

A group of people in suits are gathered around a table, playing a high-stakes card game. The table is covered with stacks of chips and a smartphone. The scene is dimly lit, with a large, glowing pendant light hanging above the table. The overall atmosphere is one of intense concentration and high stakes.

# SHOWDOWN

**Ronald-Peter Stöferle**  
**Managing Partner, Incrementum AG**

**November 13<sup>th</sup> 2023**

# In Our Partners We Trust



# World's Greatest Showdowns









# 3 Showdowns

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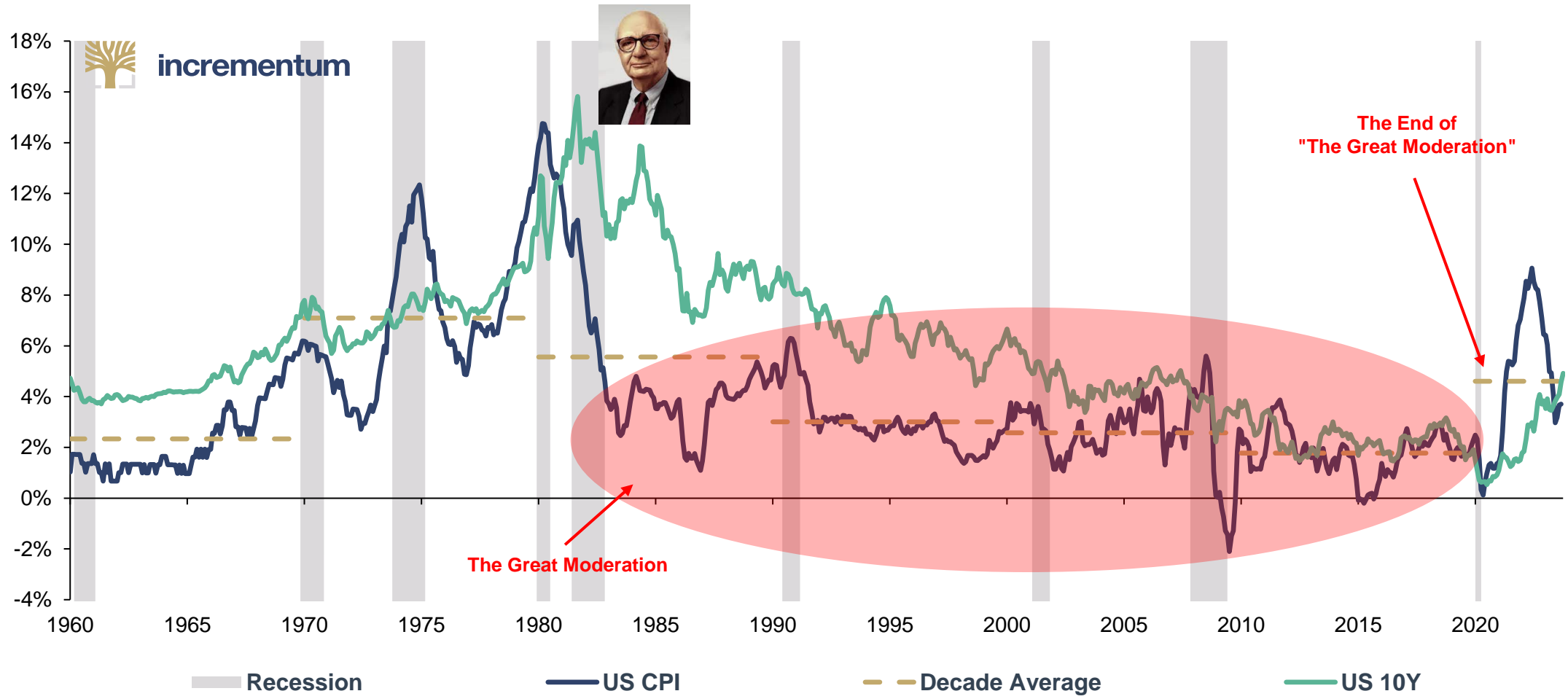
1. Showdown in Monetary Policy
2. Showdown East vs. West
3. Showdown in the Gold Price

# 1. Showdown in Monetary Policy



# The "Great Moderation" Is Over

## US CPI, yoy, and US 10Y Treasury Yield, 01/1960-10/2023

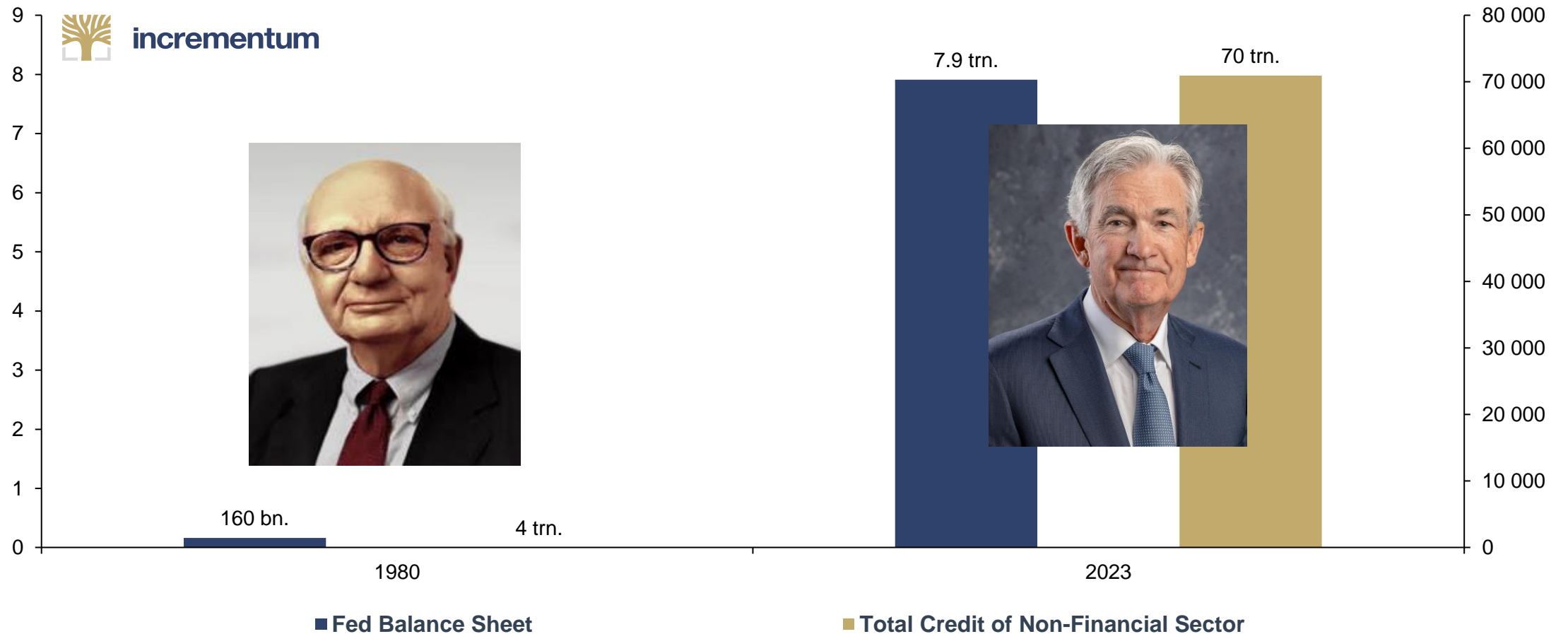


Source: Reuters Eikon, Incrementum AG



# Jerome Powell the New Paul Volcker? Um, Not So Sure...

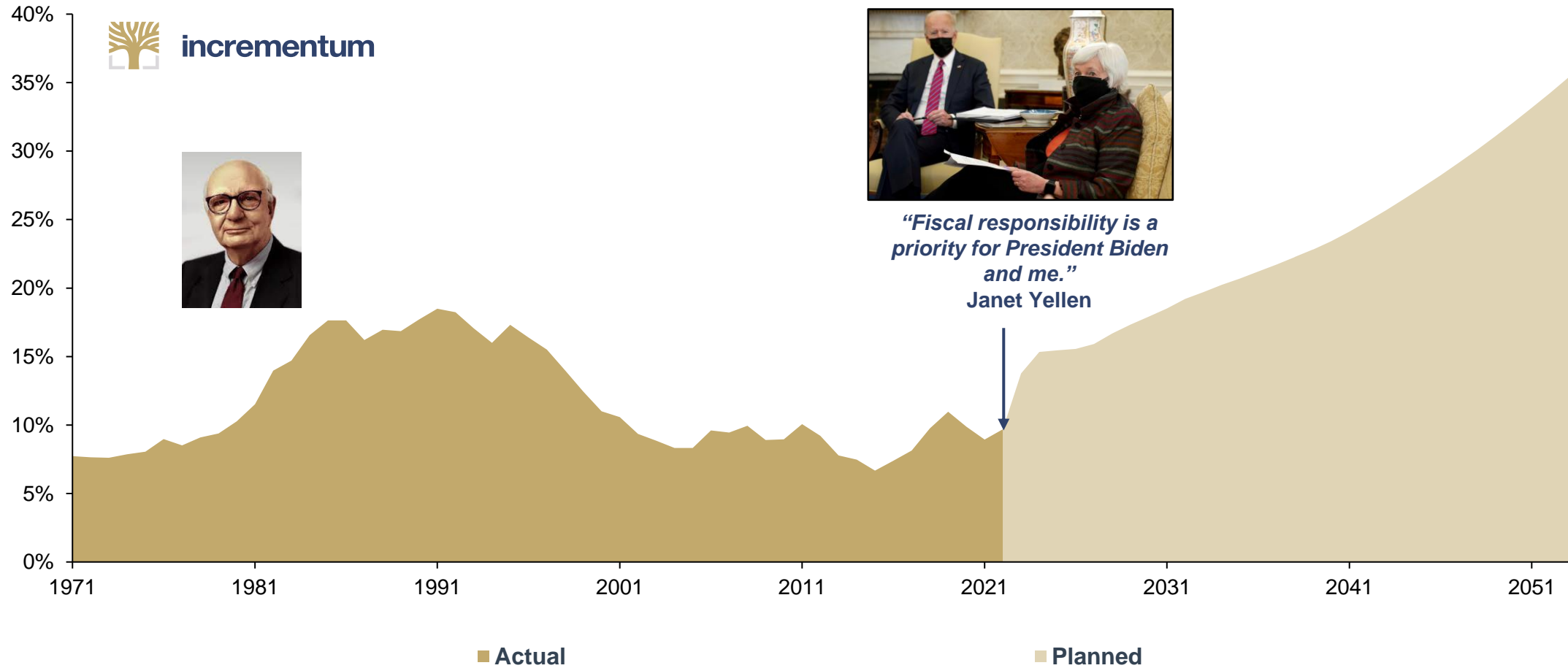
Fed Balance Sheet, in USD trn (lhs), and Total Credit of Nonfinancial Sector, in USD trn (rhs), 1980 vs. 2023



Source: Federal Reserve St. Louis, Wiki Commons, Incrementum AG

# It's The Debt, Stupid!

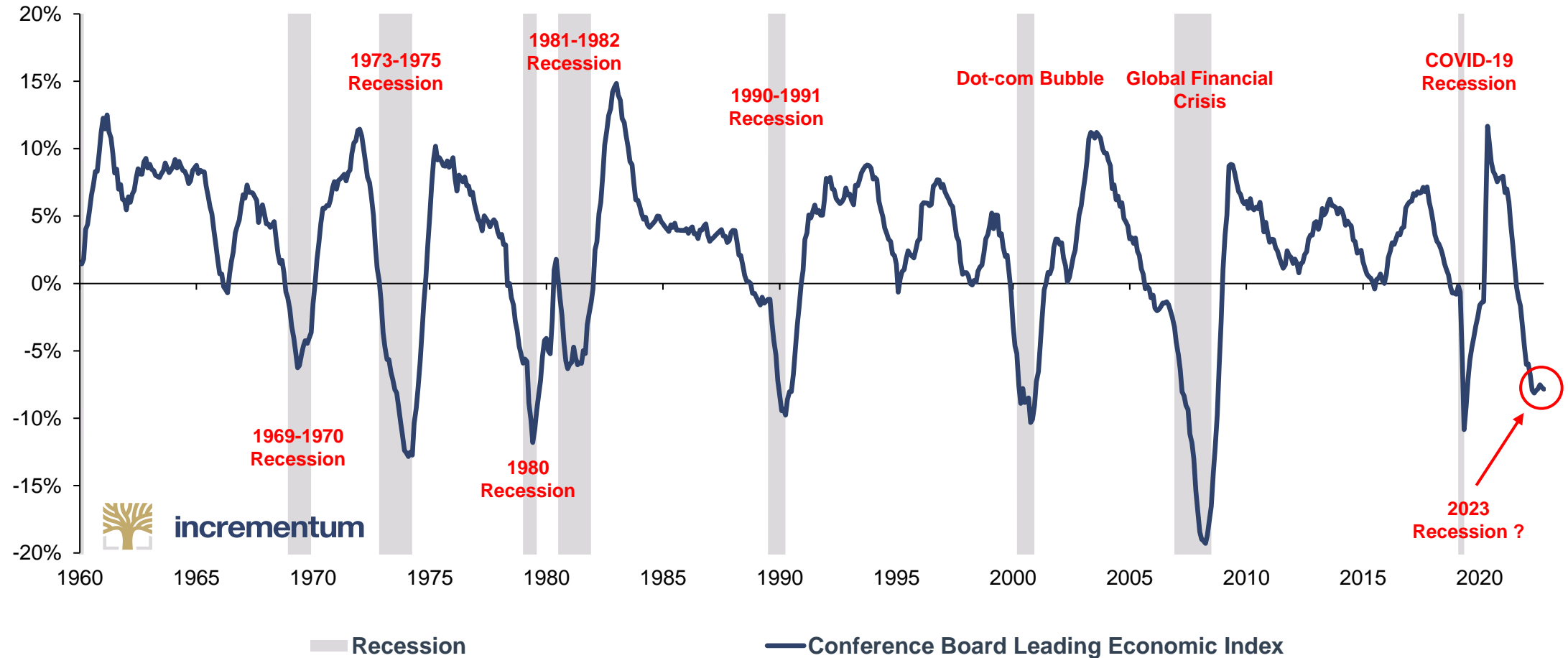
## Net Interest Expenses, as % of Tax Revenues, USA, 1962-2053



Source: CBO, Incrementum AG

# Since 1965, the Leading Economic Index Has Successfully Predicted Every Recession

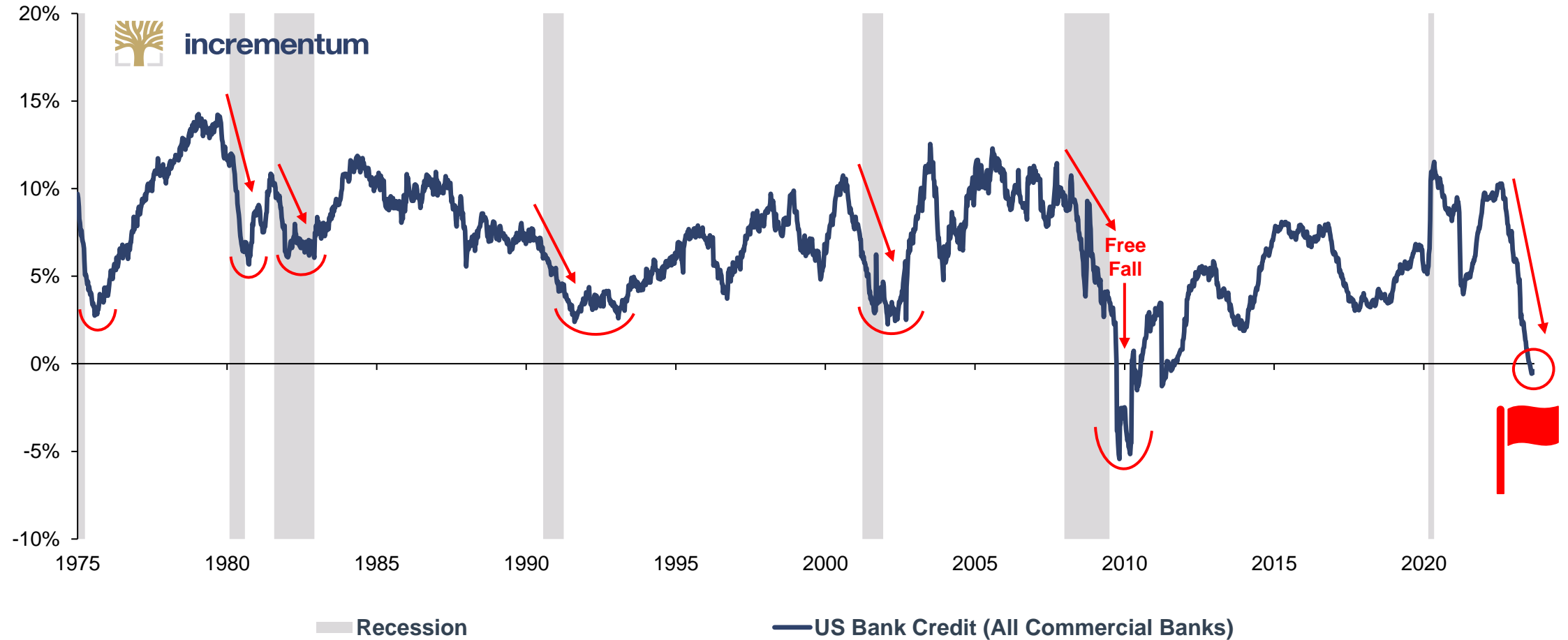
Conference Board Leading Economic Index (LEI), yoy, 01/1960-09/2023



Source: Reuters Eikon, Incrementum AG

# Negative Bank Credit Growth Before Recession Is a BIG Red Flag!

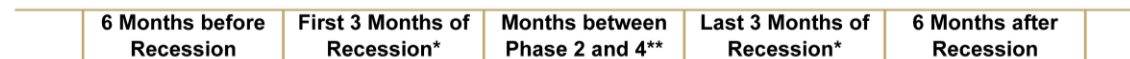
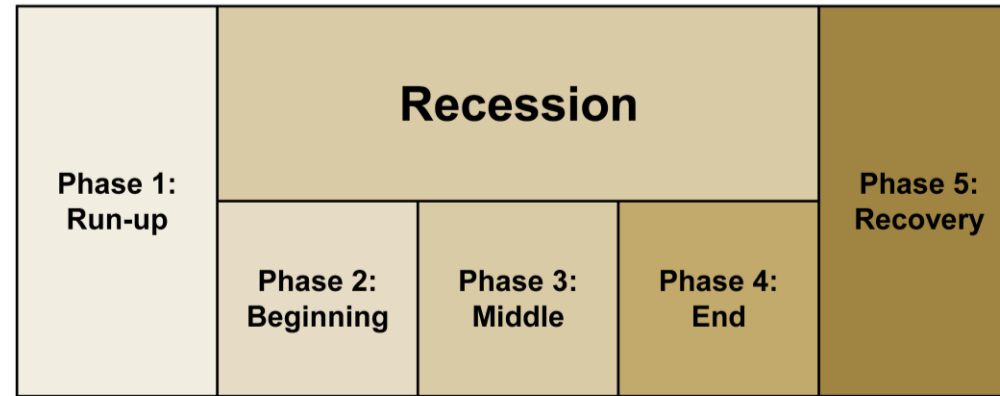
US Bank Credit (All Commercial Banks), yoy, 01/1975-10/2023



Source: Reuters Eikon, Incrementum AG

# Which Assets Perform Well Before, During, and After a Recession?

Average Asset Performance in the *Incrementum Recession Phase Model*



Asset	Recession	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Gold	10.6%	10.9%	5.7%	2.9%	2.7%	2.6%
Silver	-9.0%	31.5%	0.8%	-10.9%	3.5%	17.4%
S&P 500	-5.3%	-2.8%	-6.0%	-13.2%	12.6%	8.6%
Commodities	-6.3%	6.4%	0.2%	-6.5%	-0.2%	5.0%
Mining Stocks	5.4%	8.9%	8.5%	-11.7%	8.3%	24.3%

Source: Incrementum AG

\*For short recession periods less than 3 months

\*\* For recession periods with 6 or less months no Phase 3 is identified

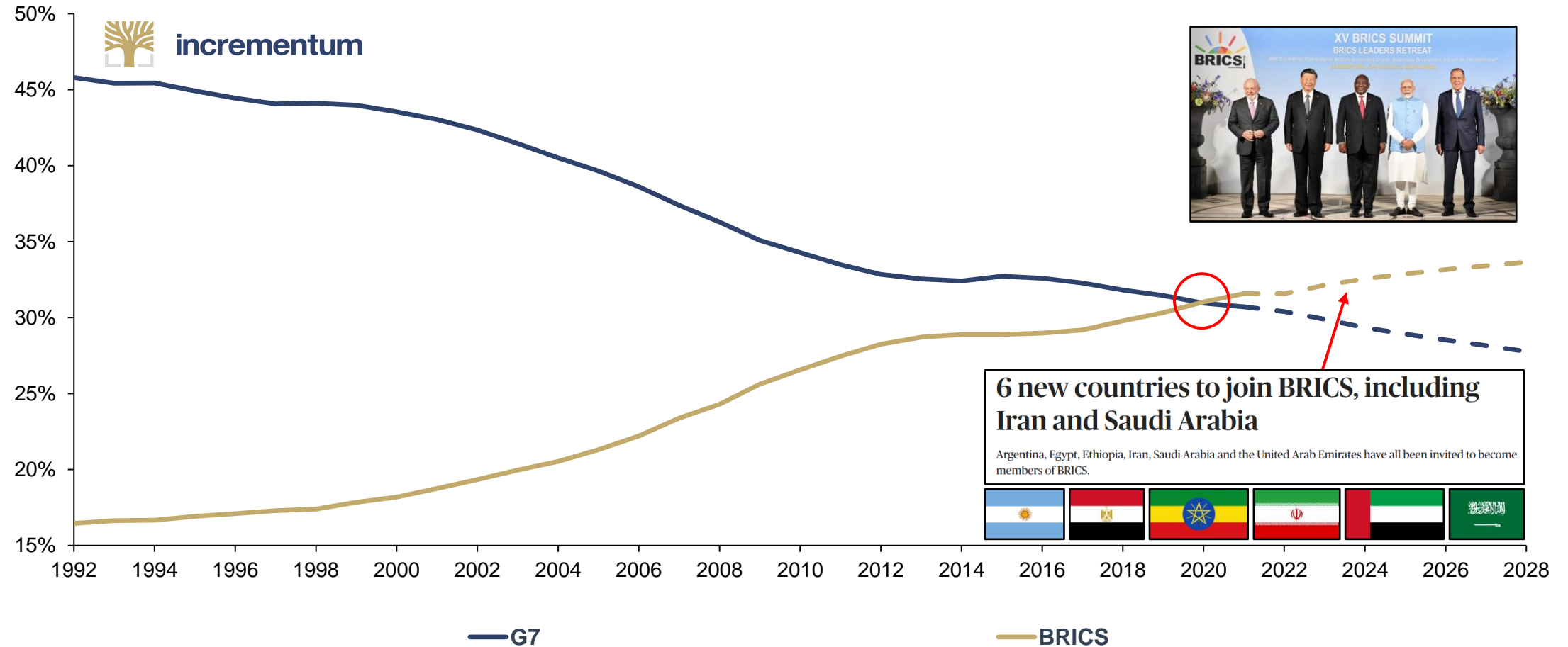
## 2. Showdown: East vs. West





# The Balance of Power in the Bipolar Global Economy Has Changed Dramatically Over the Past 30 Years

Share of Global GDP (PPP), G7 and BRICS, 1992-2027e



Source: Politico, Acorn MC Ltd, World Economic Outlook, Reuters Eikon, Incrementum AG



Russian Embassy in Kenya/Посольство России в Кении

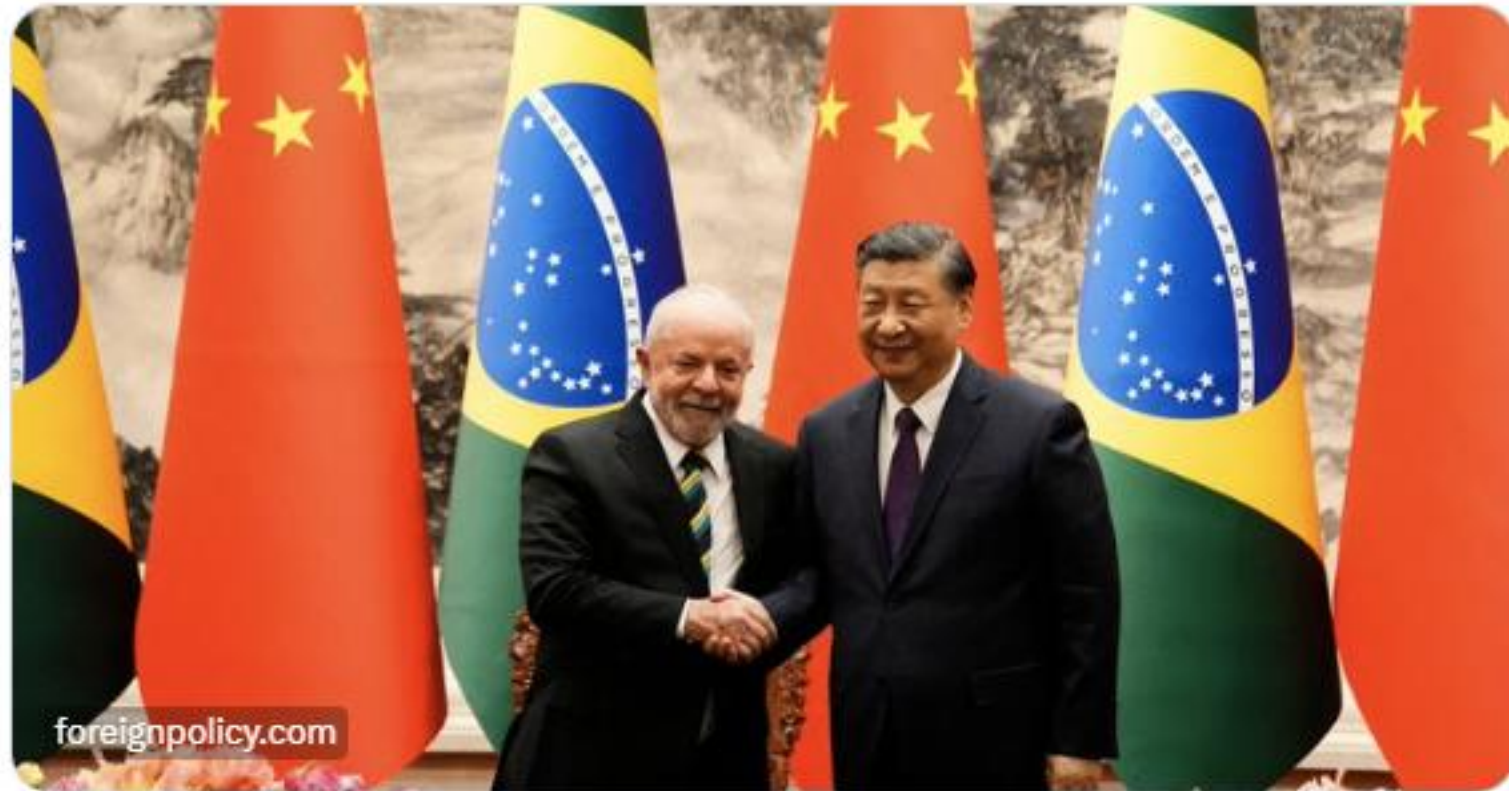


@russembkenya

The BRICS countries are planning to introduce a new trading currency, which will be backed by gold.

More and more countries recently express desire to join BRICS.

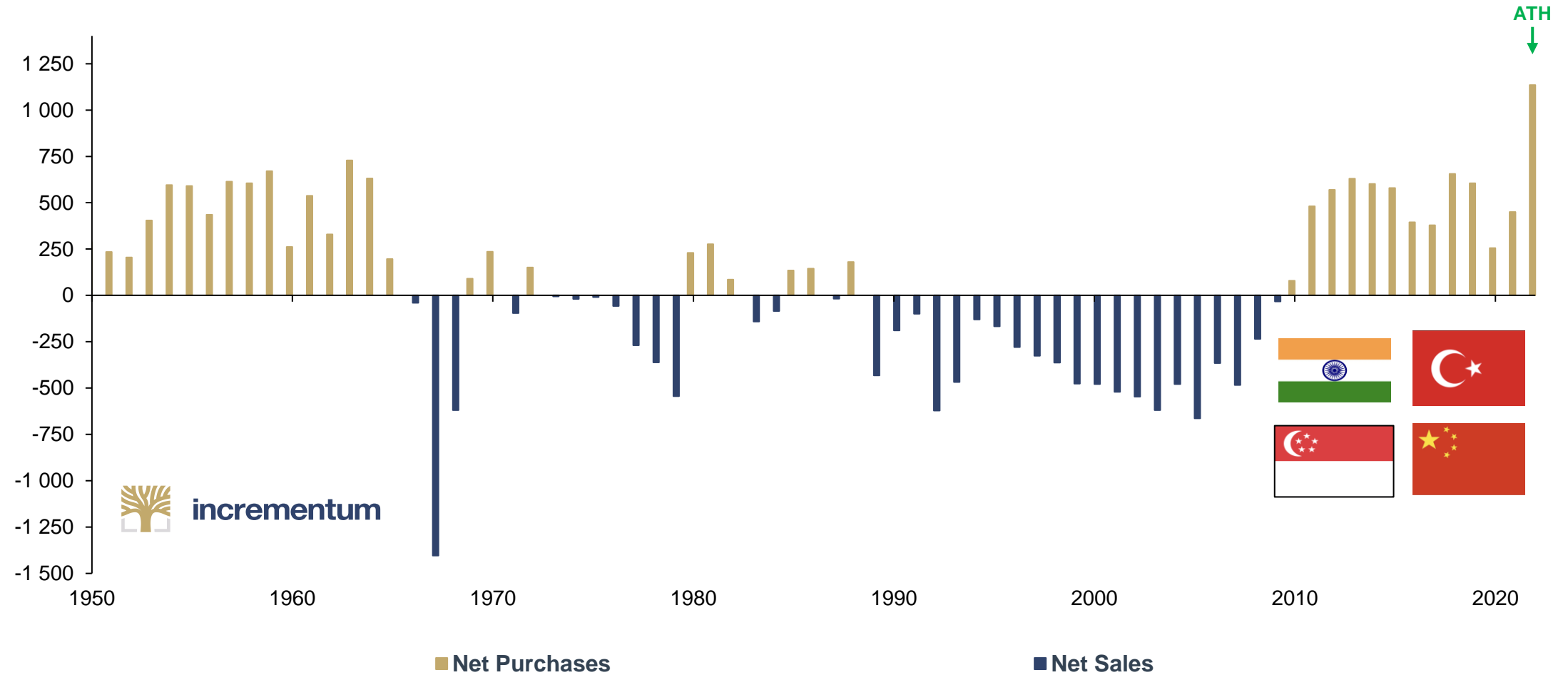
[Post übersetzen](#)



6:47 vorm. · 3. Juli 2023 · 833.521 Mal angezeigt

# Central Bank Gold Purchases at Record Highs in 2022

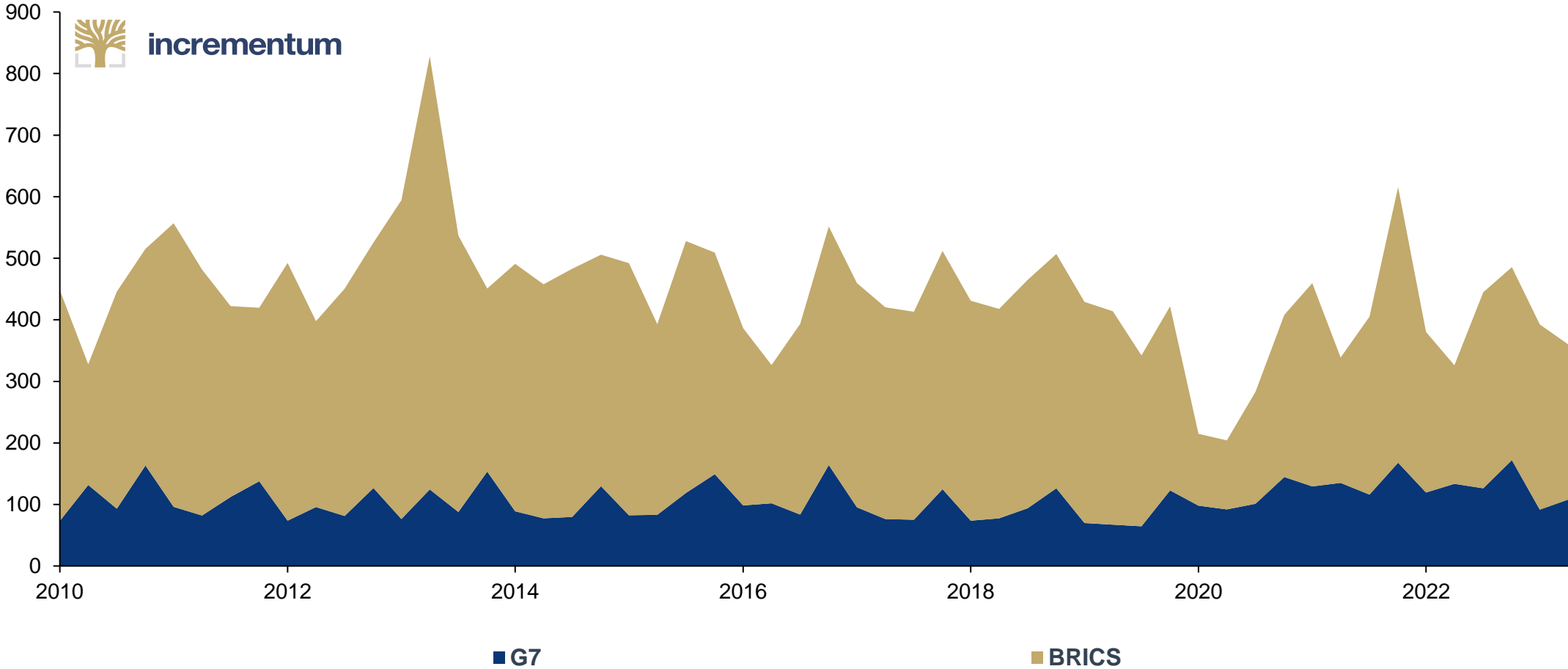
## Global Central Bank Gold Purchases, in Tonnes, 1950-2022



Source: World Gold Council, Incrementum AG

# BRICS Are Most Significant Consumers of Gold!

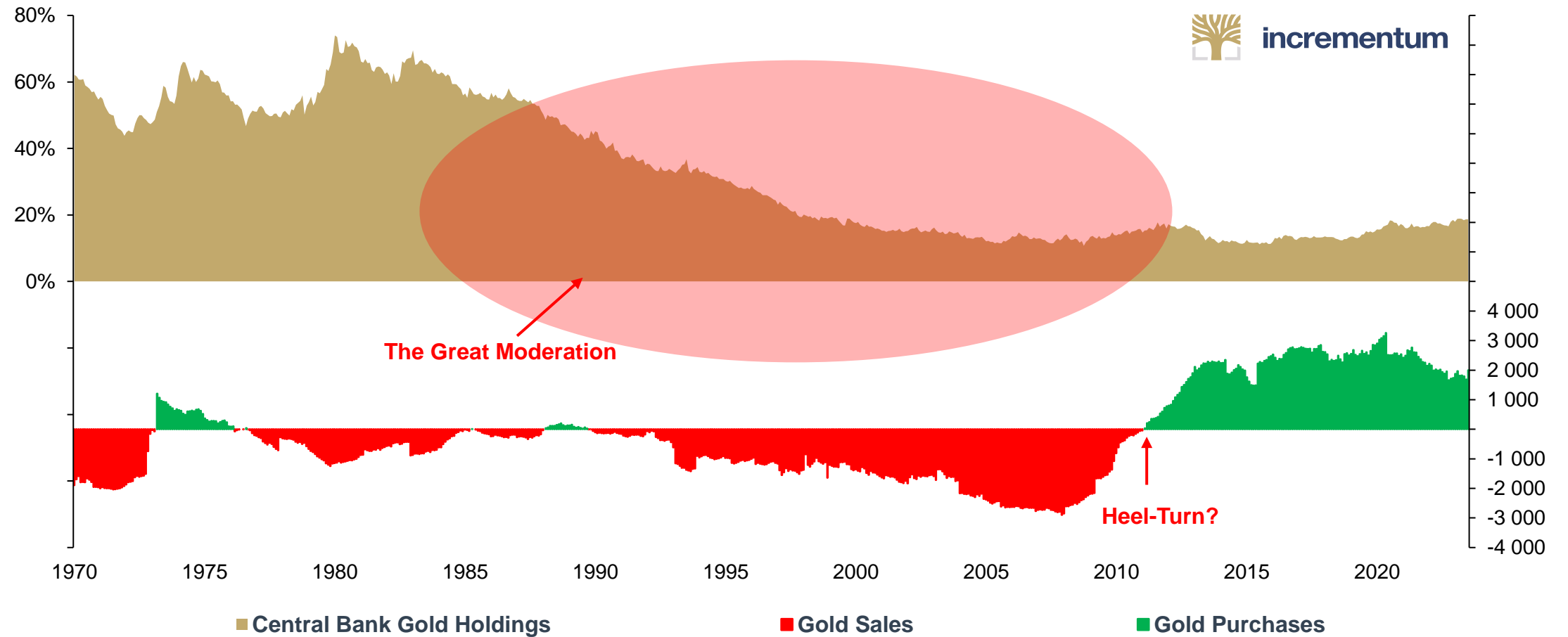
Quarterly Consumer Demand for Gold, in Tonnes, Q1/2010-Q2/2023



Source: World Gold Council, Incrementum AG

# The Renaissance of Gold as Central Bank Asset?

Global Central Bank Gold Holdings (lhs), as % of Foreign Reserves, and 5 Year Rolling Gold Purchases (rhs), in mn Ounces, 01/1970-07/2023



Source: Tavi Costa, Crescat Capital, Reuters Eikon, Incrementum AG

# 3. Showdown in the Price of Gold



# Gold Performance Since 2000 in Various Currencies

## Annual Gold Performance, 2000-2023 YTD

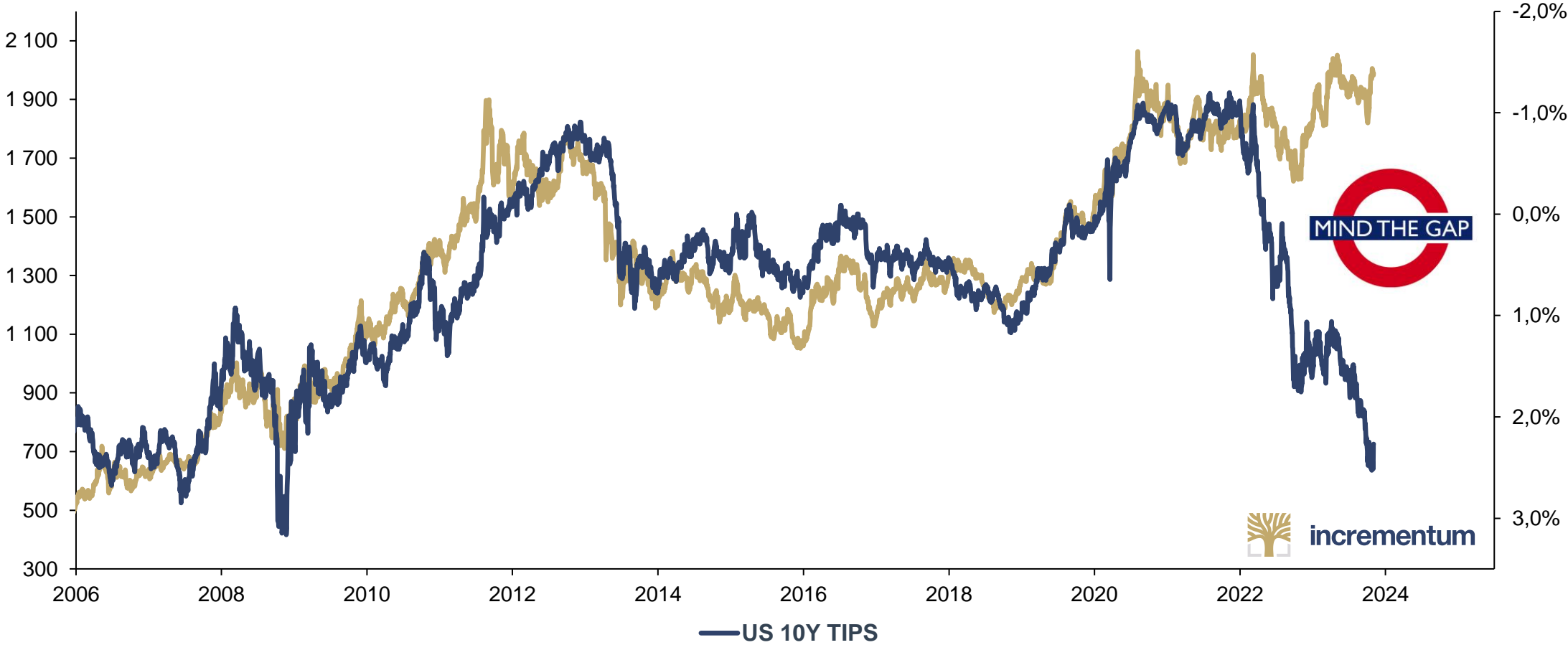
Year	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-5.3%	1.2%	2.4%	11.2%	-1.9%	-5.4%	5.8%	-4.2%	1.4%	0.6%
2001	2.4%	8.4%	5.3%	12.0%	8.8%	2.4%	18.0%	5.5%	5.8%	7.6%
2002	24.4%	5.5%	12.3%	13.2%	22.9%	24.4%	12.2%	3.5%	23.7%	15.8%
2003	19.6%	-0.2%	8.0%	-10.7%	-1.3%	19.6%	8.1%	7.4%	13.9%	7.2%
2004	5.6%	-2.0%	-1.7%	1.5%	-2.0%	5.6%	0.8%	-3.1%	0.1%	0.5%
2005	18.1%	35.2%	31.6%	25.9%	14.1%	15.1%	35.9%	36.3%	22.8%	26.1%
2006	23.0%	10.4%	8.1%	14.3%	23.3%	19.0%	24.2%	14.1%	20.7%	17.5%
2007	30.9%	18.4%	29.2%	18.0%	12.0%	22.5%	22.5%	21.8%	16.9%	21.4%
2008	5.4%	10.0%	43.0%	30.5%	28.7%	-1.5%	-14.2%	-0.8%	30.0%	14.6%
2009	24.8%	21.8%	13.0%	-1.6%	7.9%	24.8%	27.9%	21.1%	19.2%	17.6%
2010	29.5%	38.6%	34.2%	13.9%	22.8%	25.1%	13.2%	16.8%	24.8%	24.3%
2011	10.2%	13.8%	10.6%	9.9%	12.7%	5.2%	4.5%	10.7%	30.7%	12.0%
2012	7.1%	5.0%	2.4%	5.3%	4.2%	6.0%	20.7%	4.5%	11.1%	7.4%
2013	-28.0%	-30.9%	-29.4%	-16.1%	-23.0%	-30.1%	-12.6%	-29.8%	-19.1%	-24.3%
2014	-1.8%	11.6%	4.4%	7.2%	7.5%	0.7%	11.6%	9.4%	0.2%	5.6%
2015	-10.4%	-0.2%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	-4.4%
2016	8.5%	12.1%	29.7%	9.4%	5.3%	16.1%	5.4%	10.3%	11.4%	12.0%
2017	13.1%	-0.9%	3.3%	4.6%	5.9%	6.0%	9.0%	8.3%	6.3%	6.2%
2018	-1.5%	3.0%	4.3%	9.0%	6.8%	4.1%	-4.2%	-0.8%	7.3%	3.1%
2019	18.3%	21.0%	13.8%	18.7%	12.6%	19.7%	17.2%	16.6%	21.3%	17.7%
2020	25.0%	14.7%	21.2%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	19.5%
2021	-3.6%	3.6%	-2.6%	2.2%	-4.3%	-6.1%	7.5%	-0.6%	-1.7%	-0.6%
2022	-0.2%	6.0%	11.6%	6.3%	7.0%	8.3%	13.7%	1.1%	10.8%	7.2%
2023 YTD	7.1%	7.4%	6.0%	14.7%	9.1%	13.1%	23.7%	4.5%	7.8%	10.4%
CAGR	8.4%	8.1%	9.6%	8.5%	8.2%	7.8%	10.2%	5.8%	11.4%	8.7%

Source: Reuters Eikon (as of 11/09/2023), Incrementum AG



# Mind the Gap: Gold and TIPS Are Diverging

Gold (lhs), and US 10Y TIPS (rhs, inverted), 01/2006-10/2023



Source: Reuters Eikon, Incrementum AG

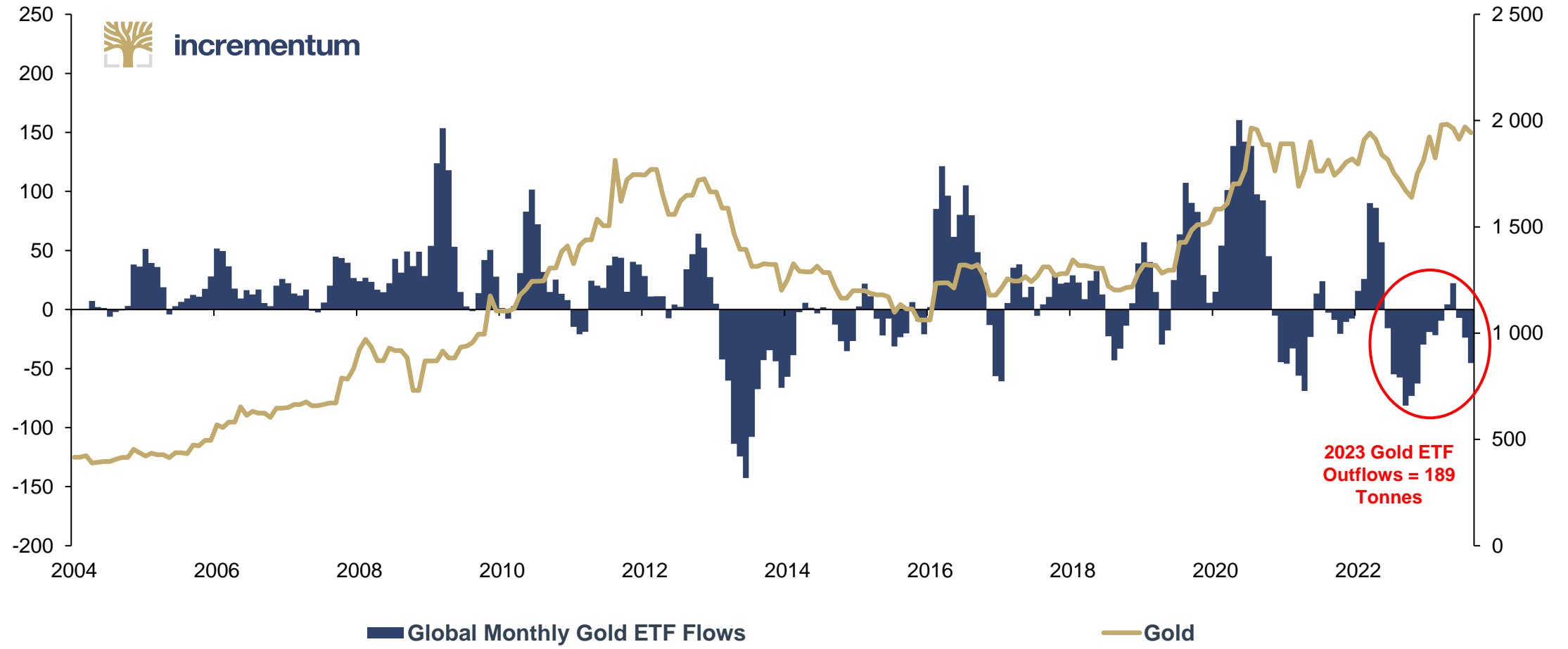


## 4. Quo Vadis?

*“Goodbye, Mr. Bond!”*  
**Auric Goldfinger**

# Western Financial Investors (ETFs) Remain on the Sidelines!

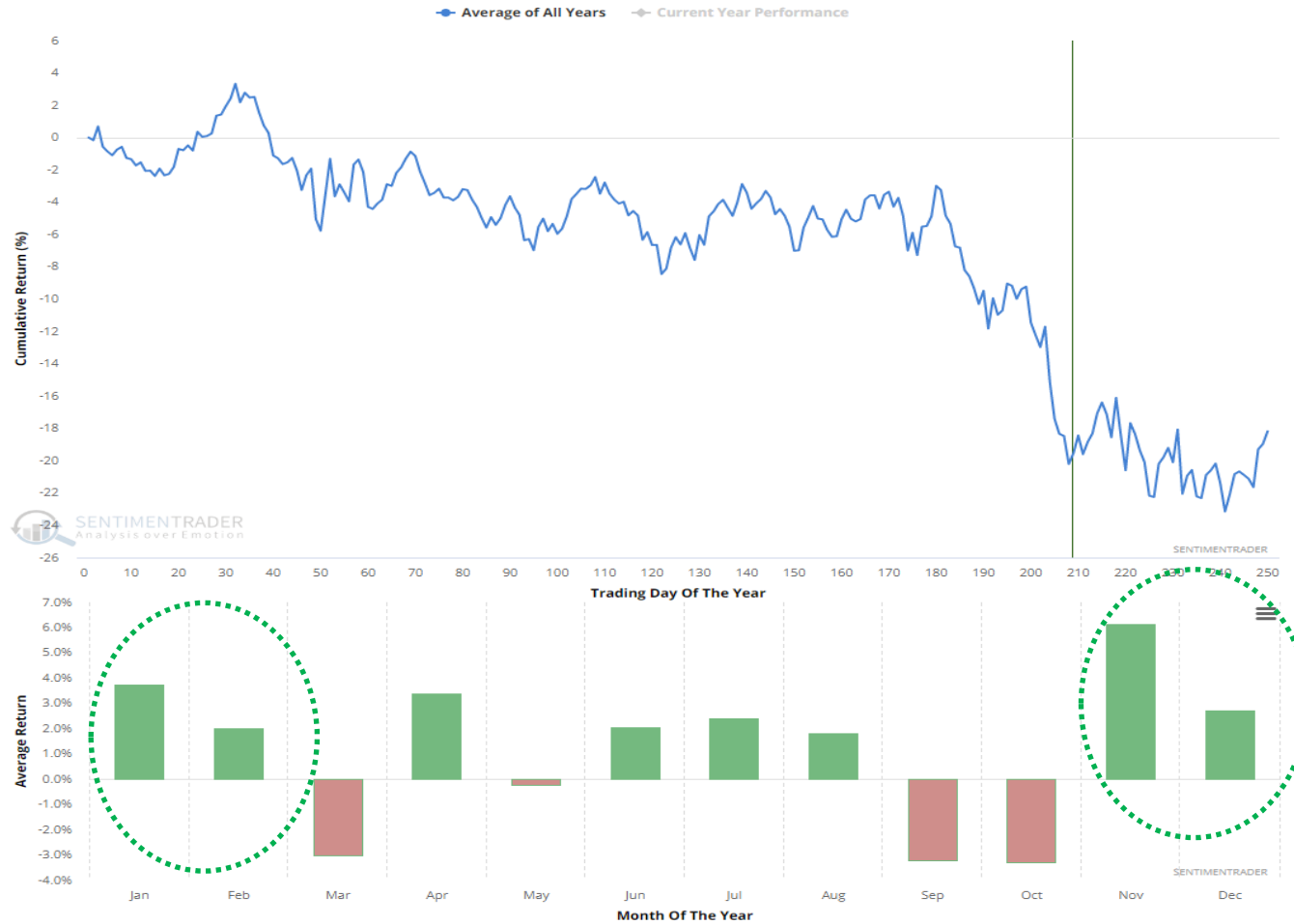
Global Monthly Gold ETF Flows (3 Month Average) (lhs), in Tonnes, and Gold (rhs), in USD, 01/2004–09/2023



Source: World Gold Council, Incrementum AG

# The Best Seasonal Period for Gold Mining Stocks Starts NOW!

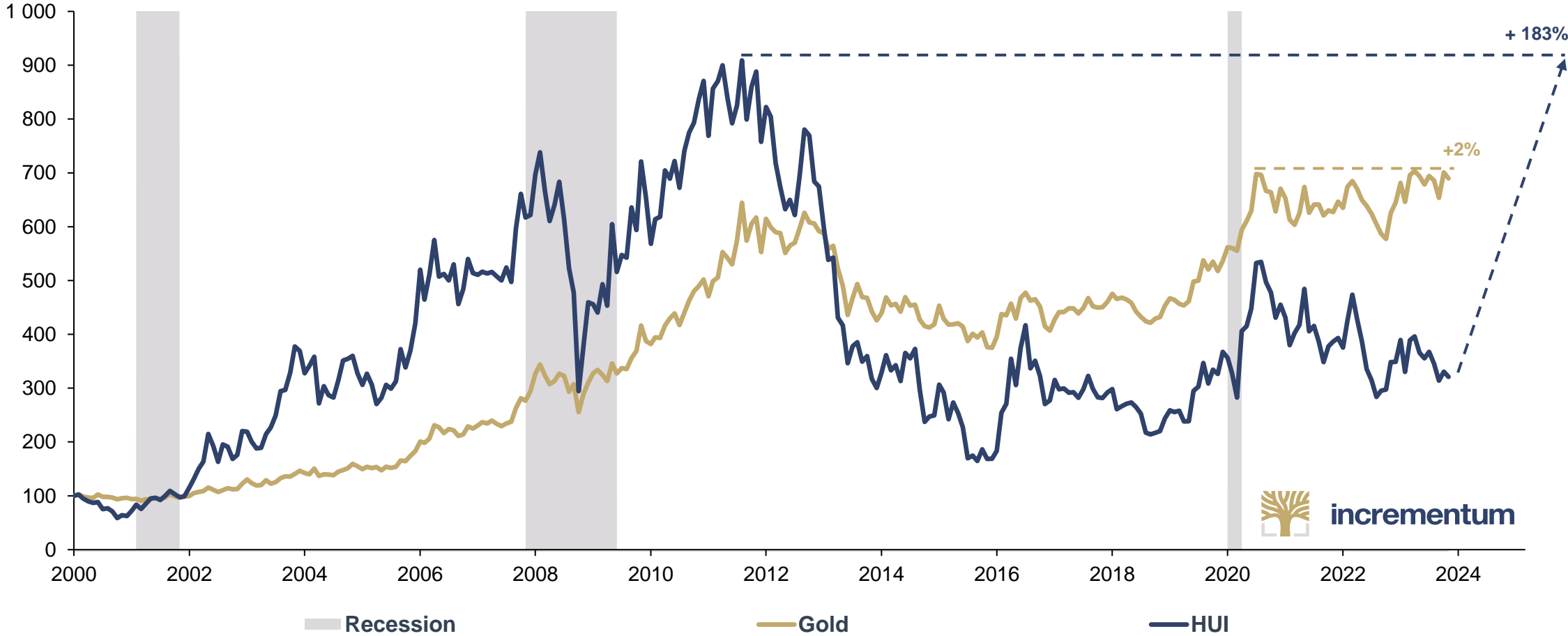
## GDX Seasonal Average



Source: Sentimentrader.com

# Gold Is Almost Back to its ATH... Miners Still Have Plenty of Room to Go

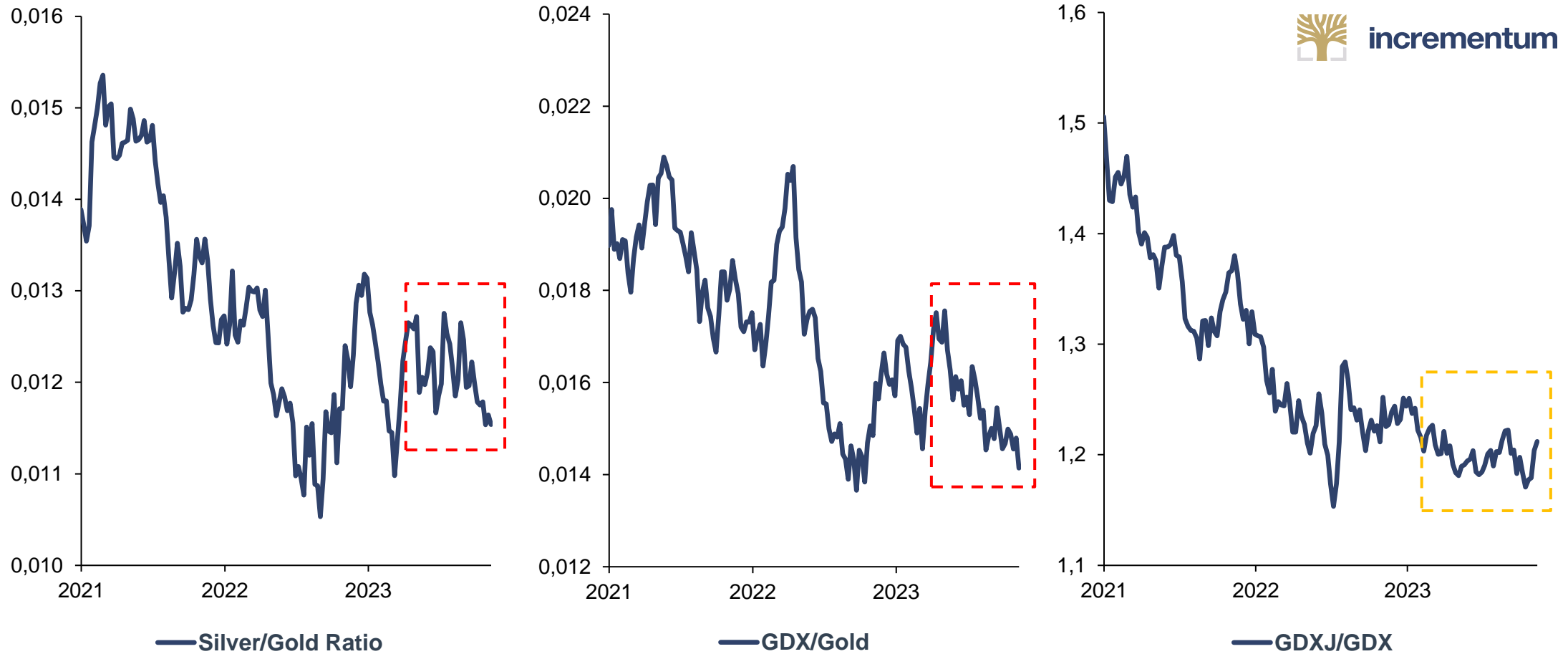
Gold and HUI, 100 = 01/2000, 01/2000-11/2023



Source: Reuters Eikon, Incrementum AG

# Risk Appetite Has Deteriorated since the Start of Q2!

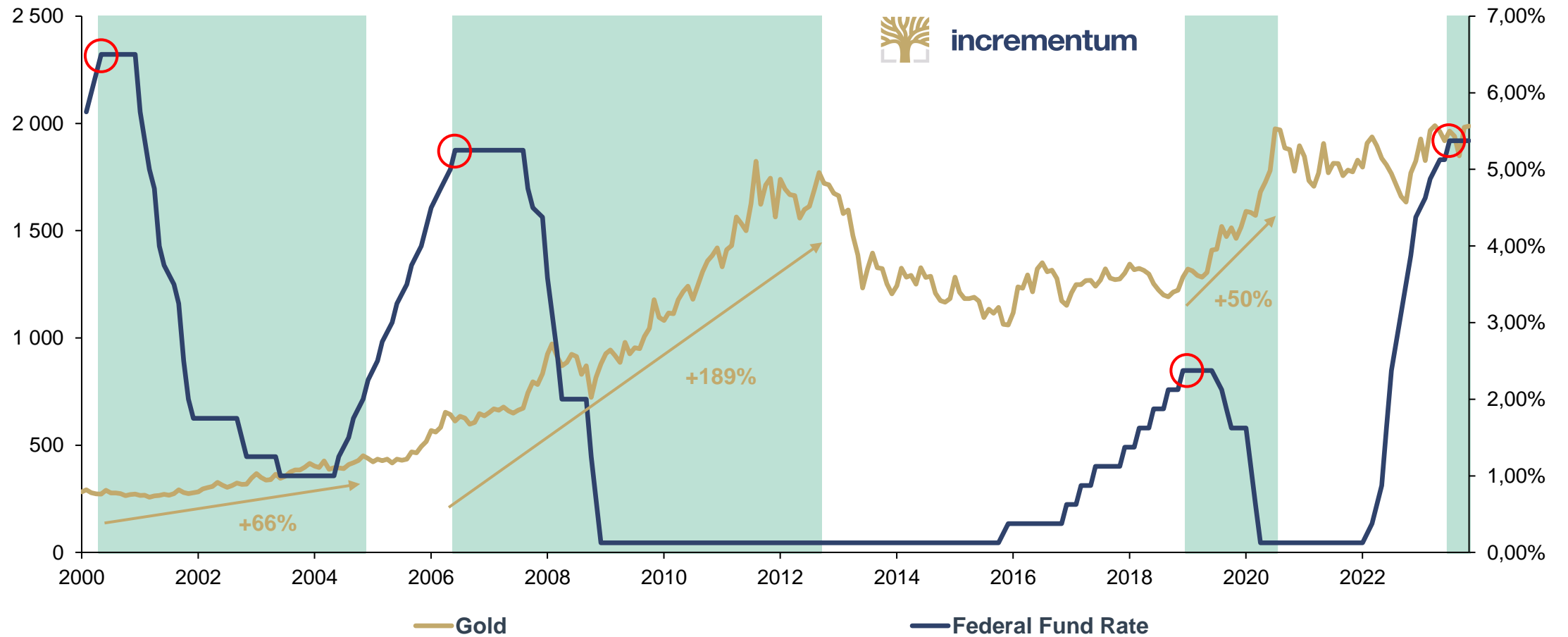
Silver vs. Gold, Gold Miners (GDX) vs. Gold, Juniors vs. Seniors (GDXJ/GDX), 01/2021-11/2023



Source: Reuters Eikon, Incrementum AG

# What Happens to Gold When the Fed Stops Hiking Rates?

Gold, in USD (lhs), and Federal Funds Rate (rhs), 01/2000-10/2023



Source: Reuters Eikon, Incrementum AG

# Conclusions

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- Decades of disinflation (Great Moderation) have ended. Expect more *inflation volatility!*
- Inflation shock → rates shock → recession shock → PIVOT
- *Simplicity is the ultimate sophistication:* Gold is a simple, effective and reliable means to hedge against inflation volatility, equity and recession risks.
- 12 months: Gold price > USD 2,300, based on our base scenario of an approaching recession. Technical target: USD 2,700.



# 007

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# GOLDFINGER



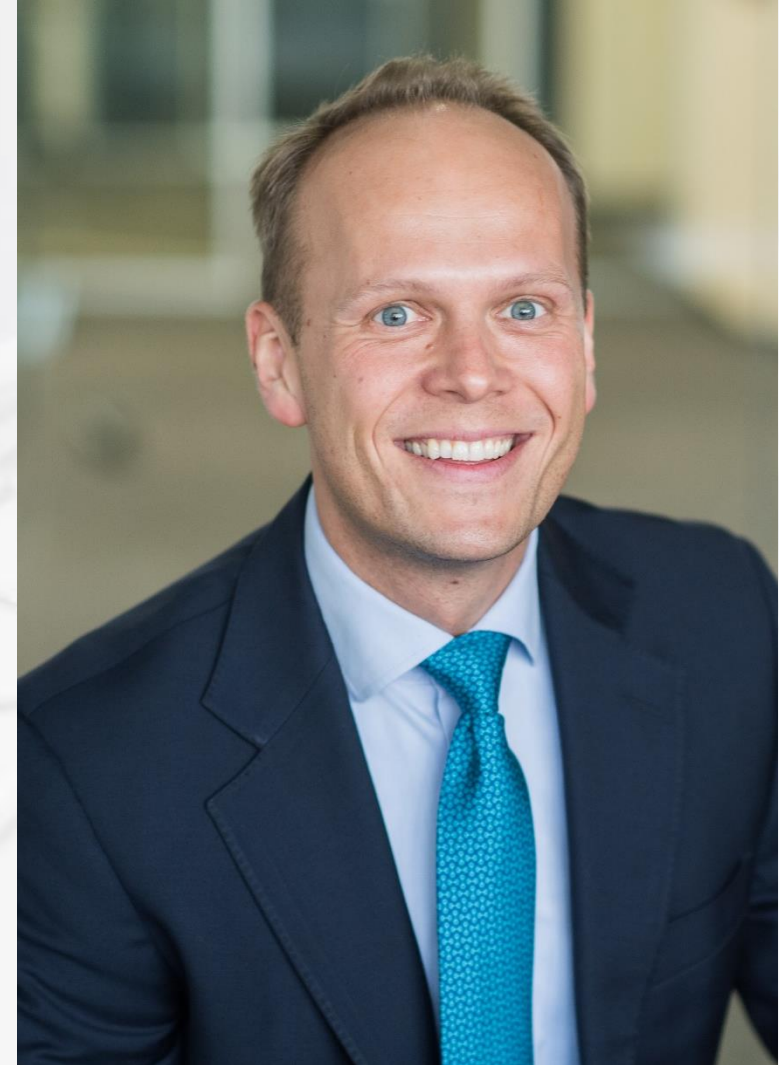


**Thank You For  
Your Attention!**

# About Ronald-Peter Stöferle

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- **Managing Partner of Incrementum AG  
Research and Portfolio Management**
- Business Administration and Finance studies in Vienna and at the University of Illinois
- Chartered Market Technician (CMT) and Certified Financial Technician (CFT)
- Erste Group Research 2006 – 2012
- Fund manager
  - Incrementum Inflation Diversifier Fund
  - Incrementum Digital & Physical Gold Fund
  - Incrementum Crypto Gold Fund
- Since 2007 **Author of the *In Gold We Trust* Report**
- Publication of the bestsellers "Austrian School for Investors" (2014) and "The Zero Interest Trap" (2019)
- Member of the Board of Directors of Tudor Gold (TUD) and Goldstorm Metals (GSTM)
- Advisor at Matterhorn Asset Management / Gold Switzerland



# About Incrementum

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**Incrementum AG** is an owner-managed and fully licensed asset manager & wealth manager based in the Principality of Liechtenstein.

Independence is the cornerstone of our philosophy. The partners own 100% of the company.

Our goal is to offer solid and innovative investment solutions that do justice to the opportunities and risks of today's complex and fragile environment.



# Addendum

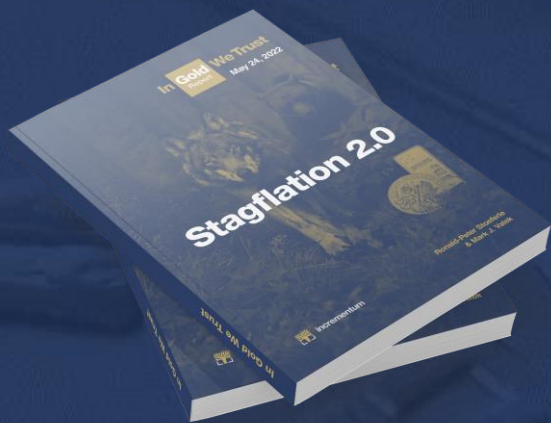
Because we care...

About our **Clients.**

About **Society.**

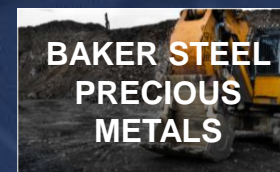
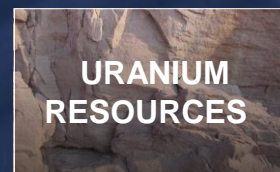
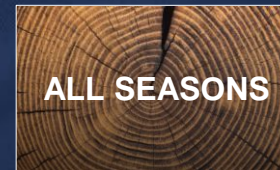
About the **Future.**

# Join Us on Our Golden Journey!



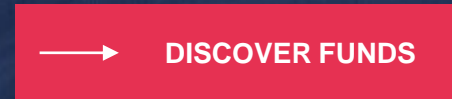
## Research

In addition to the *In Gold We Trust* report – the gold standard of gold reports – we regularly publish relevant studies, reports and chartbooks on the investment topics of gold, crypto and funds.



## Our Funds

It is our goal to offer investment products for these times of excessive structural debt and negative real interest rates that meet the requirements of the new investment paradigm.



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- ✓ Extensive annual study of gold and gold-related capital market developments
- ✓ Critical analysis and holistic approach
- ✓ Reference work for everybody interested in gold, precious metals and mining stocks
- ✓ Extent 2020: More than 300 pages
- ✓ International recognition – newspaper articles in more than 60 countries (Wall Street Journal: "The Goldstandard of Gold Analysis")
- ✓ Available in a Compact and Extended version
- ✓ Obtainable in English, German and Chinese
- ✓ Published for the 14th time in 2019

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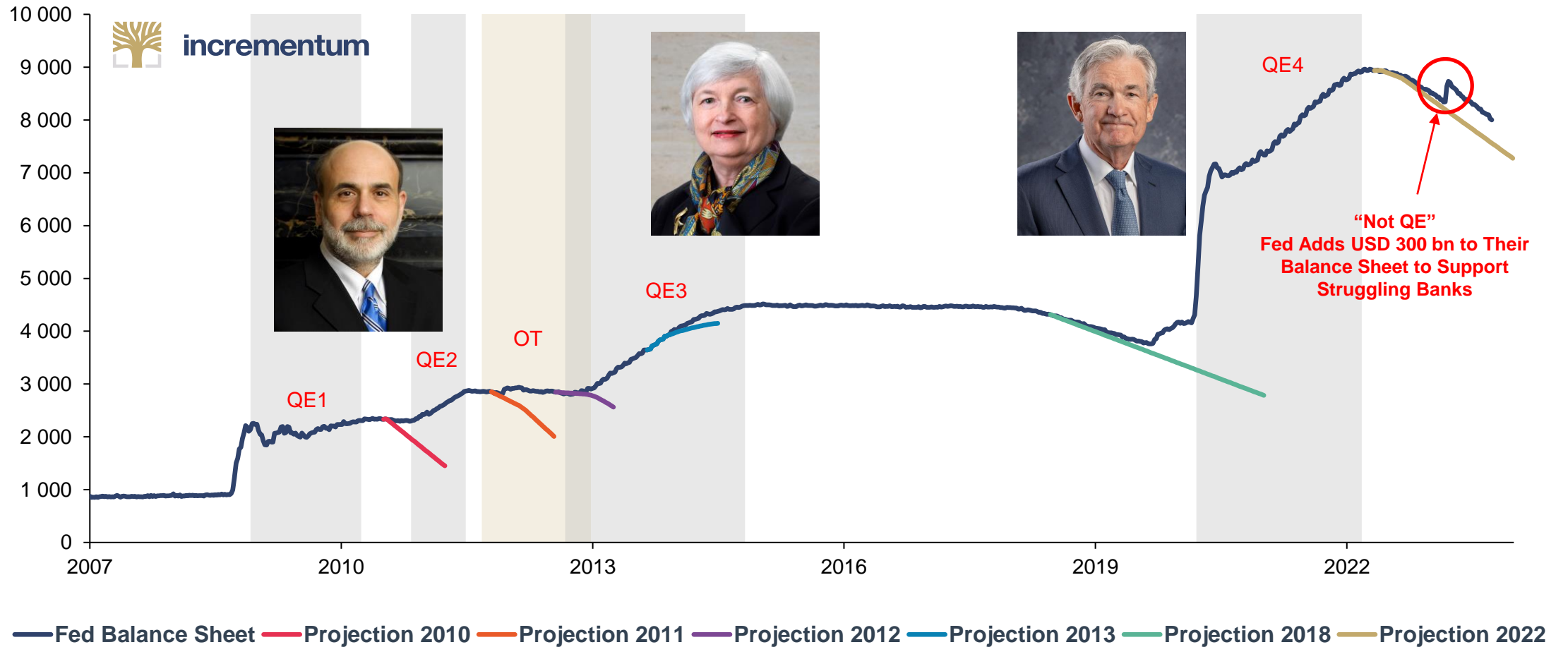
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# Quantitative Tightening Is Like the Fed Gradually Removing Oxygen From a Ballroom Full of Investors!

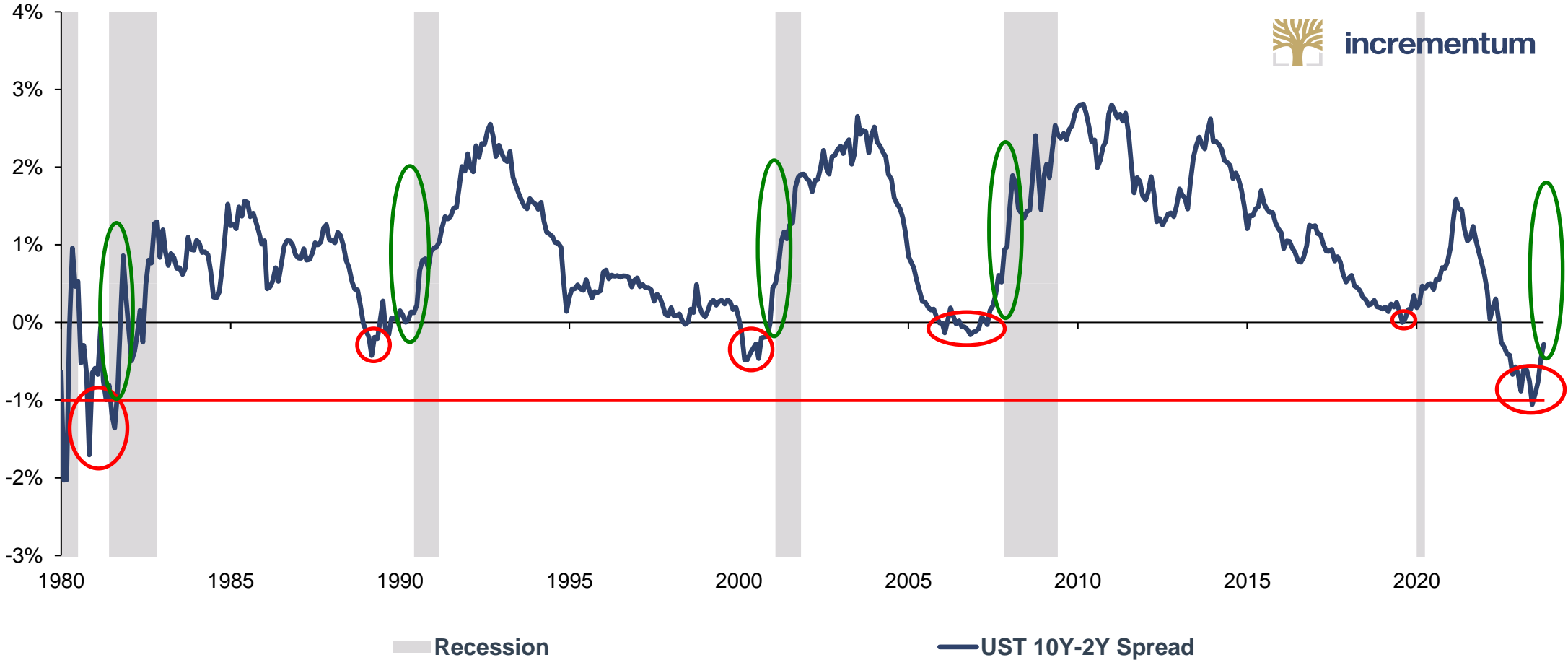
Fed Balance Sheet Path, in USD bn, 01/2007-01/2024e



Source: Reuters Eikon, Federal Reserve St. Louis, Incrementum AG

# Inversions Precede Recessions, Steepenings Mark the Beginning

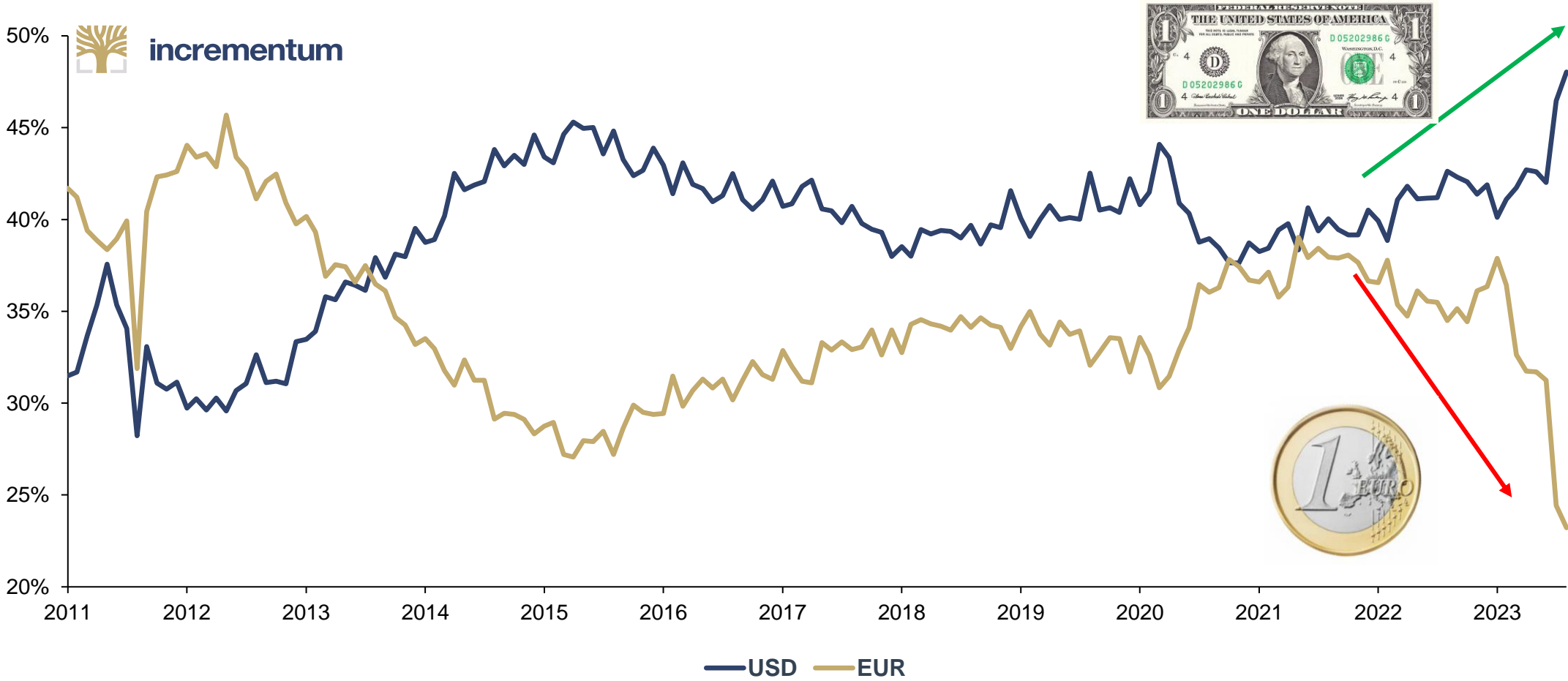
UST 10Y-2Y Spread, 01/1980-10/2023



Source: Reuters Eikon, Incrementum AG

# De-Dollarization Or De-Euroization ?

Share of Currencies in SWIFT Global Payments, 01/2011-10/2023



Source: Bloomberg, Incrementum AG

# Every Time Yields Fell from Their Highs, Gold Began a Bull Market

UST 2Y (lhs), and Gold (rhs), 01/1996–10/2023



Source: 13D Research & Strategy, Reuters Eikon, Incrementum AG