
Inflationary and Deflationary Tides

... and the consequences for gold and mining stocks

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Precious Metals Summit, Beaver Creek, September 15, 2016

About Us

► Incrementum: Liechtenstein-based Asset Manager

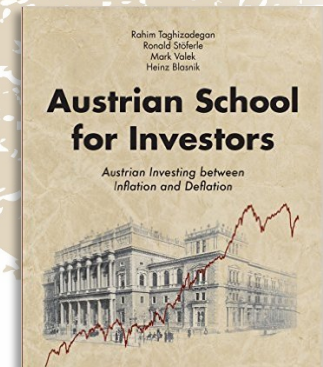
- Boutique, owner-managed
- Focus on real assets, inflation-sensitive assets

► *In Gold we Trust* Report

- “*The gold standard of gold-research*” (WSJ), reference guide for everybody interested in gold, precious metals and mining stocks
- International recognition – newspaper articles in more than 60 countries, 1.5 million downloads so far

► Austrian School for Investors

- Definitive book on “Austrian Investing”
- Foreword by John Hathaway

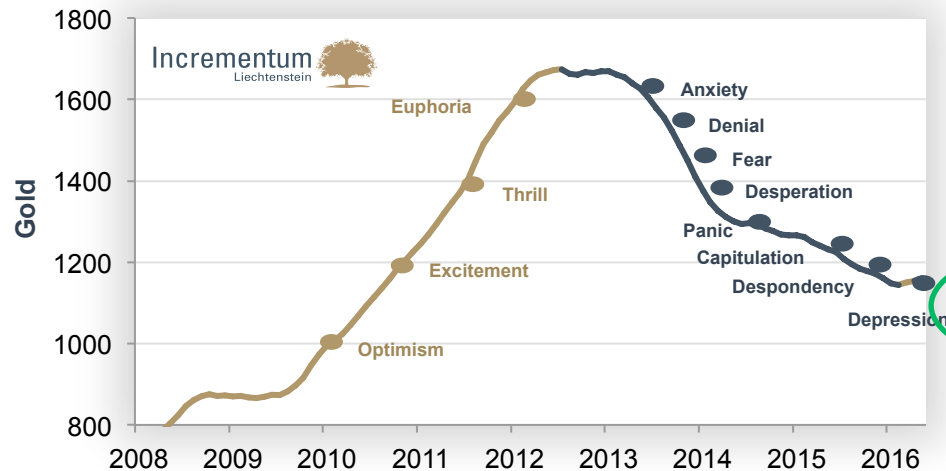


Austrian Economics? Who Knows Hayek?



Gold is Back in a Bull Market

Cycle of Investor Sentiment Applied to the Gold Price
(360-Day Moving Average)



Dow Theory



- ▶ **Accumulation:** Great (contrarian) investors actively buy against the general opinion of the market
- ▶ **Public Participation:** Increasing prices and volume. Analysts raise their price targets, media becomes interested
- ▶ **Distribution:** Rampant speculation, astute investors liquidate their holdings

Sources: Bloomberg, Incrementum AG



Analysts Remain in Bearish/Neutral Camp! Price Targets Will Be Upgraded in Pro-Cyclical Manner

Gold Silver \$/t oz		99 Browse	As Of	09/03/16	Ticker Type	Actual				
Quarterly Forecast		Yearly Forecast								
		Spot	As Of	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	
Media	Median	09/01/16		19.00	19.00	19.15	18.57	19.73	19.94	
Mean	Mean	09/01/16		18.78	19.05	19.34	19.15	19.05	19.28	
High	High	09/01/16		22.00	23.50	26.00	28.00	25.00	25.00	
Low	Low	09/01/16		15.00	13.50	13.91	14.29	14.40	14.00	
Forw	Forward	19.28	09/02/16	19.58	19.37	19.47	19.56	19.65	19.76	
Diff	Diff (Median - Curr)			-0.58	-0.37	-0.32	-0.99	+0.08	+0.18	
Fi	Firm	Analysts	As Of	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	*
1) C	1) Commerzbank AG	E. Weinberg	08/29/16	19.00	19.50	20.00	20.00	21.00	21.00	
2) I	2) Incrementum AG	R. Stoeferle	08/26/16	19.20	21.00	26.00	28.00	34.00	42.00	
3) B	3) Citigroup Inc	D. Wilson	08/24/16	19.80	19.20	18.50	18.00	17.50	17.00	
4) C	4) BNP Paribas SA	H. Tchilinguiria	08/24/16	19.30	17.30	17.80	17.35	16.00	15.00	
5) N	5) Natixis SA	B. Dahdah	08/22/16	17.50	17.50	16.00	15.50	14.40	14.00	
6) A	6) Australia & New Zea	D. Hynes	08/19/16	18.84	19.44	19.86	19.19	19.66	20.08	
7) U	7) UniCredit Markets &	J. Hitzfeld	08/18/16	19.80	19.80	19.80	19.80	19.80	19.80	

Source: Bloomberg.com, Incrementum AG

Gold Performance in Various Currencies

	EUR	USD	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2001	8.10%	2.50%	5.40%	11.30%	8.80%	2.50%	17.40%	5.00%	5.80%	7.42%
2002	5.90%	24.70%	12.70%	13.50%	23.70%	24.80%	13.00%	3.90%	24.00%	16.24%
2003	-0.50%	19.60%	7.90%	-10.50%	-2.20%	19.50%	7.90%	7.00%	13.50%	6.91%
2004	-2.10%	5.20%	-2.00%	1.40%	-2.00%	5.20%	0.90%	-3.00%	0.90%	0.50%
2005	35.10%	18.20%	31.80%	25.60%	14.50%	15.20%	35.70%	36.20%	22.80%	26.12%
2006	10.20%	22.80%	7.80%	14.40%	22.80%	18.80%	24.00%	13.90%	20.58%	17.24%
2007	18.80%	31.40%	29.70%	18.10%	11.50%	22.90%	23.40%	22.10%	17.40%	21.70%
2008	11.00%	5.80%	43.70%	33.00%	31.10%	-1.00%	-14.00%	-0.30%	30.50%	15.53%
2009	20.50%	23.90%	12.10%	-3.60%	5.90%	24.00%	27.10%	20.30%	18.40%	16.51%
2010	39.20%	29.80%	36.30%	15.10%	24.30%	25.30%	13.90%	17.40%	25.30%	25.18%
2011	12.70%	10.20%	9.20%	8.80%	11.90%	3.30%	3.90%	10.20%	30.40%	11.18%
2012	6.80%	7.00%	2.20%	5.40%	4.30%	6.20%	20.70%	4.20%	10.30%	7.46%
2013	-31.20%	-23.20%	-28.80%	-18.50%	-23.30%	-30.30%	-12.80%	-30.20%	-19.00%	-24.14%
2014	12.10%	-1.50%	5.00%	7.70%	7.90%	1.20%	12.30%	9.90%	0.80%	6.16%
2015	-0.30%	-10.40%	-5.20%	0.40%	7.50%	-6.20%	-10.1%	-9.90%	-5.90%	-3.75%
2016ytd*	22.51%	26.86%	40.08%	20.93%	18.23%	30.27%	7.27%	22.80%	27.14%	24.01%
Average	10.55%	12.05%	12.99%	8.94%	10.31%	10.10%	10.66%	8.09%	13.93%	10.89%

Sources: Goldprice.org, Incrementum AG
 * September 12, 2016

Silver Performance in Various Currencies

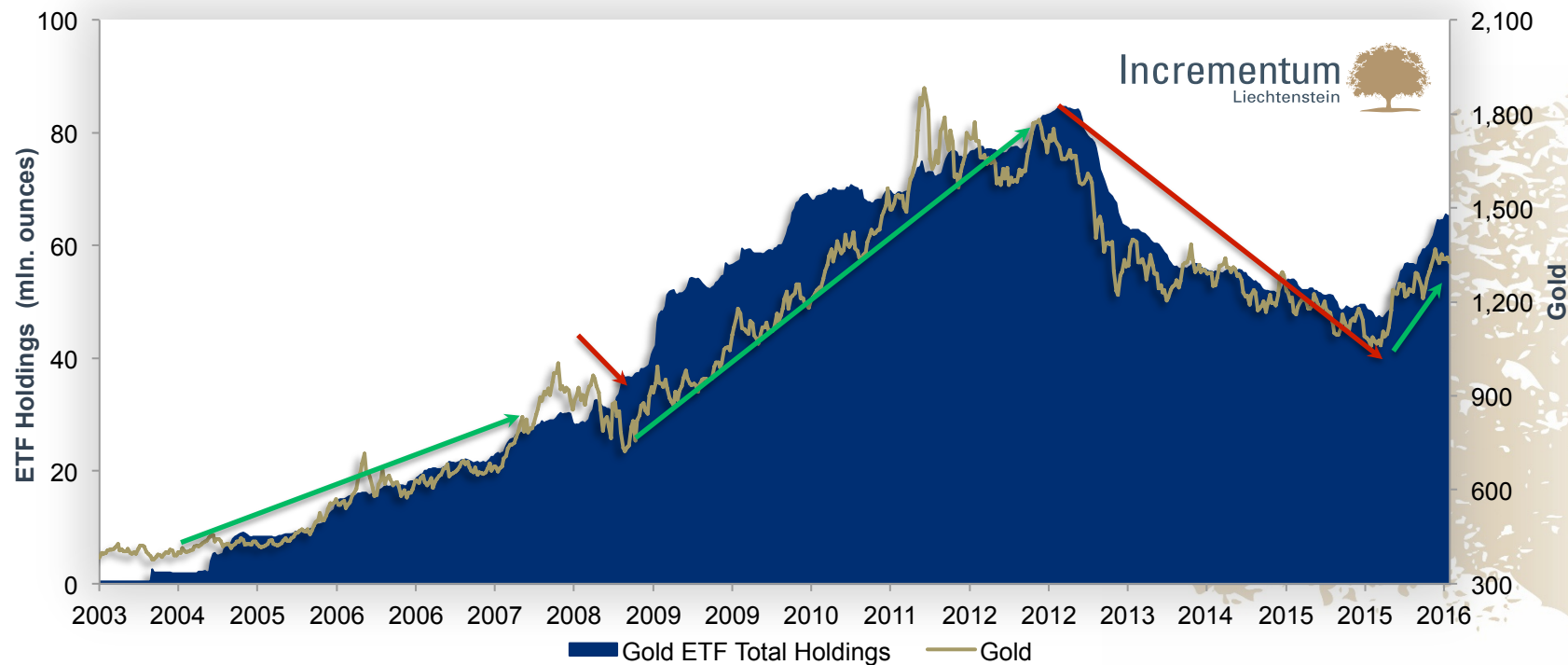
Silver Price Performance: % Annual Change Monday, September 12, 2016

	USD	AUD	CAD	CHF	CNY	EUR	GBP	INR	JPY
2001	-1.5%	7.9%	4.5%	2.4%	-	4.6%	1.0%	1.3%	-
2002	1.6%	-6.6%	1.3%	-12.8%	-	-12.3%	-6.7%	2.2%	-
2003	25.8%	-5.7%	3.6%	10.8%	-	4.8%	13.2%	18.2%	-
2004	13.9%	9.5%	5.8%	4.3%	16.6%	4.7%	5.4%	8.5%	6.3%
2005	29.4%	43.4%	28.4%	53.3%	29.7%	52.1%	48.0%	38.2%	53.0%
2006	46.6%	33.7%	46.4%	35.9%	41.1%	31.6%	28.8%	43.7%	48.0%
2007	14.6%	3.5%	-1.9%	6.5%	6.8%	3.6%	13.1%	2.0%	7.6%
2008	-23.0%	-4.3%	-5.1%	-27.2%	-28.9%	-19.5%	4.4%	-6.1%	-37.6%
2009	47.6%	15.8%	26.4%	43.4%	47.6%	44.1%	34.5%	42.4%	51.4%
2010	77.2%	58.0%	69.1%	60.9%	71.4%	91.1%	83.0%	70.6%	55.5%
2011	-10.2%	-10.8%	-8.1%	-10.0%	-14.3%	-7.5%	-10.6%	6.4%	-15.4%
2012	8.3%	7.1%	5.9%	5.9%	7.9%	6.6%	3.9%	12.0%	22.6%
2013	-35.9%	-25.2%	-31.2%	-37.5%	-37.6%	-38.5%	-37.0%	-27.3%	-21.9%
2014	-19.6%	-12.6%	-12.4%	-10.8%	-17.9%	-9.0%	-14.9%	-18.3%	-8.8%
2015	-11.5%	-1.0%	5.3%	-11.2%	-7.5%	-1.7%	-6.6%	-7.4%	-11.2%
2016	37.3%	32.8%	29.3%	32.7%	40.8%	32.1%	51.4%	37.8%	15.8%
Average	12.5%	9.1%	10.5%	9.2%	12.0%	11.7%	13.2%	14.0%	12.7%
Total Return	312.1%	206.0%	259.9%	149.4%	161.8%	245.6%	363.1%	488.9%	193.1%

Source: Silverprice.org, Incrementum AG, Data as of Sept 14

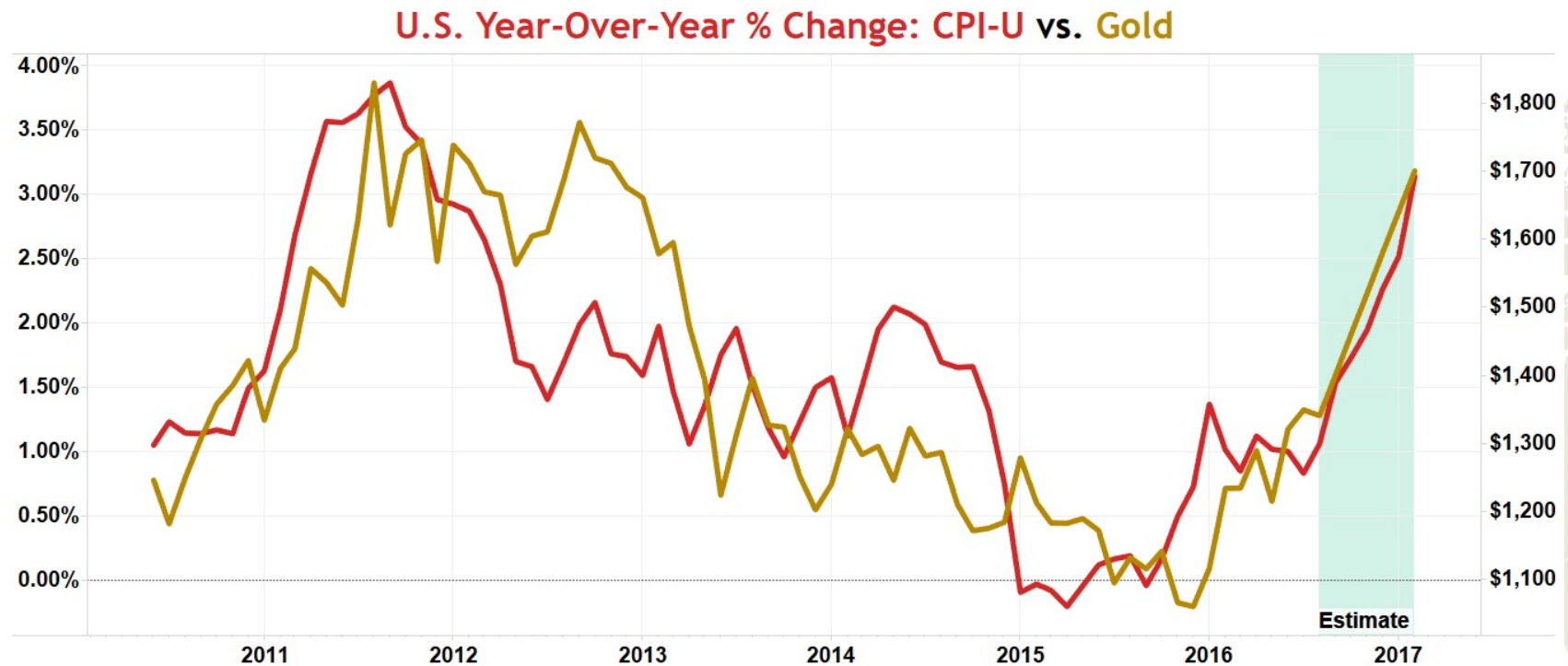
silverprice.org

Anecdotal Evidence of Three Worldviews: “The Sceptics” Are Marginal Buyers



Sources: Acting-man.com, Federal Reserve St. Louis, Incrementum AG

Inflation Will Rise Due to the Base Effect



Sources: NIA, Incrementum AG

Gold: The Canary in the Inflation Coalmine



Source: Incrementum AG

Financial Markets Are Reassessing Inflation Risks



Source: Incrementum AG

Inflation – Whatever it Takes!

EZB-Chefvolkswirt: „Wir drucken Geld“



EZB-Chefvolkswirt Peter Praet / Bild: (c) AFP (RALPH ORLOWSKI)

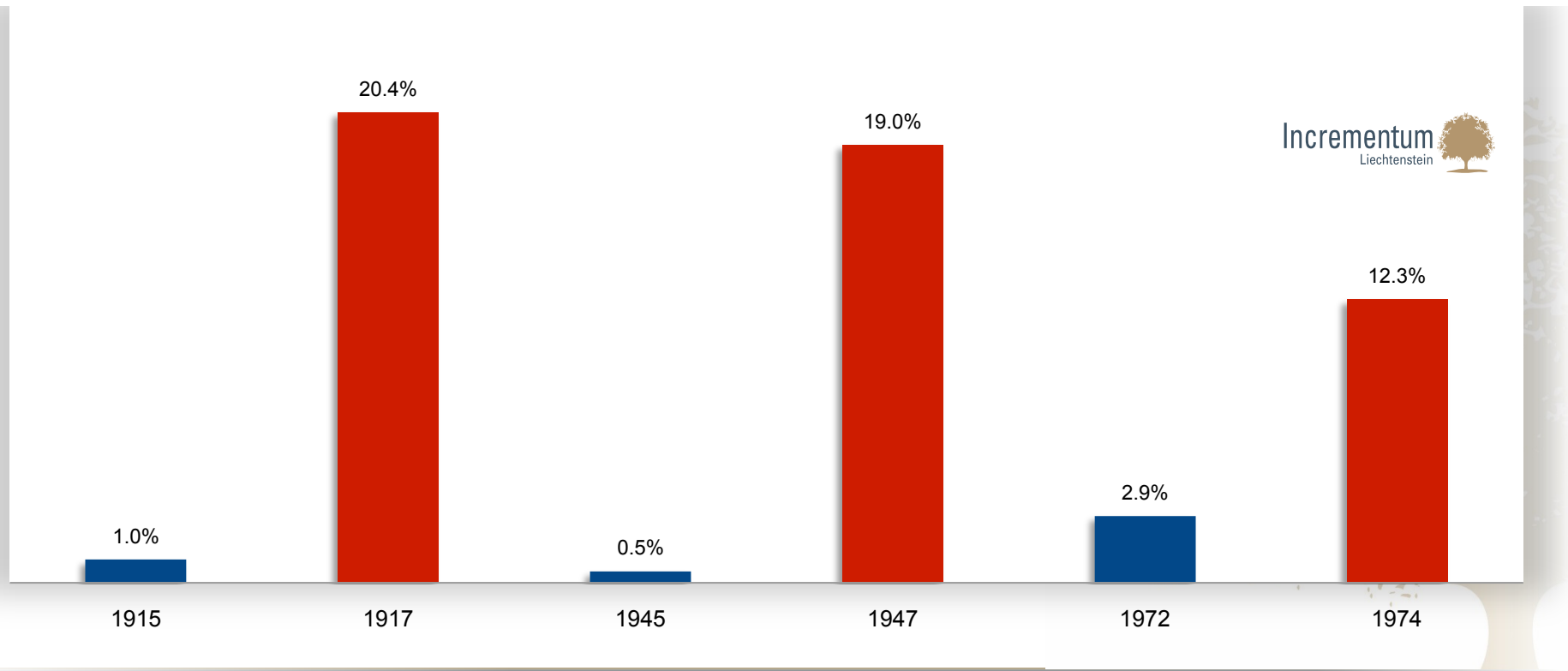
EZB-Chefvolkswirt Peter Praet stellt klar: Die Notenbank wird solange Geld drucken, bis die Inflation steigt.

„Es gibt keinen Plan B“

Die EZB werde deswegen ihre Politik solange verfolgen, solange es eben notwendig sei. „Es gibt keinen Plan B. Es gibt nur einen Plan. Wir sind bereit, alles zu unternehmen, um die Inflationsrate auf knapp unter zwei Prozent zu bringen. Wenn man genug Geld druckt, wird man immer Inflation bekommen. Immer. Aber wenn die Preise von Öl und anderen Rohstoffen fallen, ist es schwieriger, die Inflationsrate anzutreiben“, so Praet. (jil)

Source: Die Presse, January 6, 2016

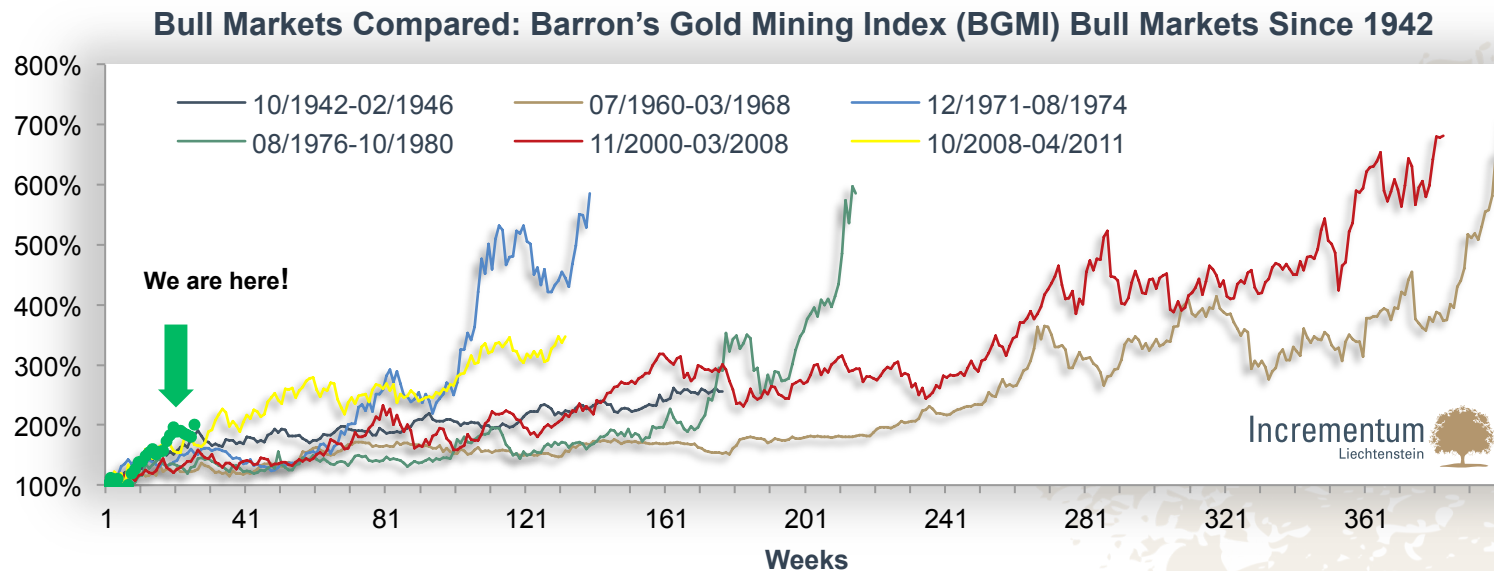
Inflation Dynamics Cannot be Controlled Like a Thermostat



Common Sense is Not so Common...

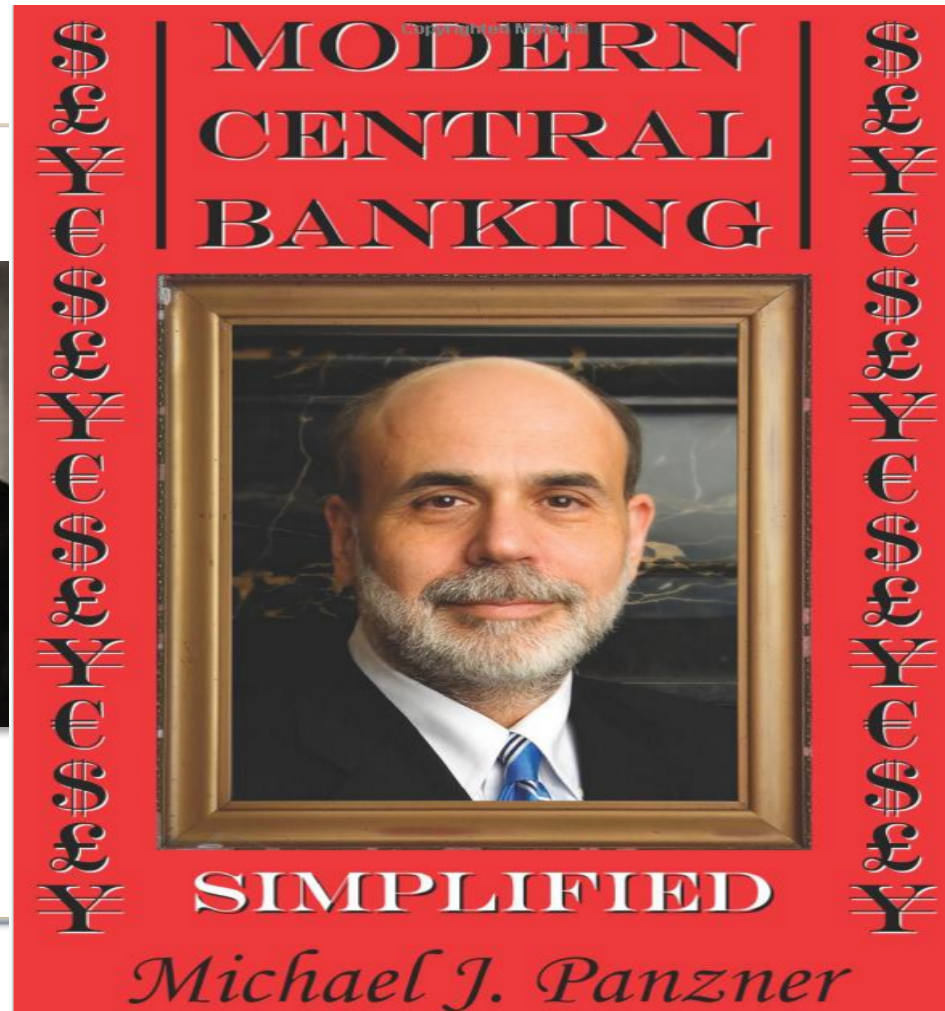


Mining Stocks: The Party Has Just Started!



- Compared to previous bull markets in the BGMI, the recent uptrend is still relatively small and short in duration

Sources: Sharelynx, Nowandfutures, Barrons, Incrementum AG



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ay N. Rothbard