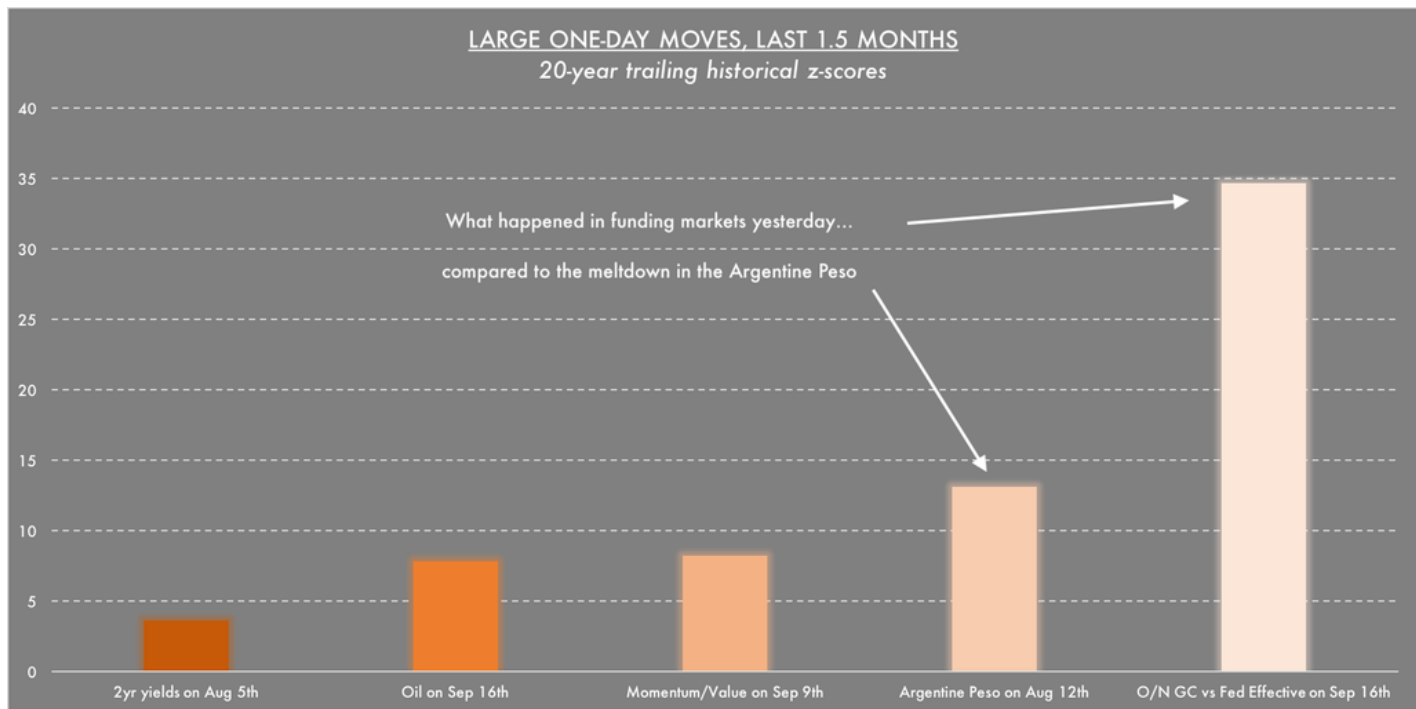
(Source: Zero Hedge)

Far Too Little, Far Too Late

[September 17, 2019](#)

“...breathless media coverage of “Liquidity and the Funding Market” is just one of those things you don’t want to hear about. When it’s working as it should, it’s generally regarded as one of the more boring markets on the planet. **When it’s not... well, here you go.**

Let’s put this in context. Here are a few “large” moves that markets have seen over the past few weeks. Notice anything that stands out?



Suffice to say, we’re not supposed to be talking about \$ funding markets – the linchpin of the largest & most important (there, I said it) market in the world, US Treasuries – in the same breath as the wreckage wrought in Argentina only a month earlier. We’re definitely not supposed to be saying “the collapse in the Argentine Peso was barely 1/3 of what we just saw in the market that the Fed controls...”

Yet here we are.

(Source: Monday Morning Macro.com)

Well, properly speaking, the title of this month's essay should be "What a Difference 'A COUPLE OF DAYS' Make". Over the last 72 hours or so, a major refinery in Saudi Arabia has been attacked by drones, the Fed has lost control over the most crucial price in the world (the price of overnight money, a price over which, in theory, the Fed has complete autonomy), and one of the most interwoven-into-the-global-economy firms – Fed Ex – revised their revenue/profitably forecasts down precipitously.

When the news hit of the drone attack on Saudi Aramco's Abqaiq refinery, my mind went back to long ago days and reading the opening chapters of Tom Clancy and Larry Bond's masterpiece, "Red Storm Rising" ("RSR"). I was glued to the book from the astoundingly riveting beginning and basically didn't put the book down until I finished it. That was the case because the trigger for the theme of the book was so utterly plausible; and RSR was released 15 years before 9/11. Though the Saudi Arabian setting for the attack was different from RSR's catalyzing drama, the magnitude of the event was likely not. What was also interesting was that in RSR, there was a bit of a delay between the crippling of the refinery and the global implications. Stay tuned for how long this "real life" fuse takes to reach the gunpowder.

As this is written, FedEx is down 13%+ to trade at a 3-year low. FedEx carries the freight for the world and if FedEx is down 10%+ on a current and forward basis, expect that to be a general, global economic event of similar downside. The other bellwether, UPS, reports earnings, and more importantly will give forward guidance, on October 22nd.

Four Sigma events in financial markets used to be quite uncommon. That was before "the smartest guys in the room" (aka, "The Committee to Save the World" and other ridiculous names) got involved with their monetary experiments. We would suggest that we may be entering that Twilight Zone where the Fed and their global Central bank club members use their credit-from-thin-air "toolbox" but don't get the expected results. When that happens, confidence in the status quo will vanish, along with the current high prices of most financial assets.

However, the price of real money – Gold and Silver – may well benefit from such a loss in faith in the current economic construct. We have held with conviction this very view since the inception of our firm, and the recent price breakout above \$1350/oz suggests to us that the pressures that have been building on the global economy and markets may in fact be expanding to a revaluation crescendo that will be a sight to behold. We won't be surprised - and would actually like to see – if Gold re-tests the \$1350-1400/oz level. If the price holds and rises from there, we believe the demand for Physical Precious Metals which will unfold as a result will be significant and the increase in the dollar price of real money will leave many in a state of disbelief.

Whether one will believe it or not, it will be wise to own a material amount of the antidote to falling markets, recessions and general uncertainty – the world's best non-correlated, liquid asset, which can be used to buy up the bargains that will be available in the Great Reset.

Alps, 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./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. 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.

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