

# BANK VAULTED GOLD: GONE WHEN NEEDED MOST

written by Egon von Greyerz | June 1, 2021

The highly acclaimed crypto market is undergoing a harsh correction, painfully demonstrating how quickly governments can put this asset class in distress. As we've repeatedly argued, crypto's are not a wealth preservation asset. In the U.S. and globally, prices are rising at rates not seen in decades. Asset price inflation is now spreading to everyday goods as the velocity of money in circulation increases, in some cases exacerbated by artificially created shortages. It looks as if we have to prepare for shrinking economies and inflation. In this mix, more and more institutional investors are recognizing the need to diversify their portfolios with gold as a stable currency and inflation hedge. If they choose ETF's or gold storage in banks for this, they put themselves in danger of having no precious metals in case of emergency. The Perth Mint's problem should provide a cautionary tale for investors.

- 0:00 Intro
- 1:50 Crypto – What rises fast, falls even faster
- 2:15 Turning \$1000 into \$800 million?
- 3:00 A fabulous investment for some, but not suitable for wealth preservation
- 4:15 Governments are dangerous to crypto and may ban it
- 4:50 US consumer prices rising at just over 6% annual rate
- 6:00 Money velocity is increasing, creating inflation
- 7:00 Relatively speaking, the euro looks strong against the dollar
- 7:50 According to Goldman Sachs, inflation will fall soon
- 8:50 Part of inflation is due to (artificial) scarcity
- 9:50 Short-term effects will disappear, long-term inflation will rise
- 10:45 Germany's Q1 GDP falls, while many price rise. Stagflation?
- 11:30 Long term C19 effects will weaken economies (GDP)
- 12:30 More institutions get in, e.g. DSM pension fund at 5%
- 13:30 Ohio police and fire fund also already invested in gold
- 14:00 Most pension funds are buying ETF's because they don't see the systemic risk
- 14:50 If they invest in physical gold in their own name, there will not be enough gold
- 16:00 \$5,000 – \$10,000 gold is realistic
- 16:50 Clauses in ETF sales prospectuses kick in during financial emergencies
- 17:50 Perth Mint highlights the problem with paper certificates
- 18:30 Trust the precious metal you hold yourself and what you have access to