

Why Buy Gold?

People invest in gold because its price increases in response to an increase in the money supply, inflation, and events that cause the value of paper investments, such as stocks and bonds, to decline. Although the price of gold can be volatile in the short term, it has always maintained its value over the long term.

Inflation – an increase in money supply chasing the same amount of goods and services. Today we have an increase in money supply as result of increased government spending (bailouts) chasing less and less goods and services (restaurants closing, schools closing, sporting events cancelled, hotels closing, tourism virtually cancelled.)

Uncertainty and Increase of the Money Supply -- World governments are about to both start the monetary printing presses in an attempt to lessen the impact of the corona virus, In addition world governments are imposing new rules and regulations that will definitely impact their economies. This is going to have the following effects:

1. Fed reserve just announced infusion of 5 trillion dollars with a 1.5 trillion monetary infusion to start. *Print Money!!*
2. Financial institutions will not be able to withstand the economic turmoil of zero interest rates and reduced economic activity. They will need a bail-out. *Print Money!*
3. Governments are prohibiting travel. How will the airlines and airframe manufacturers survive? Government bail-out. *Print Money!*
4. Today there is no one interested whatsoever in signing up for a cruise... at any price. Again, government bail-out of the cruise industry.... *Print money!*
5. There is a huge decrease in the tourist industry today. Hotels, attractions, restaurants, are all in financial turmoil.
6. Many people are being told to stay home and not go to work. This will result in increased financial stress, where people in many cases will not be able to afford their houses. The result is huge financial uncertainty and stress remedied by governments paying people to be relatively unproductive and to accept the uncertainty. Government solution *Print Money!*
7. Tourist Industry which includes museums, galleries, theme parks, attractions, hotels, etc will get a bailout.... *Print Money!*
8. Sports franchises in the NBA; NHL; MLS; MLB are huge generators of our economies that are shut down. It has been suggested that they will need a financial bail-out. *Print Money!*
9. Schools and daycares are closing resulting in at least one parent having to quit work to look after the kids. It has been suggested by many U.S. lawmakers that

these special situations be remedied by the government granting assistance by ...
Printing Money!

10. Trump halted payroll tax to help folks... this tax funded Medicare and Social security. Not to worry we will just print more money to make up for it.

In summary the governments around the world are all taking steps to lessen the hardship of the Coronavirus by significantly increasing the money supply which devalues the dollar and by definition will increase inflation. There has never been a time in our history where gold will be the go-to solution for wealth protection.

+++++

Margin calls and liquidity.

The Corona virus is a “Pin” that has burst the economic good times bubble. The real issue is not the virus but is the level of government debt. Lowering interest rates and printing money. This will result in an inflationary cycle where the U.S. Dollar will be devalued, and gold will represent the flight to safety. The only reason this has not happened yet is that gold has liquidity and is being sold as result of margin calls and peoples critical need for money today.

People will buy the U.S. treasuries (bonds) as they will be considered safe. ... truth is U.S treasuries will not be safe as the debt holders will default and gold will go up as it is the only safe haven.

Recent history of Gold Value in times of Uncertainty

- 2008 gold fell 39% while the stocks fell 50%. With QE 1 gold fell to \$700 and then turned up and went to over \$2,000/oz Debt will increase astronomically which eventually will result in inflation.