

Gold Matters: Falling Markets, Rising Inflation & Invisible Wealth

written by Egon von Greyerz | June 21, 2022

In this June 2022 MAMChat, Matterhorn Asset Management principals, Egon von Greyerz and Matthew Piepenburg, swap thoughts on the bearish decline of U.S. risk assets along side an equally painful rise in inflationary forces. Matthew opens with an overview of current market conditions, recognizing early that there are very few places left to hide as equity exchanges dip well into bearish losses YTD. As for the -25% average losses across the S&P, NASDAQ and DOW, Matthew warns that equity markets are far from a bottom. Turning to bonds and cryptos, the conditions are no better. Cryptos as a class have effectively tanked by greater than 70% this far into 2022 from their 2021 highs; and turning to bonds, the story is no less disturbing as “fixed-income” has effectively been reduced to “no-income” when adjusting bond yields/returns against rising inflation. Property markets are equally in the red as troubled MBS markets along with central bank policies send mortgage rates higher. In short: The bubble popping has begun, as forewarned. Matthew discusses how gold has served investors as an anti-fragile asset in a global market of otherwise highly fragile securities.

Turning to the broader macro mess, Egon addresses the twin dangers of rising debt and inflation levels and remarks on the genuine concern felt for all investors caught in this sell-off which he feels has only just begun. Ultimately, Egon sees 70% to 90% falls from prior stock highs before the full ramifications of this predictable yet “total disaster” play out. In the interim, average citizens will continue to feel the pain of increasingly unaffordable yet basic items like food and energy, which is tragic, yet sadly, all part of the debt-to-bust cycles which policy makers have followed throughout history. For now, it is important for investors and individuals of all income and market expertise levels to fully grasp the otherwise unfathomable magnitude of financial/economic risk at play today.

On a more positive note, Egon and Matthew close with a brief discussion of their recently published book, **Gold Matters**. As both authors remind here as well as in the book, gold certainly does matter, but it won't save the world from what's present and approaching. Those who understand gold's role can certainly prepare and protect themselves, but as always, the greatest wealth is not measured in currencies or ounces or grams, but in family, friends and the invisible wealth of sharing with others.