

Chartbook

“In Gold we Trust 2018“

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www.incrementum.li

Download „In Gold we Trust 2018“ here:
<https://ingoldwetrust.report/igwt-2018/>

- The gold standard of gold-research: Extensive annual study of gold and gold-related capital market developments
- Reference work for everybody interested in gold and mining stocks
- International recognition – newspaper articles in more than 60 countries, more than 1.7 mn. readers
- German and English versions, available in a Compact and Extended version
- Published for the 12th time in 2018
- Further information and old editions can be found at: www.ingoldwetrust.report





www.ingoldwetrust.report

1. A turn of tide in monetary policy

- Monetary U-Turn from QE to QT is the first crash test for markets in 10 years
- Liquidity tailwind becomes a headwind for financial assets

2. A turn of tide in the global monetary architecture

- Gold as a world currency reserve is gaining in relevance and demand due to the ongoing De-Dollarization
- Geopolitical tensions are increasing
- Debt issue unsolved, US with chronic budget deficit

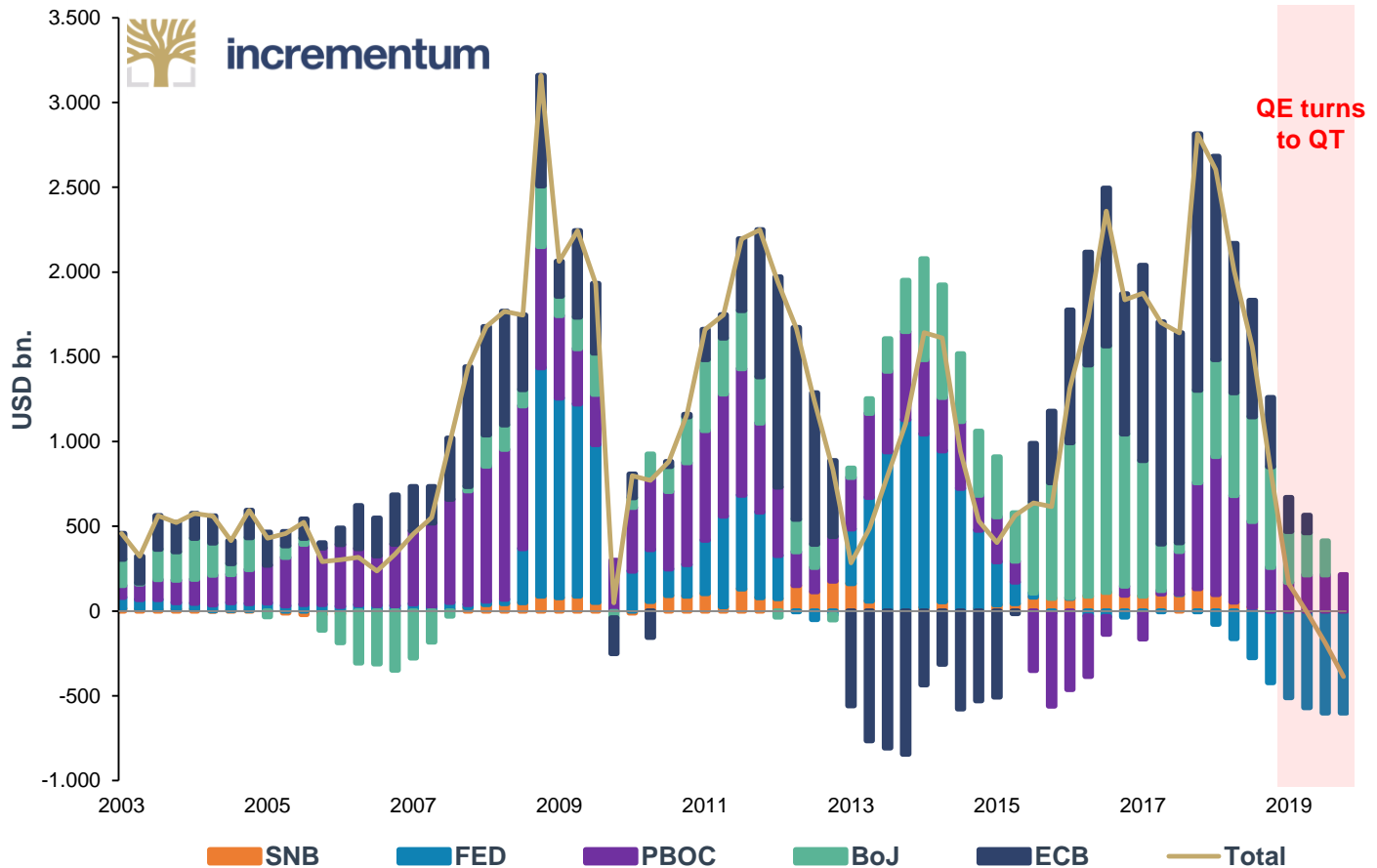
3. A turn of tide in technological progress

- Blockchain technology as a central component for future economy?
- Cryptocurrencies and gold are friends, not foes
- In the struggle between inflationary and deflationary forces, inflation is gaining strength, as our *Incrementum Inflation Signal* indicates
- Gold mining shares continue to be attractive after creative destruction
- Technical analysis offers a promising set-up for gold, silver and mining stocks

1. Turning of the Monetary Tide

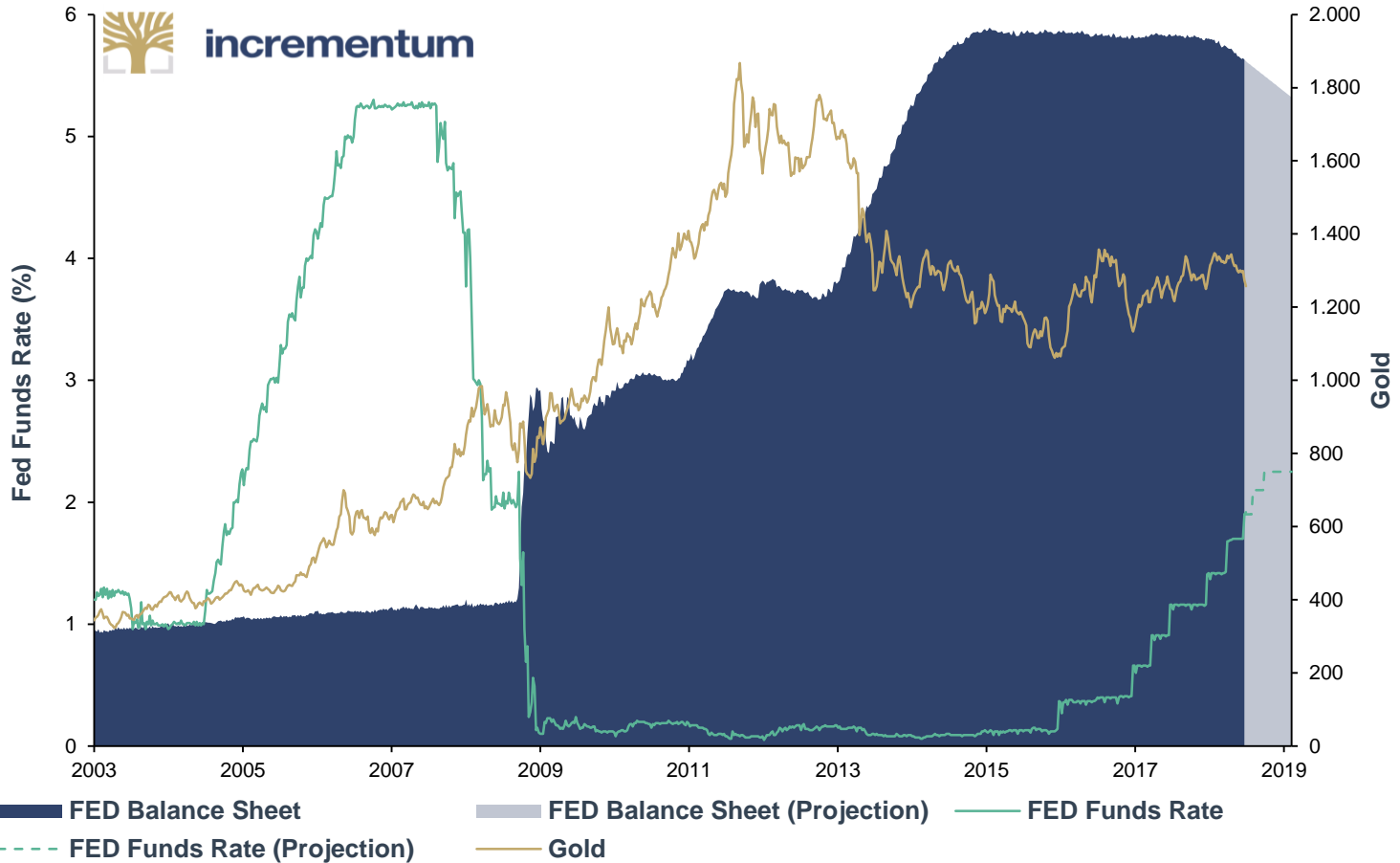
“People vastly underestimated the power of QE. And they are in danger of doing the same with QT.”

Franz Lischka



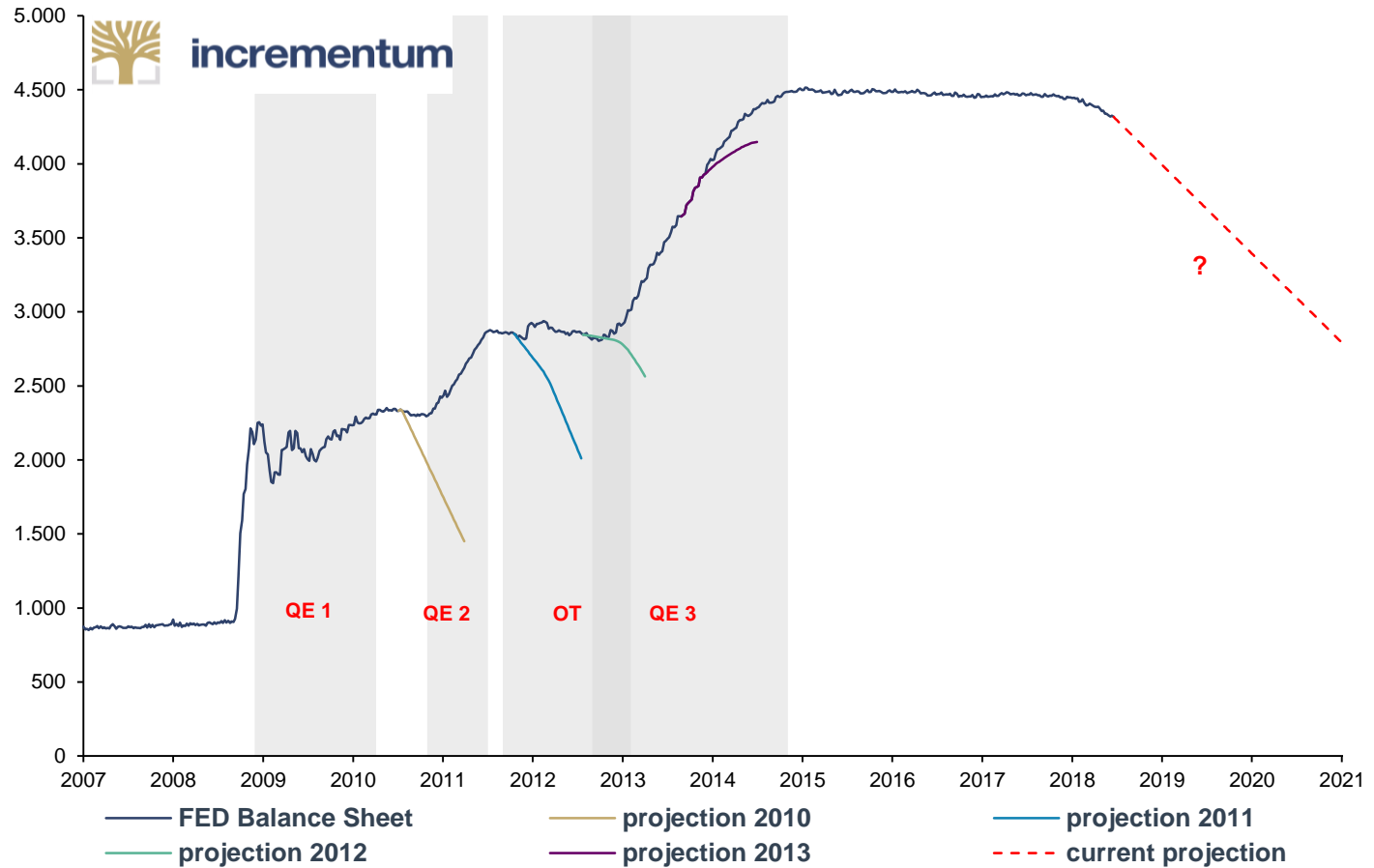
Sources: Bloomberg, Incrementum AG

Rising US Interest Rates Paired with Central Bank Balance Sheet Reduction



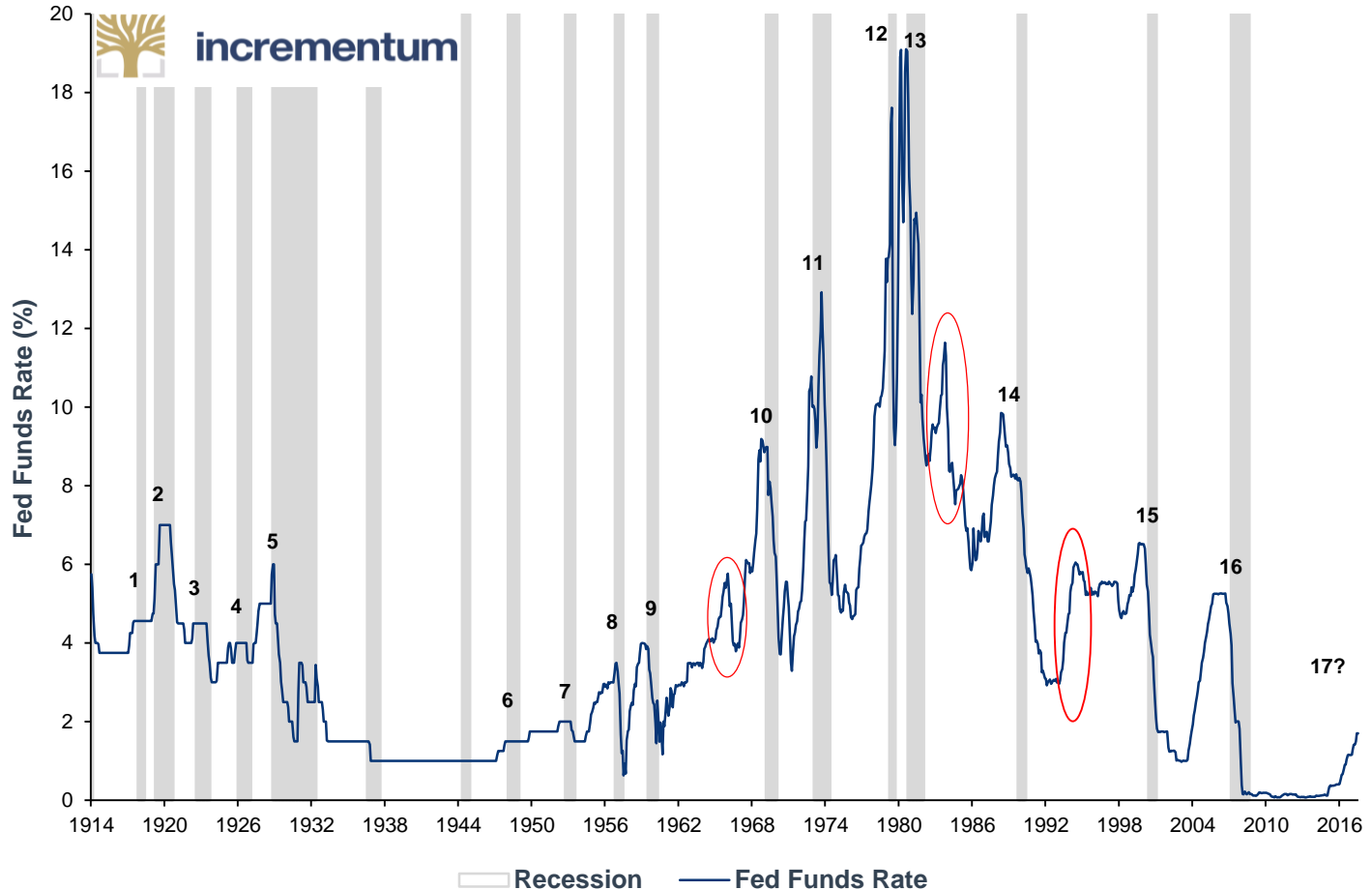
Sources: Federal Reserve St. Louis, Incrementum AG

Expected FED Balance Sheet Path



Sources: Federal Reserve St. Louis, Incrementum AG

Rising Interest Rates and US Recessions



Sources: Federal Reserve St. Louis, Incrementum AG

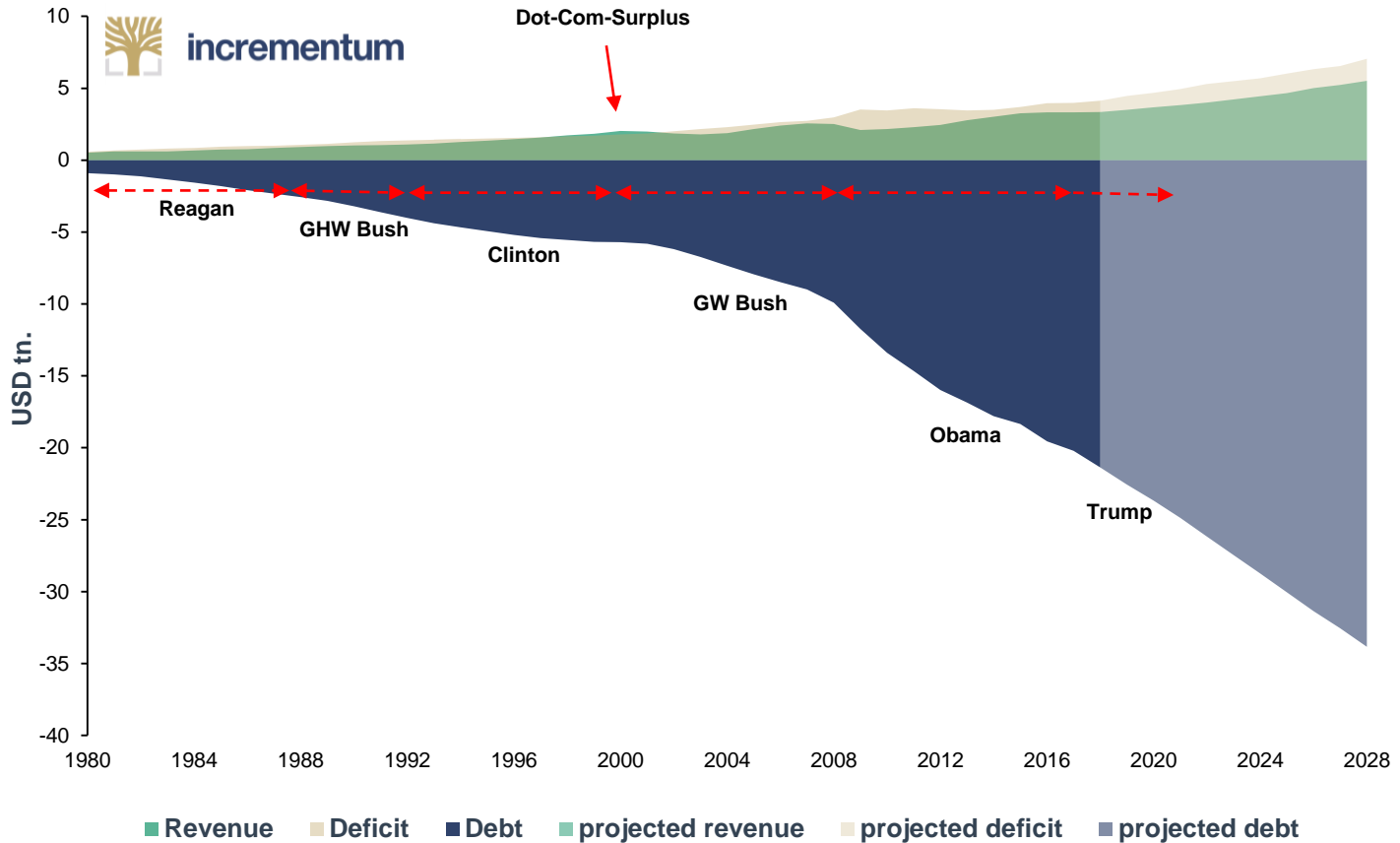
2. Turning of the Global Monetary Architecture

„While the dollar has been the World's Reserve currency for 40 years, that hasn't always been the case. The British pound, the Spanish Peseta, and even the Portuguese Escudo at one point in history were all as mighty in their time as the dollar is today. Throughout history, when civilizations needed to finance expansion, they were constrained by their gold reserves.“

Grant Williams

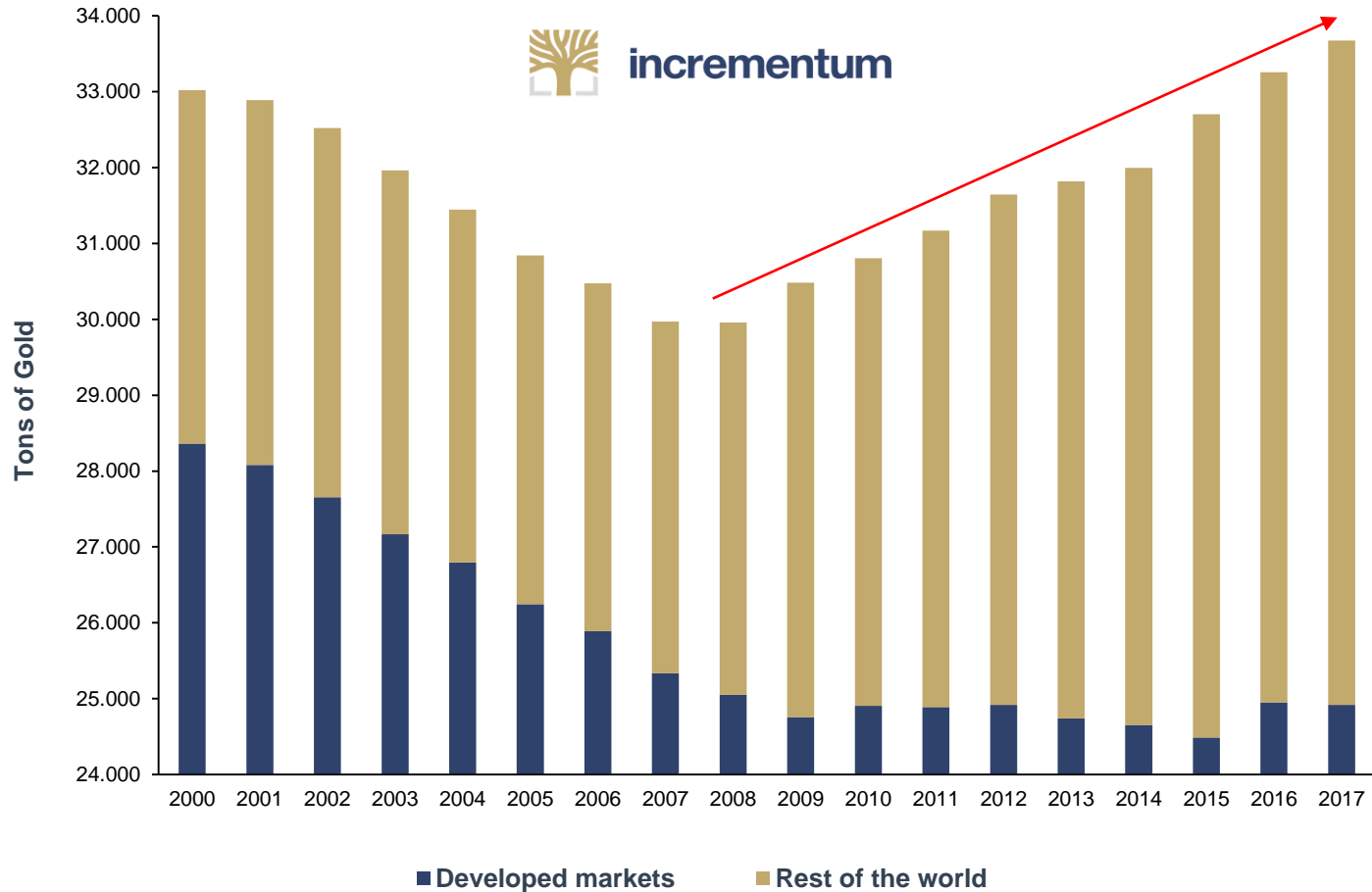
„Gold: The Story of Man's 6000 Year Obsession“

Debt Development by Presidency Period

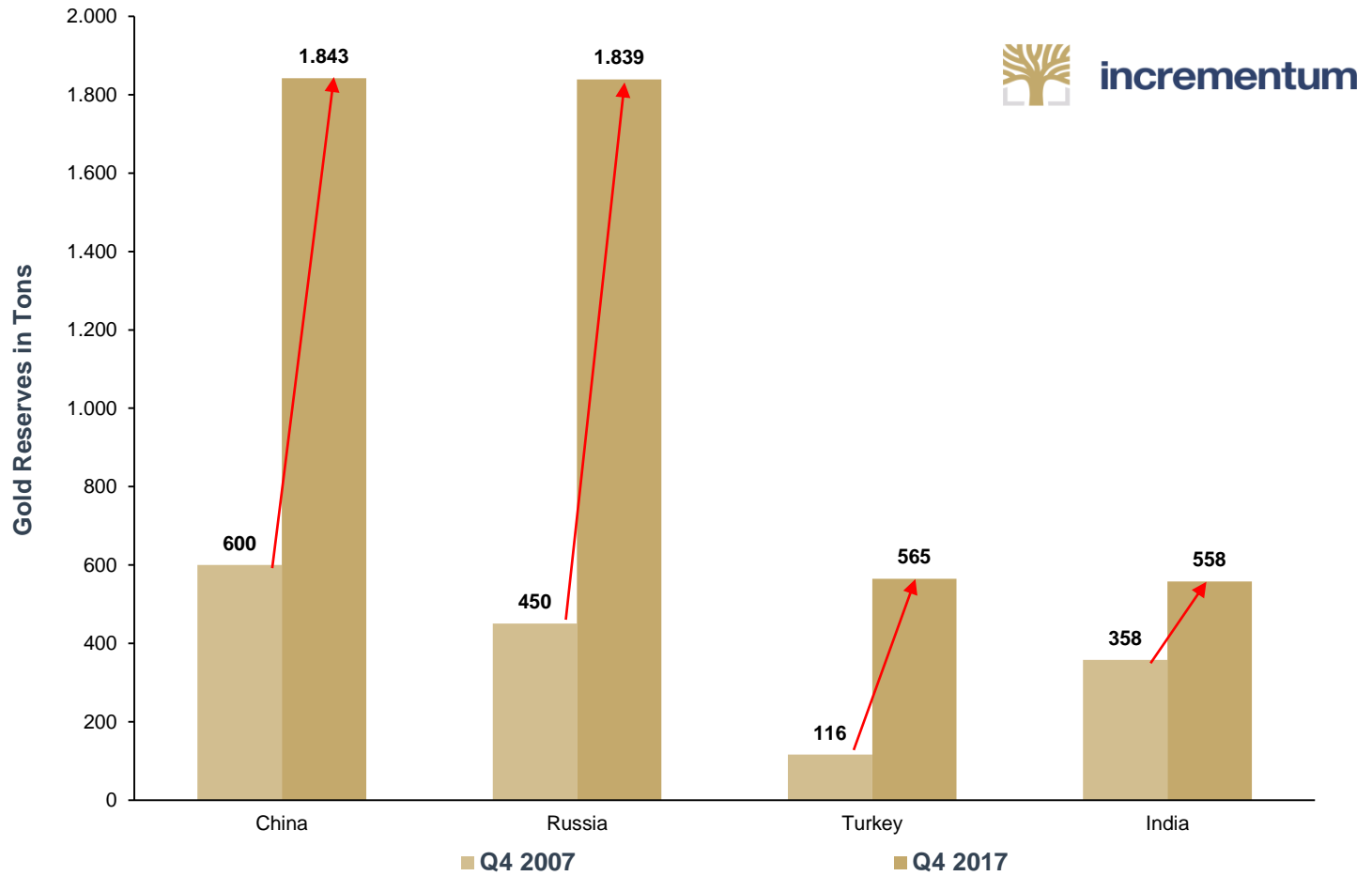


Sources: CBO, Federal Reserve St. Louis, Incrementum AG

Monetary Architecture Tides Turn: Gold as a Popular Reserve Currency



Sources: World Gold Council, Incrementum AG



Sources: World Gold Council, Incrementum AG

Top Oil Net Exporters (2016) and CNY Oil Supply/Pricing Deals

Nation	Net exports	CNY Oil Supply/Pricing Deals
	(000's b/d)	
Saudi Arabia	7,016	Moving towards pricing oil in CNY
Russia	5,223	Pricing oil in CNY
Iraq	3,750	Building a refinery with Chinese companies, planning 3 more; profit-sharing/marketing-deal
Canada	2,897	Signed agreement to expand CNY trade usage in '14, named ICBC CNY-clearing bank in Canada
Iran	2,150	Pricing oil in CNY
UAE	2,065	Direct CNY/UAE Dirham trading (9/16); Dubai gold exchange launched CNY gold 4/17
Kuwait	2,025	China one of biggest drillers in Kuwait market with 45% market share of rigs
Angola	1,650	Made CNY 2nd currency in 2015
Nigeria	1,598	Nigeria, China Sign \$2.4 Billion Currency-Swap to Lift Trade
USA	1,534	
Mexico	1,494	
Kazakhstan	1,424	Partially Chinese-owned, massive Kashagan oil field began shipping quarter 4/2016
Norway	1,272	
Brazil	1,124	
UK	698	
Total	35,920	

Sources: Luke Gromen, FFTT, EIA, Incrementum AG

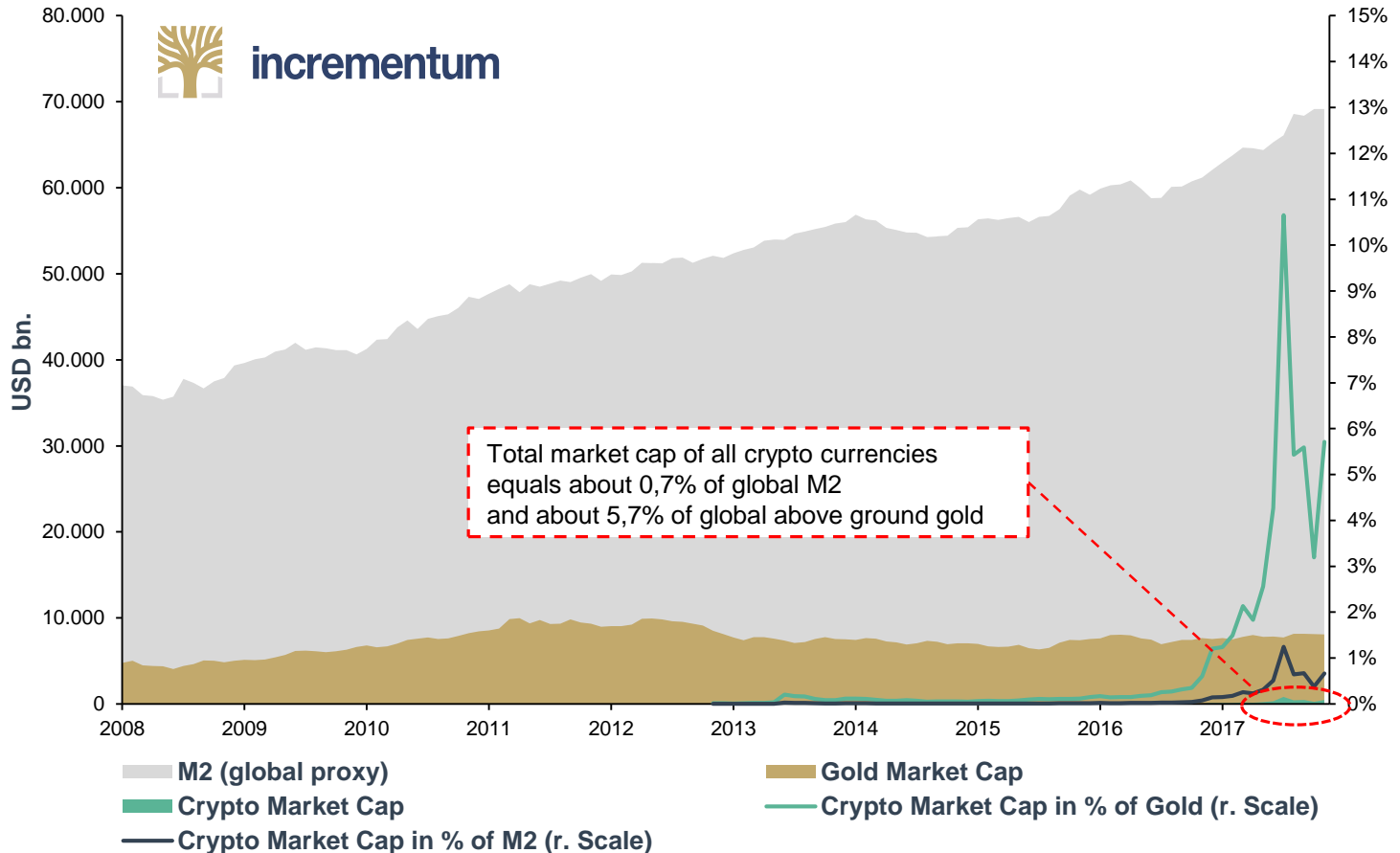
3. Turning Tides in Technological Progress

“Gold has always been criticized as being an inefficient product, a lazy product, a product that’s hard to transact with...It’s almost as though the blockchain were invented for gold. The marriage of the two, I think it’s going to be incredibly powerful.”

Peter Grosskopf
CEO Sprott Inc.

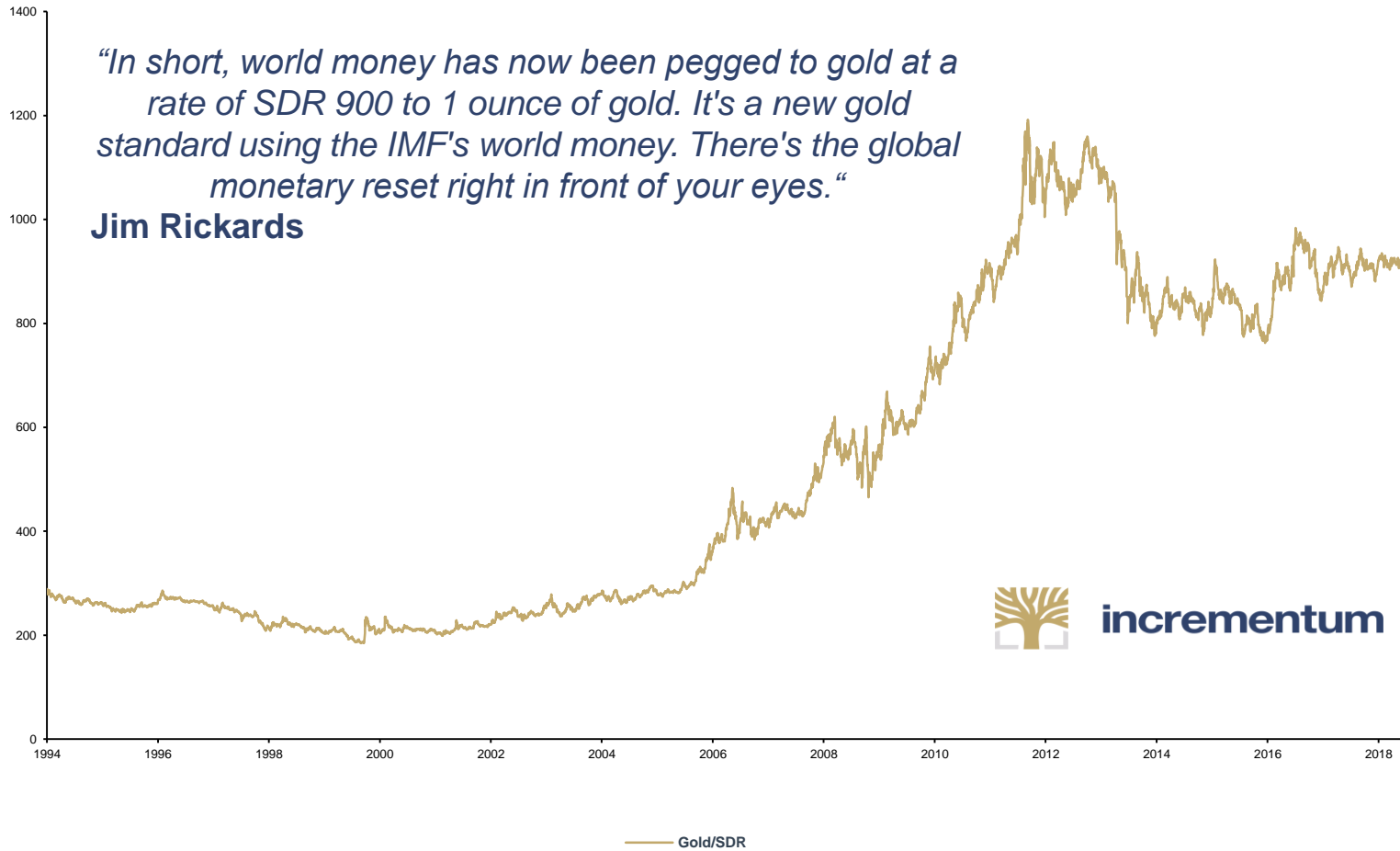
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Technological Tides Turn: Market Capitalization of Crypto Currencies



Sources: Bloomberg, www.coinmarketcap.com, Incrementum AG

Is A Global Monetary Reset Already Happening? Gold in SDR



Crypto SDR?

“At the IMF spring meeting about a month ago, Christine Lagarde said that the time has come to look at the SDR. The IMF executive committee has launched a new study on the uses of the SDR and explicitly how that can be expanded. Why would you have the existing SDR system today with distributed ledger technology or so-called blockchain? You would have an e-SDR, a crypto- SDR.

The IMF can’t get too far out of their lane or they’ll run into trouble with the United States, but they can push a lot. With Russia and China looking at this on their own, the IMF saying “Let’s look at a crypto SDR,” a lot of gold piled up in certain places, and a necessity to transact in gold because you’re kicked out of the dollar payment system and probably SWIFT, we’re getting closer to the point where there’s going to be an all-out attack on the U.S. dollar.”

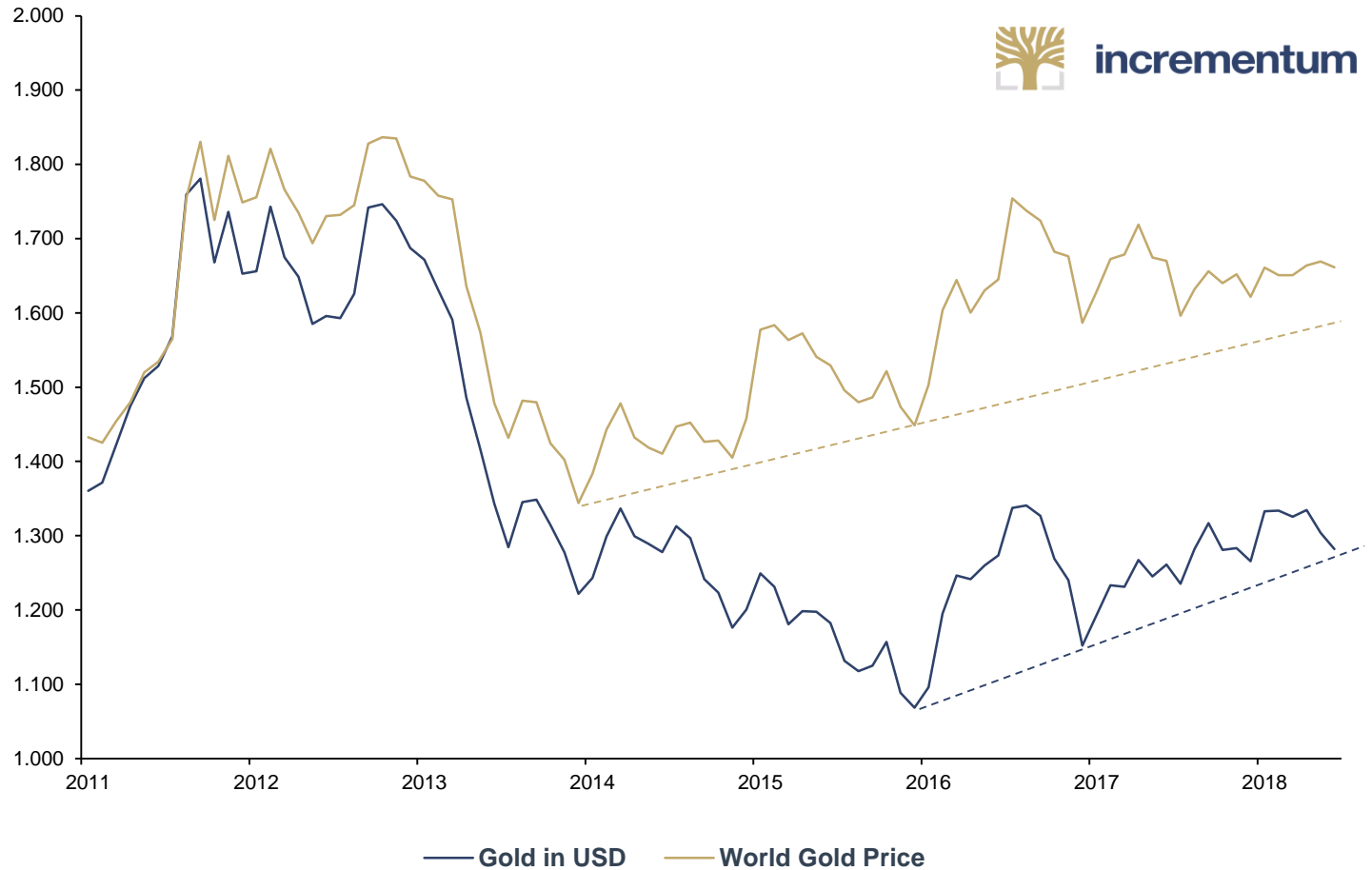


Source: <http://physicalgoldfund.com/transcript-of-jim-rickards-and-alex-stanczyk-the-gold-chronicles-may-2018/>

4. Performance and Portfolio Characteristics

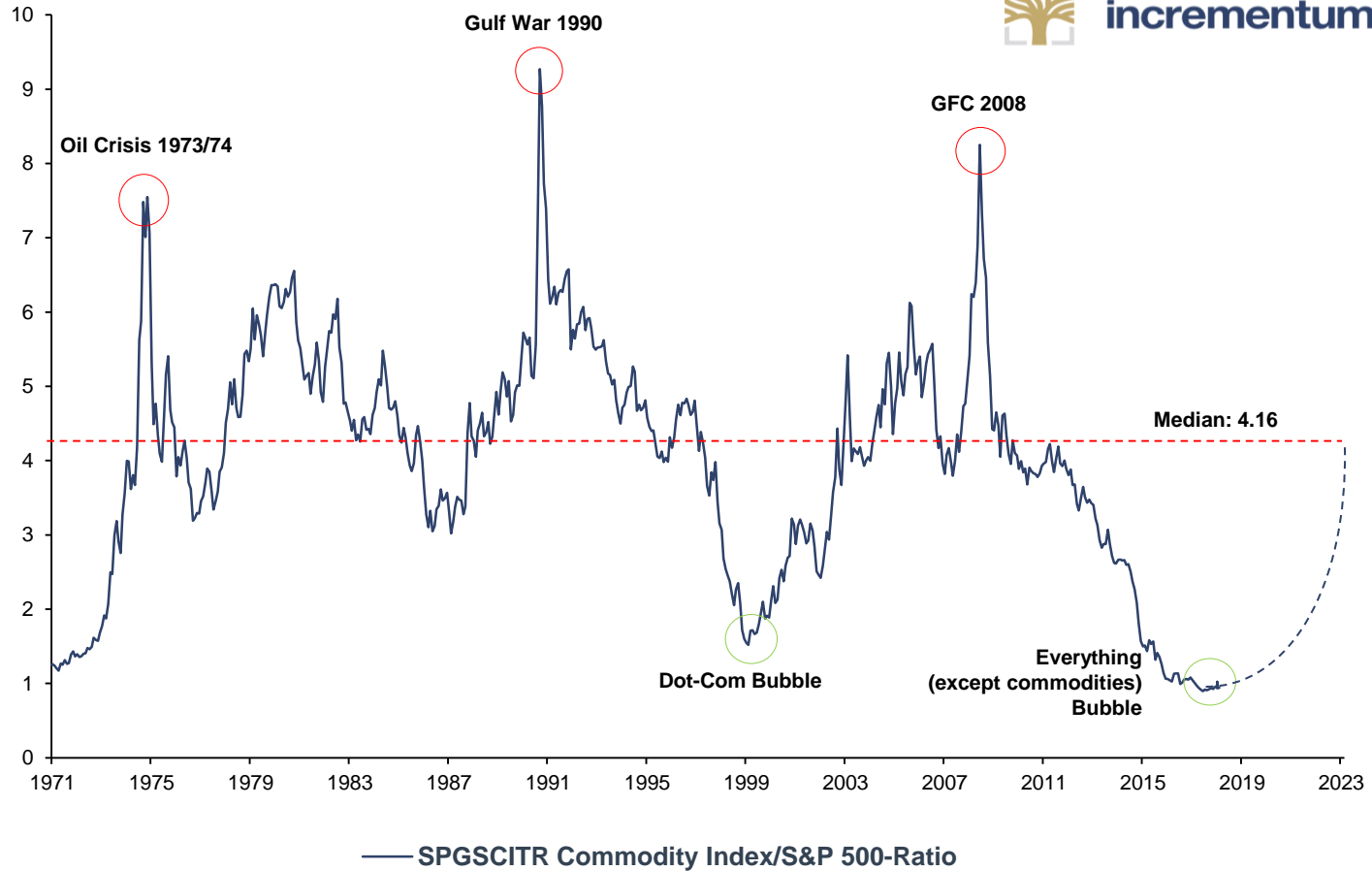
“Everything is going to be fine in the end. If it’s not fine it’s not the end.”

Oscar Wilde

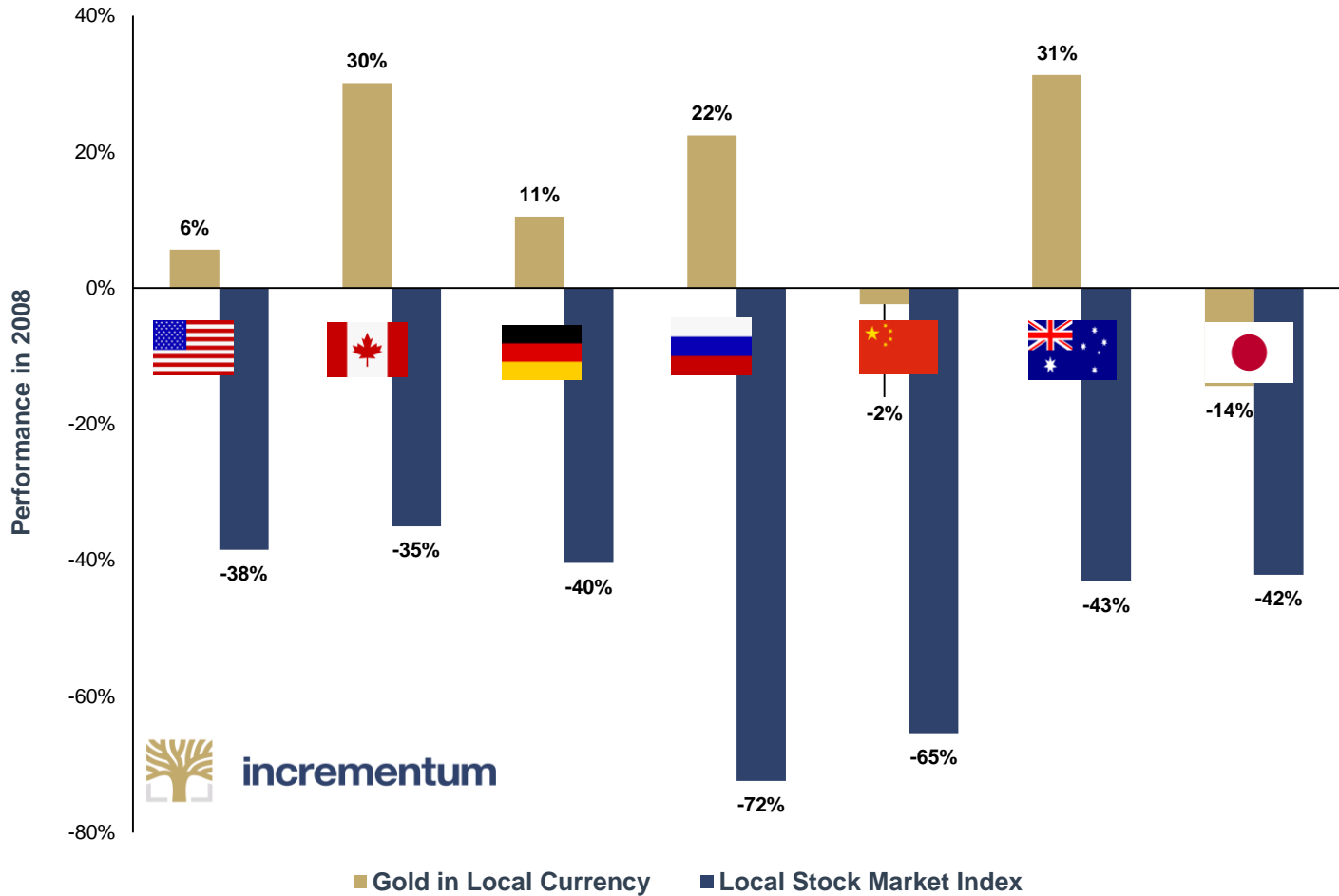


Sources: Federal Reserve St. Louis, Incrementum AG

SPGSCI Commodity Index vs. Stocks: Lowest Rating since 1999



Sources: Prof. Dr. Torsten Dennin, Lynkeus Capital, Incrementum AG



Sources: www.worldgoldprice.org, Incrementum AG

Term is characterized by	Growth	Monetary Normalisation	Gold price in USD
Scenario A: „Genuine Boom“	Real growth >3% p.a.	Successful; Real Interest Rates >1,5%	700-1,000
Scenario B: „Muddling Through“	Growth & inflation 1.5-3% p.a.	Not completed	1,000-1,400
Scenario C: „Inflationary Boom“	Growth & inflation >3% p.a.	Not completed	1,400-2,300
Scenario D: „Adverse Scenario“	Growth / Contraction <1.5%	Normalization paused or renewed easing	1,800-5,000

Source: Incrementum AG

**Thank You For Your
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