





















Alps Precious Metals Group

Commentary – June 1, 2021

Valuations

Rank		Name	Symbol	Market Cap	Price	24h	7d	Price (30 days)
1		Gold	GOLD	\$12.113 T	\$1,906	0.23%	1.51%	
2		Apple	AAPL	\$2.079 T	\$124.61	-0.53%	-1.96%	
^ 1 3		Saudi Aramco	2222.SR	\$1.883 T	\$9.41	0.00%	-0.14%	
∨ 1 4		Microsoft	MSFT	\$1.88 T	\$249.68	0.15%	-0.44%	
5		Amazon	AMZN	\$1.625 T	\$3,223	-0.22%	-0.68%	
6		Alphabet (Google)	GOOG	\$1.597 T	\$2,411	0.38%	0.20%	
7		Silver	SILVER	\$1.538 T	\$28.14	0.45%	1.22%	
8		Facebook	FB	\$932.1 B	\$328.73	-1.21%	1.26%	
9		Tencent	TCEHY	\$743.57 B	\$78.38	-0.05%	3.49%	
10		Bitcoin	BTC	\$686.15 B	\$36,647	1.33%	-3.72%	

Source - <https://8marketcap.com/>

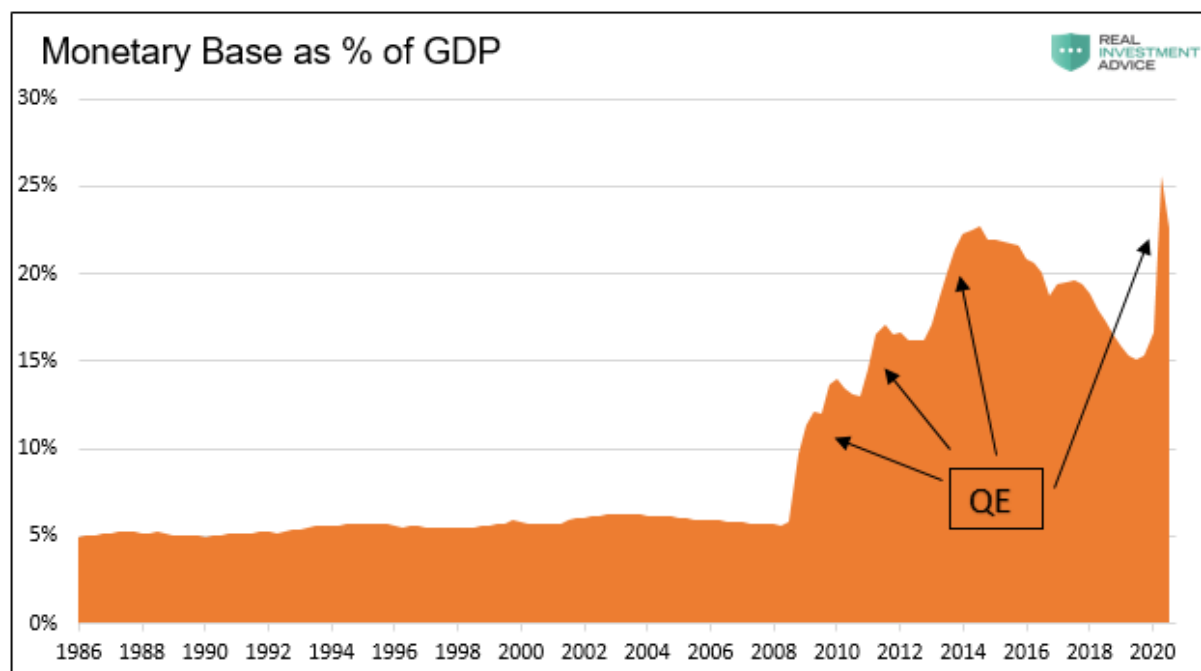
The chart above displays the largest assets in the world by market capitalization. Note that the value of the estimated total amount of Gold in the world is greater than the next 7 largest assets *combined*. If Silver is added to Gold, the two Precious Metals are worth more than the other 8 companies in the Top 10. Keep this fact in mind as we explore the current state of asset valuations and what that may mean for portfolios going forward.

The “Dot-Com” era for markets is widely viewed as one of the most “out-of-touch-with-reality” periods in financial history. Another time frame which might claim the same title would be 1929 before the crash in October of that year. However, when viewed under a host of rational measurements, the monstrosity known as “financial markets” in the current age makes all others look like rank amateurs. Consider the following host of charts:



How absurd are current valuations? **WAY** more absurd than the valuation from which the NASDAQ fell 83% the last time the index traded here.

How about the Monetary Base? Is that reasonable and under control? The next graphic would suggest not:



A mere *5X* from where we were when this sorry chapter of Central Planning/Banking began in earnest in the 3Q of 2008.

And why does it seem as though the whole world is about to blow sky high into utter chaos in every sector of society each time one sees the evening news or listens to a podcast? This little nugget sure ain't helping:

Distribution of Holdings in Equities and Mutual Funds

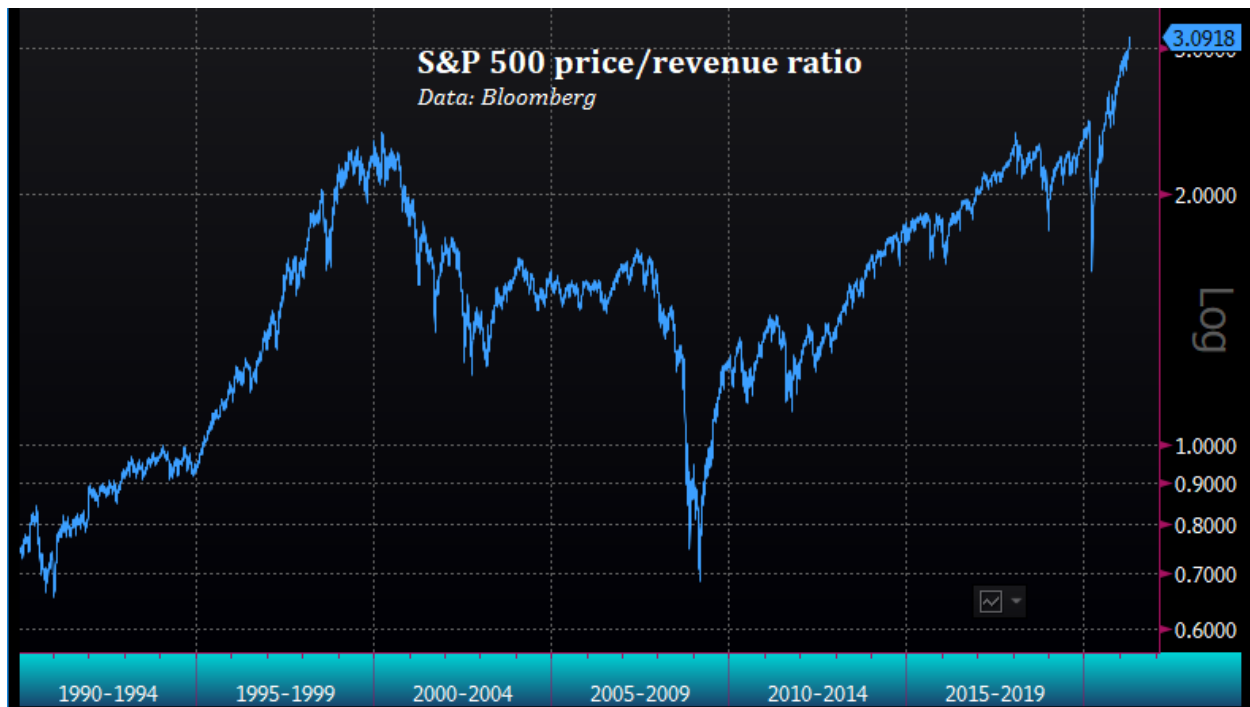
Average U.S. Household Ownership

	Top 1%	90-99%	50-90%	Bottom 50%
1990:Q4	\$846,305	\$89,273	\$9,641	\$643
1995:Q4	\$2,394,181	\$173,979	\$17,931	\$1,414
2000:Q4	\$3,696,099	\$339,578	\$39,635	\$2,483
2005:Q4	\$4,420,211	\$368,596	\$35,732	\$1,765
2010:Q4	\$4,994,130	\$437,684	\$34,244	\$1,531
2015:Q4	\$7,930,201	\$607,340	\$48,761	\$2,247
2020:Q4	\$13,849,639	\$1,027,629	\$71,233	\$2,958

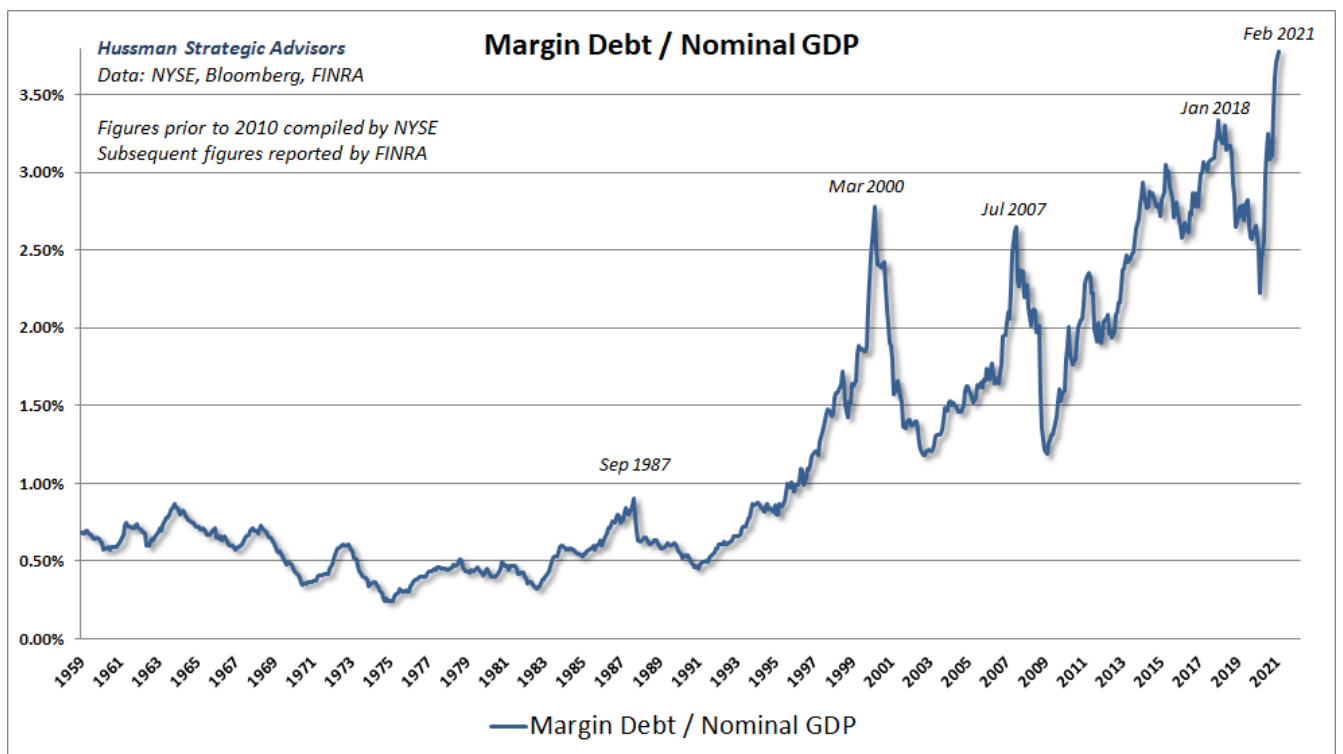
Equity bubbles have been fabulous for the top 10% and meaningless for the bottom 50%.

Sources: Board of Governors of the Federal Reserve, St. Louis Fed

Other measures are equally disturbing:



Look above at how Price to revenue measurements are **FAR** above the Dot-Com bubble valuation. And which is the most powerful department on Wall Street? The **MARGIN** department. When they issue a call, prices begin to move downward. Note how distant afield the current ratio is from 1987's level. We suggest preparing for a down 20%+ day or week:



Source of 2 graphs on this page = Hussman Funds, April 2021 Commentary: <https://www.hussmanfunds.com/comment/mc210411/>



Not Jim Cramer
@Not_Jim_Cramer

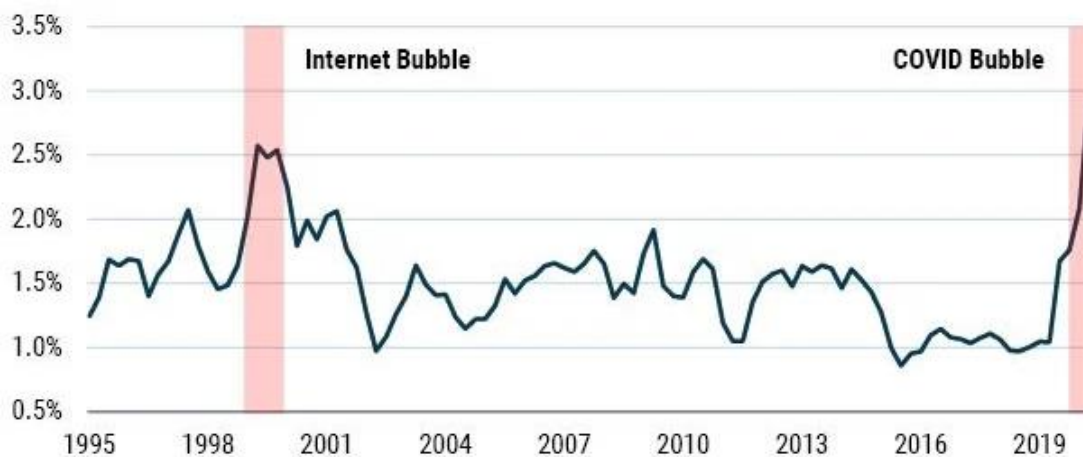
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S&P 500 vs Negative Real Earnings Yield



Source: The Felder Report, 5/22/2021:

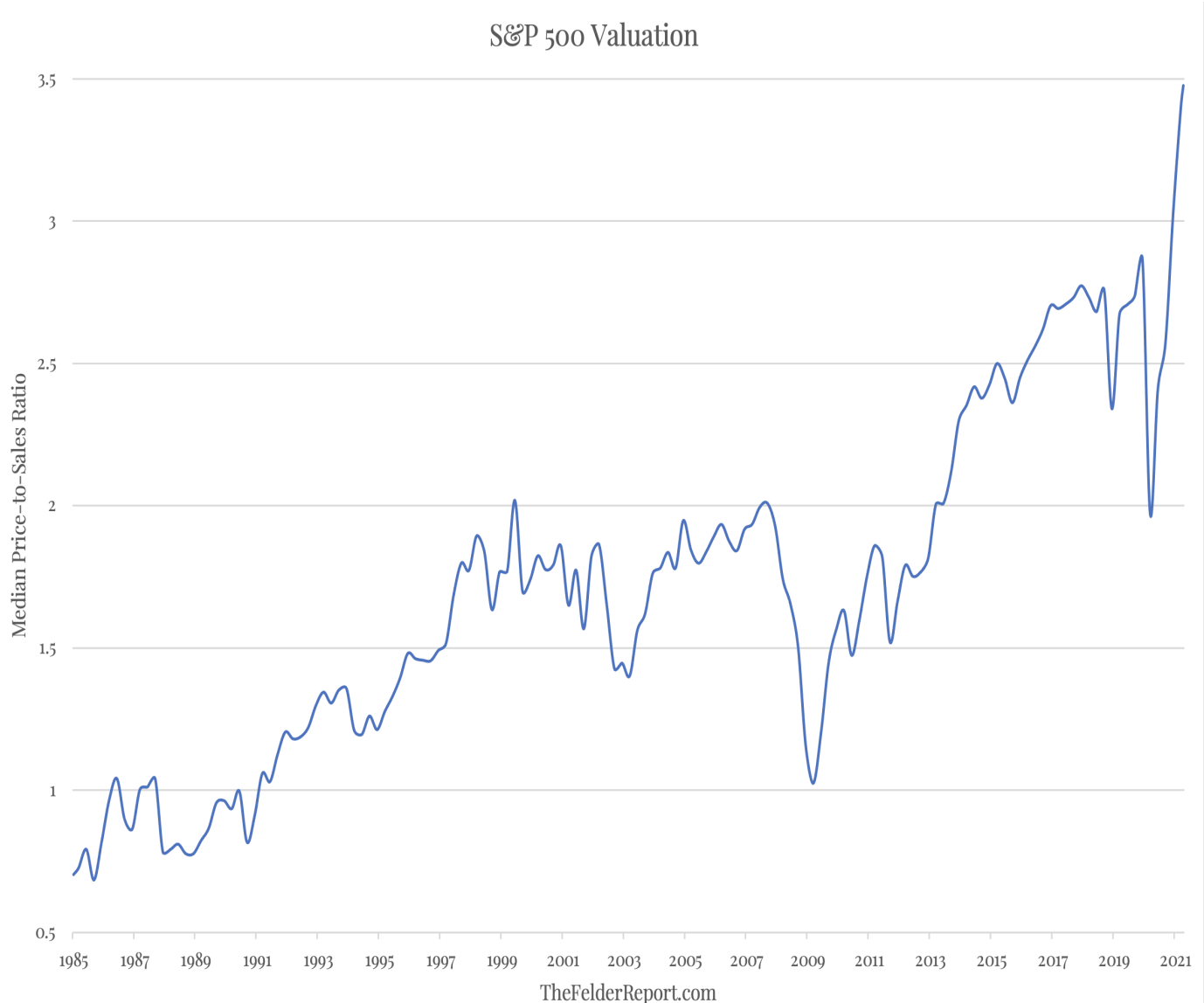
EXHIBIT 2: U.S. EQUITY ISSUANCE AS PERCENT OF U.S. GDP



Data as of 3/31/2021 | Source: Goldman Sachs

Source: www.gmo.com/americas/research-library/1q-2021-gmo-quarterly-letter/?mc_cid=13b7d3b939, The Felder Report, 5/22/2021:

And finally, to take the cake, another look at this jewel of a chart of “Valuation”, this back to 1985:



The charts on the previous page and the one above simply continue to underscore the case that the current state of the financial markets is utterly perilous. *MANY* more charts could be added to this parade, but we believe what you have seen thus far allows us to rest our case.

Of course, corrections of extremities/absurdities as detailed above have consequences; some of those consequences may actually be good news for one asset class in particular:

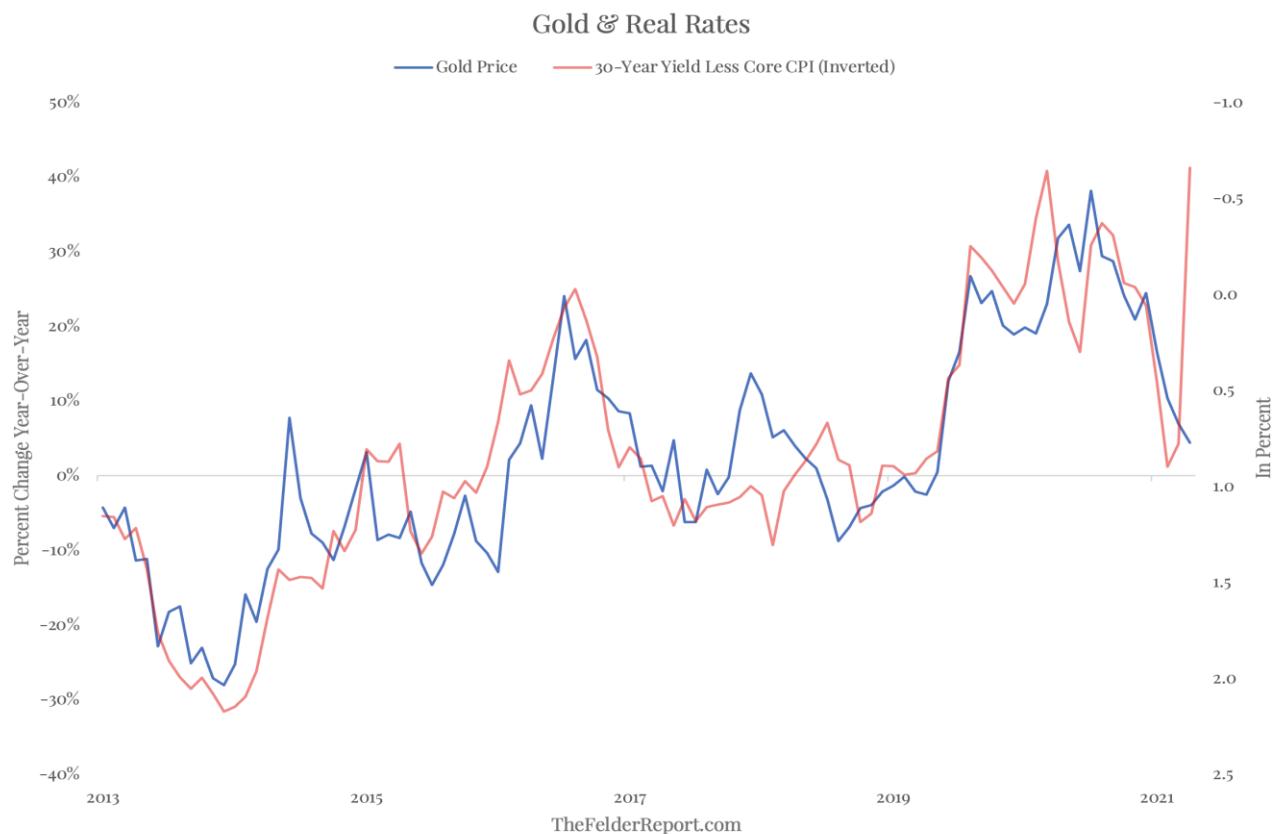
So what does this mean for Gold and Silver? First the Real Fed Funds number is quite important for determining the likely future flight path for the price of Precious Metals:

The real Fed Funds Rate currently stands at -4.1%, the most deeply negative rate since 1980.

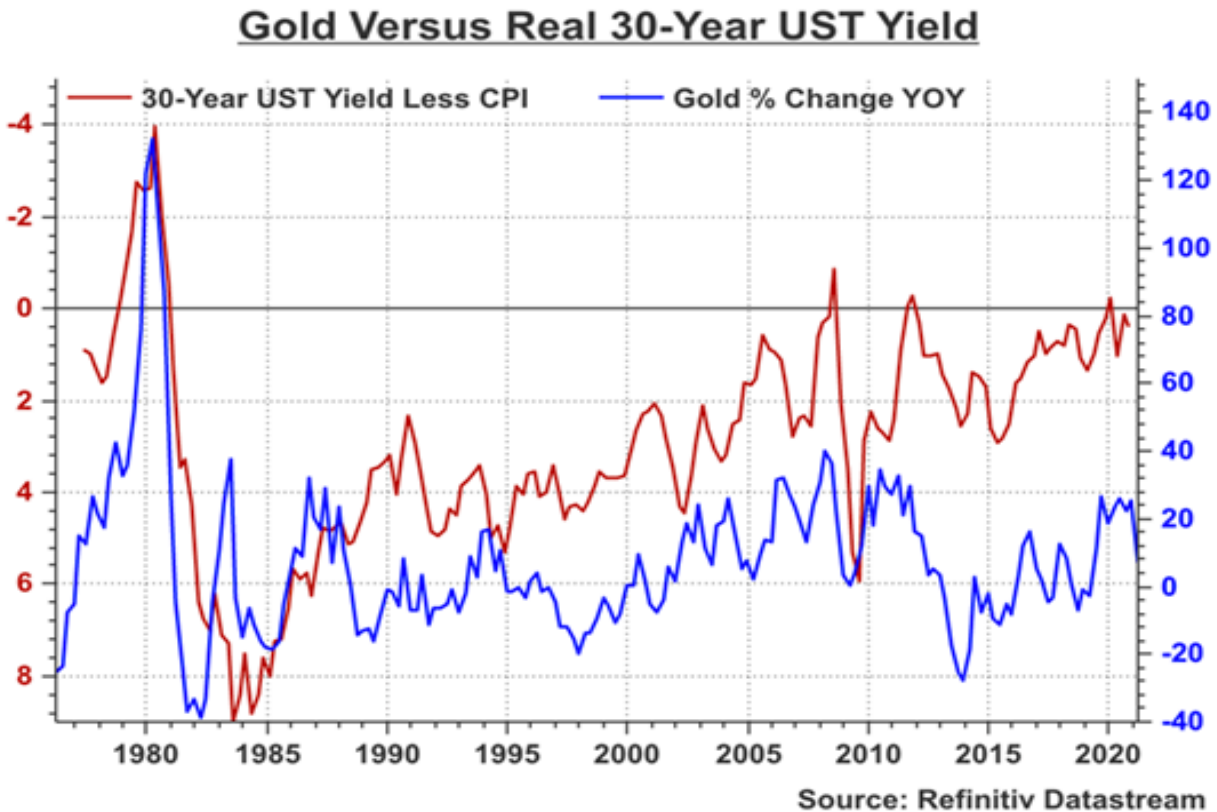


Source: https://twitter.com/jessefelder/status/1392974500388646917?mc_cid=34a37ff919&mc_eid=e4eebc82fe

The “-4.1%” number above is likely to cause some material inflation. If the red line in the next chart is correct, a material rally from here is probable:

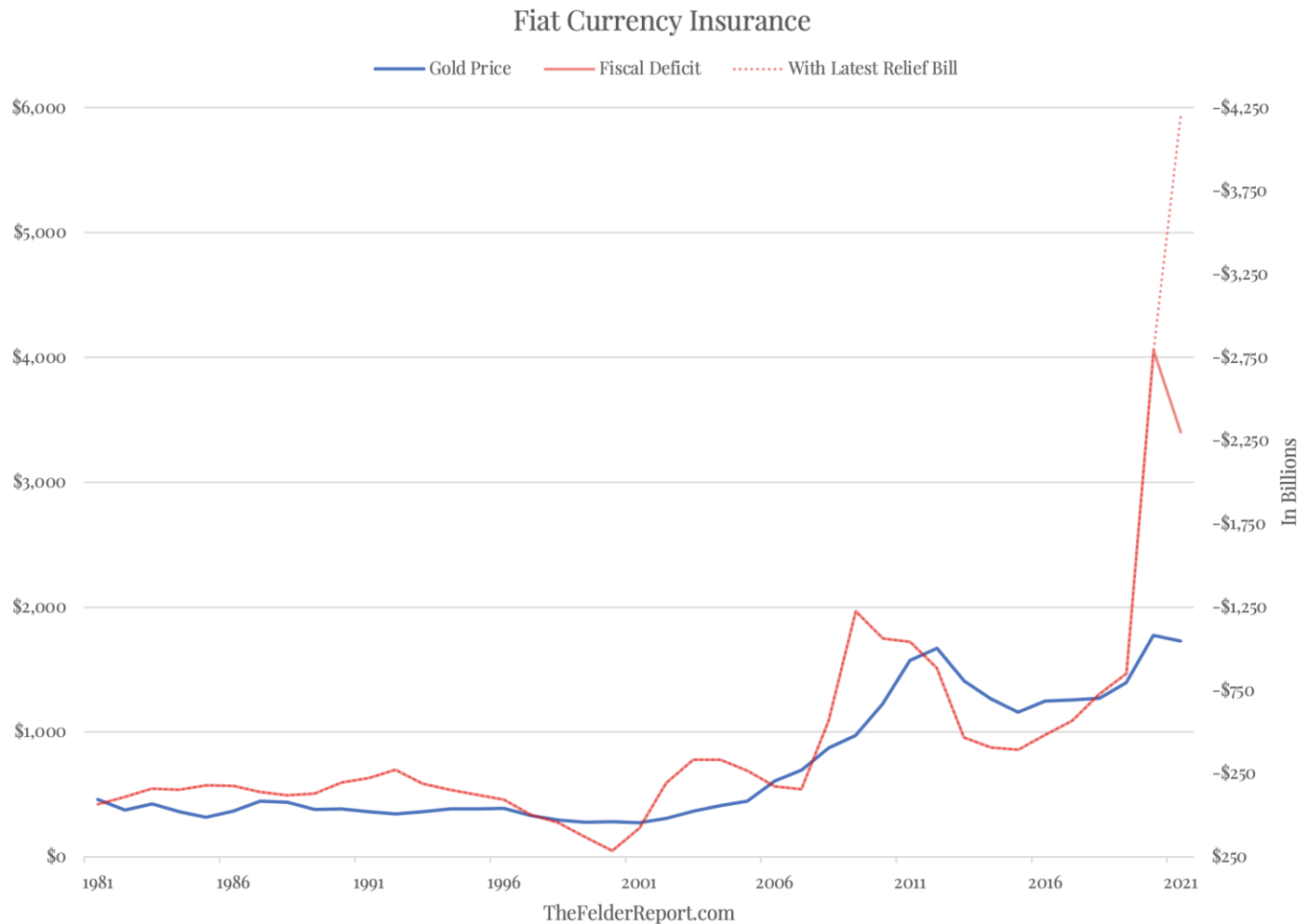


Here is another depiction of the same chart, but with a longer time frame:



Finally, 2 charts which suggest Gold is headed significantly higher (“FMQ” = Fiat Money Quantity):





All of the elements are in place for a significant upward move, though a major collapse in a grotesquely overvalued global stock market may result in a golden buying opportunity for Physical Precious Metals, if such a correlated event comes to pass. When one adds the fact that Cryptocurrencies are currently in the crosshairs of global governments, the price rise of Physical Precious Metals could enjoy an additional turbo-charge from a new source. However, keep in mind that, going back to the chart which began this edition of our Commentary, the largest asset owned by global Central Banks and Governments is the Midas Metal. Joining these self-important and overblown entities in owning their asset of choice can't possibly hurt, and may in fact be a great deal of help.

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

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