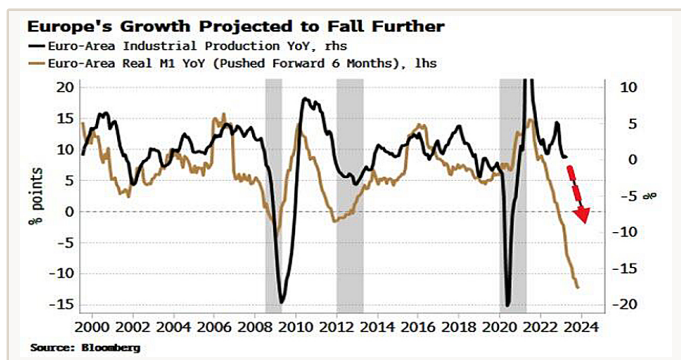
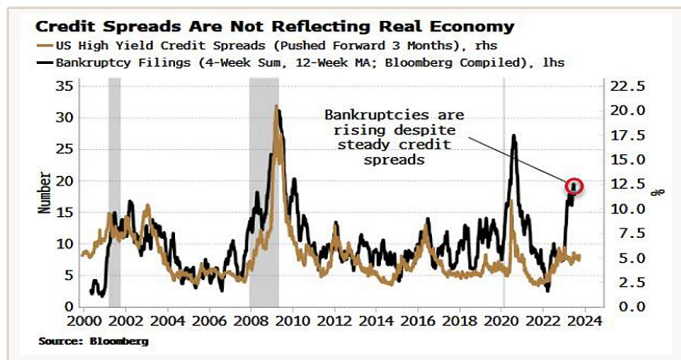


The rising cost of debt is raising the risk for American consumers who have relied too long on debt to maintain now-becoming unsustainable lifestyles. However, a boom in the manufacturing sector, particularly around renewable energy may provide some economic stimulus, albeit driven by new debt creation. The final stages of implementing a minimum global corporate tax are in the works, with several nations adopting the OECD's technical guidance and timeframe, while peace accords and trade agreements in the Middle East exhibit the geopolitical power shift that is taking place.

Highlights



In May, Europe witnessed a decline in M3 money supply growth to 1.4% YoY, down from the previous month's 1.9%. However, the more concerning trend lies in M1, which continues to experience a steep decline, indicating a sustained weakening of growth in the region. This economic data is expected to prompt the ECB to reassess its hawkish policy stance and potentially introduce measures to stimulate the economy.



The escalating number of bankruptcy filings among US companies indicates a worsening economic reality, with limited credit availability and mounting credit stress. Following the trend, they will soon reach the peak 2020. Notably missing is the typically corresponding increase in credit spreads that tend to accompany rising bankruptcy filings. Further, the disparity between market perception and economic reality suggests financial markets may be counting on FED intervention.

Precious Metals & Commodities

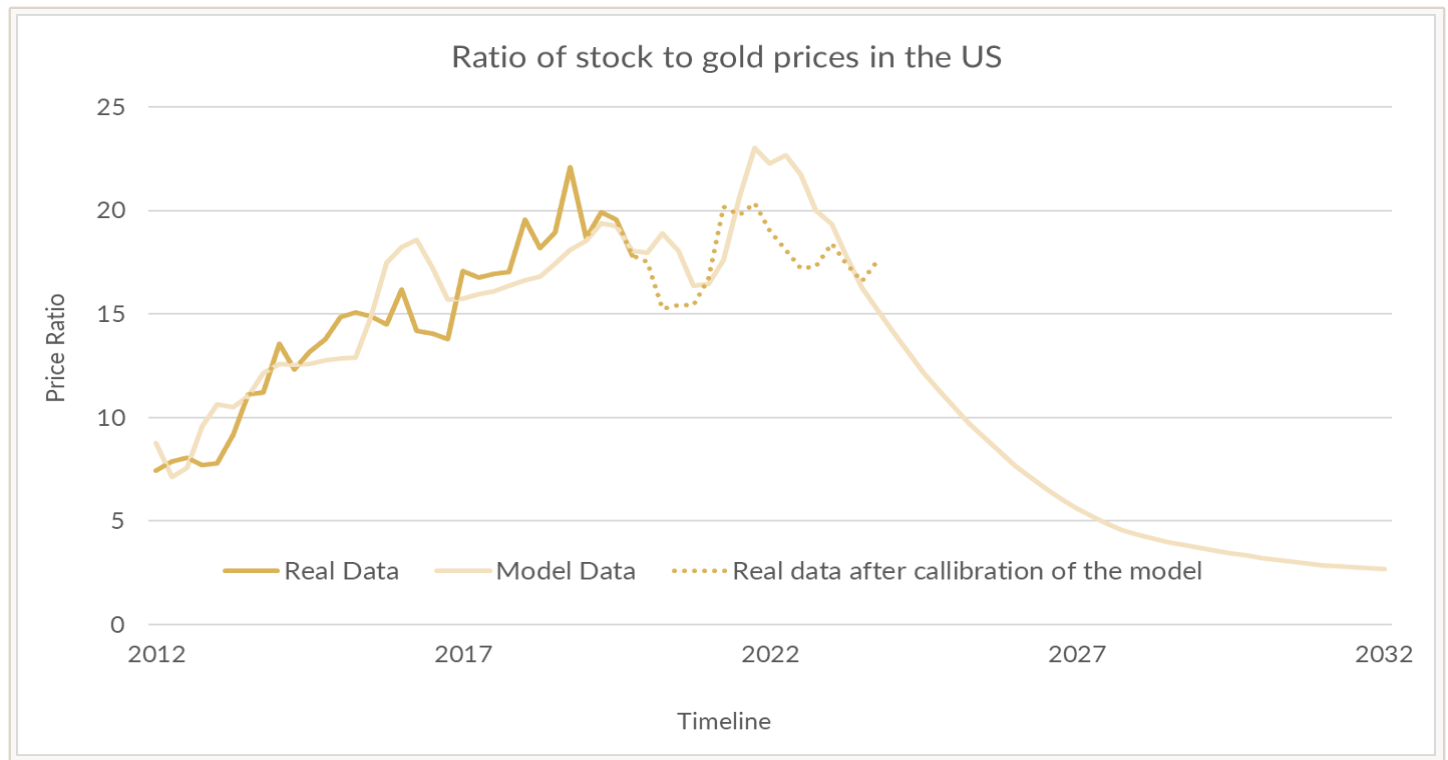
Precious metals are expected to continue their longterm upward trajectory while commodities are in general looking to make a comeback. Oil and copper are expected to remain flat in the mid-term, but remain in a bullish long-term trend.

Indicator	Gold	Silver	Copper	Oil	Agriculture
Current	↗	↗	→	↗	↗
Outlook	↗	↗	→	→	↗
Trend	↗	↗	↗	↗	↗

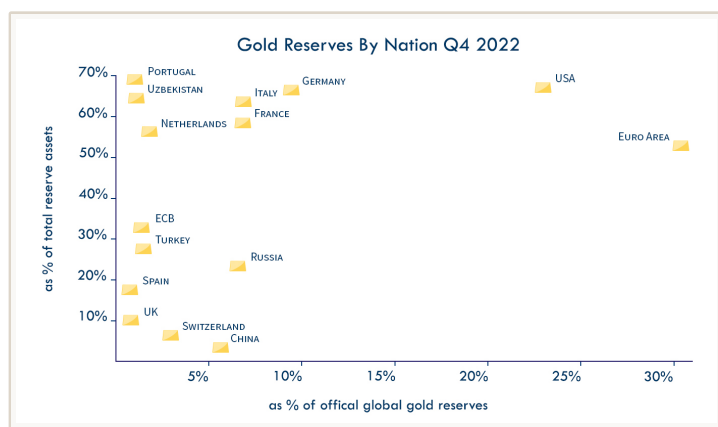
Prediction Model Gold or Stocks?

The current level of debt compared to production of the real economy is similar to the situation in the Germanic nations before the world wars in the 1910s, and the situation in France before the French Revolution in the 1790s.

Based on this data, the peak at which economic activity assets (such as equities) will outperform gold is around Q3 2022. From then on, the model predicts a outperformance of gold towards stocks (light line). When looking at the real data of stock to gold price (dotted line), we see the trend of gold outperforming stocks already began early in 2022. Whether we will experience another countermove or not is currently difficult to predict, but the long term trend for higher gold performance remains clear.



Gold Feature



It's no secret that Central Banks sometimes choose to not disclose their gold purchases and/or holdings, and therefore some discrepancies in the published numbers will always exist. In a recent interview a representative from the World Gold Council acknowledged this issue, stating, "We are aware of the central banks involved, but we will not anticipate their gold purchases when reporting." Nevertheless, according to the chart above, the United States maintains its position as the largest holder of gold, with Germany, Italy, France, Russia, and China following suit.

While gold holdings represent a significant portion of the reserves of these Western nations, the proportion of gold reserves in relation to the overall reserves of Russia and China is comparatively low at 24% and 3.5% respectively. Despite substantial gold purchases made by Russia and China in recent years, along with reports of large quantities of gold being transported eastward, it is interesting to note that more than half of the world's gold continues to be held by the United States and the European Union. The relatively lower gold reserves of China, Russia, and Turkey may suggest the possibility of significant gold acquisitions by their respective Central Banks in the future.

Another note of interest is the gold reserves of the ECB in contrast to the central banks of EU member nations. Although the ECB backs the euro, it has significantly less gold than its constituent central banks. One could speculate the ECB is more or less counting on the gold reserves of the major member states to be sufficient to maintain the strength of the euro.