

GOLD TAILWINDS, FED HOT AIR AND SILVER'S INEVITABLE RISE

written by Egon von Greyerz | May 4, 2021

In this 19-minute MAMChat, Matterhorn Asset Management principals Egon von Greyerz and Matthew Piepenburg address critical data points related to precious metal price conditions. Specifically, they discuss (and make sense of) ongoing shifts in inflation and yield data as well as the omni-present topic of unsustainable debt levels fictionally managed by central bankers via monetary expansion and yield/rate repression.

As to inflation, dramatic increases in year-on-year money supply combined with record-high commodity prices and ongoing governmental guarantees of commercial bank lending are now undeniable tailwinds for the inflation camp—and hence gold as well.

As Matthew reminds, gold shines brightest when inflation outpaces bond yields in a negative real rate environment. Bond yields, however, have steadily increased in 2021 and thus Egon and Matthew discuss how yields will either be: i) artificially capped (to insure public debt repayment) or ii) rise beyond the control of the all-powerful central banks.

As to the all-powerful Fed, Matt touches upon the requisite double-speak of Jerome Powell's latest promise to handle unsustainable U.S. debt growth in the "distant future," a promise which is simply and mathematically false based on current debt levels and currency debasement facts.

Gold and silver, of course, address currency debasement realities head on, and Egon closes the discussion with his thoughts on silver in particular and precious metals as a wealth preservation asset in general.