IMMENSE SEASONAL BUYING OPPORTUNITY IN GOLD, SILVER & PLATINUM IS UPON US

Historically Speaking the Seasonal Pattern Persists

- by David J. Mitchell

Outstanding Bull Market Fundamentals in Precious Metals Remain Vigorous and Structural

I write this same article every year and in last year's piece of the same exact title, I wrote as my first sentence... *"We often come across a viewpoint from our new clients who are of the opinion that all the world's economic troubles have been caused by the impact of Covid-19 and believe that once we have a vaccine everything will return to normal. This assumption is wildly inaccurate and could not be any further from the actual hard truth."*

Total Official Global Debt as a % of GDP

Source: Institute of International Finance

Where do we find ourselves today 1-year on, global debt has exploded to simply catastrophic levels and the direct policy reaction to that is the attempt to destroy the debt loads by extreme stealth currency inflation measures, again globally.

USA broad money supply has risen 30% since March 2020 (a new monetary record), which has set off serious inflation with USA CPI hitting a 30-year high of 6.2pc.

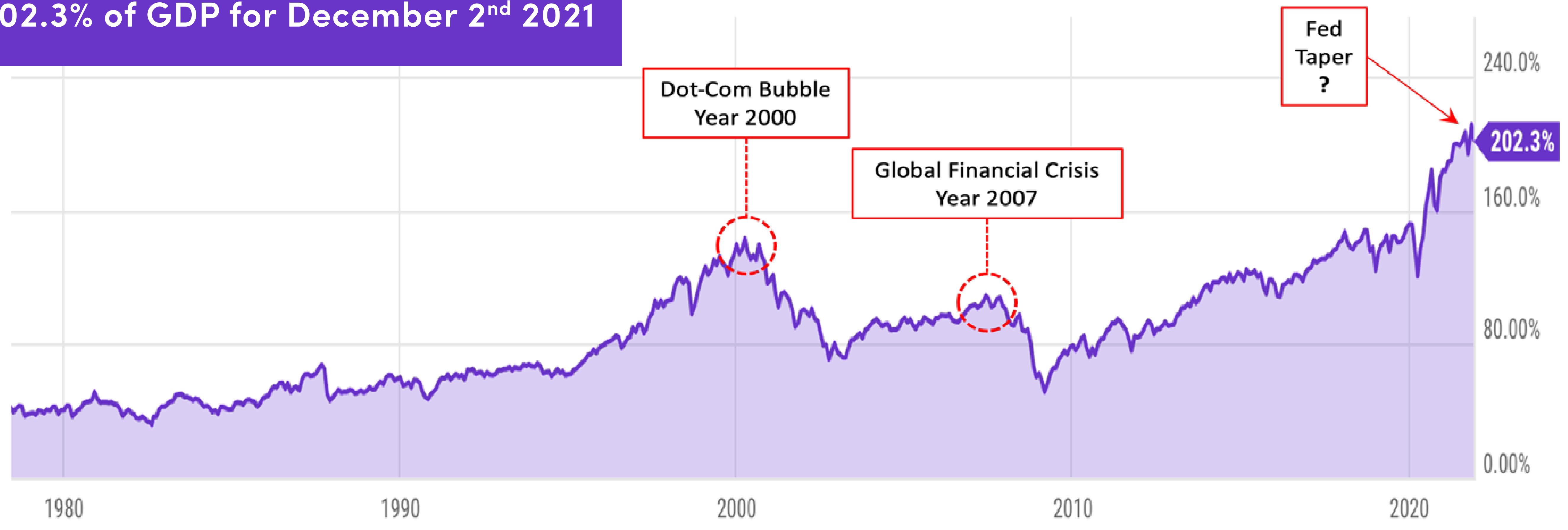
Central bankers and policy makers have now been forced to publicly accept that their inflation prognosis is not transitory but running very hot, under intense pressure politically and publicly they are now being forced to taper monetary expansion and even raise interest rates.

Of course in reality this is not possible with global collateral valuations of equites, housing and bonds priced to economic perfection alongside zero percent interest rates and massive regular global monetary expansion. Pointing clearly to a global shift of portfolio diversification into precious metals and commodities over the next few years.

The Buffett indicator (Market capitalization-to-GDP ratio), is used to assess how expensive or cheap the overall stock market is at any given point in time. It was proposed as a metric by Warren Buffett, who called it "probably the best single measure of where valuations stand at any given moment".

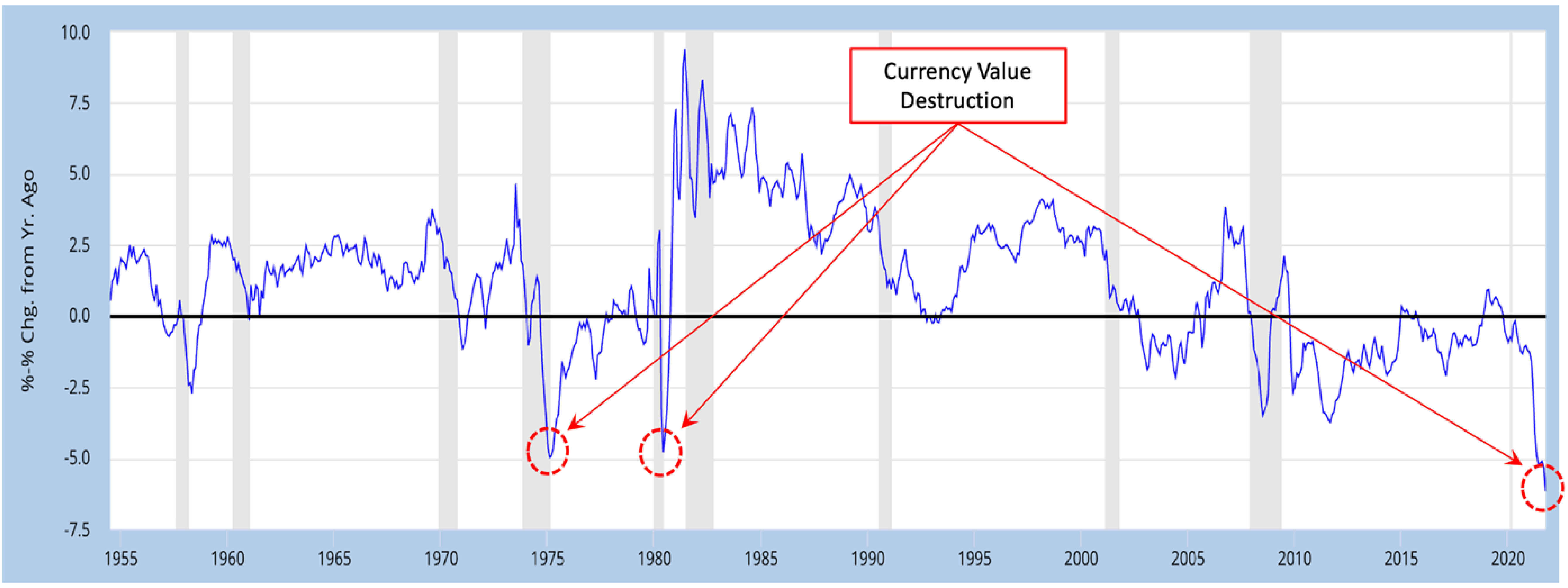
Even if we use the historical average the market presently is valued at approximately 70% above the average, suggesting that the market is **Significantly Overvalued**. These are historical **all-time highs**.

Buffett Indicator
US Total Market Capitalization
202.3% of GDP for December 2nd 2021



At the same time, we are experiencing the worst 'real negative interest rate yield ' since the 1970's, which back then drove precious metal prices exponentially higher during that decade into 1980, which only ended when US interest rates were raised to over **+20%**.

USA Federal Funds Effective Interest Rate minus Consumer Price Inflation Index



Sources : US Board of Governors; BLS

Historically Speaking the Seasonal Pattern Persists

Big profits can be made from buying Gold, Silver & Platinum in early December and into February.Without sounding too repetitive I have written exhaustively and advised our clients on the importance of taking the 'added' advantage of timing opportunities when investing into precious metals. There are highly distinguished, seasonally-driven cyclical buying opportunities throughout the year. We have now walked directly into one of the most important and optimal buying opportunities of the calendar year, i.e. early-December.

Our research and macro analysis determines we are firmly in the grip of a very dynamic multi-year secular bull market in gold and the precious metals and once invested we advise that our clients should firmly stay away from trying to time rallies and dips.

A seasonality chart (Silver for example as below, although each metal is examined on page 5 and 6), takes the price action of each year and converts that into percentage moves from a start point of 100 and takes the average of the whole period selected, in this case the last 19 years. There clearly exists two optimal and major BUY zones every year, mid-June and early-December.

Buying in December has by far yielded the most exciting returns, in fact so much so that over the last 20 years , 19 out of 20 achieved very impressive returns into late January / February...

Chart Analysis Source : https://app.seasonax.com/

Last year demonstrated the exact same bullish patterns, as can be seen from the silver chart below, although platinum was particularly strong (see page 6).

Pattern & Cycle Recognition

Recognising seasonal trading patterns in precious metals helps our clients maximise their investment prospects, by simply looking for well-defined cycle-low opportunities. Whilst past performance is never indicative of future returns (as the old investment adage goes), with the benefit of hindsight and historical analysis, we can very convincingly identify seasonal patterns which have come to repeat themselves year in, year out, for very particular reasons.

Gold has been in a secular bull market since December 2015, but silver has technically been in a bear market from 2011 into late 2019, although some could argue that the flash crash in March 2020 was the end of the technical bear market. We would strongly suggest Silver is now in the early stages of its new multi-year secular bull market phase.

Platinum is very exciting indeed as hard material evidence is dramatically building that the bear market in platinum from 2008 to 2020 has undoubtedly ended, and we are now entering a new trend reversal in price within a very significant bull market; coinciding with the major super-cycle bull market in commodities.

By recognizing this December 'Buy Zone', it then allows us to take a closer look at the historical performance, when they were in a clear downtrend; to recognise if the seasonal pattern for investing at the end of each calendar year persists.

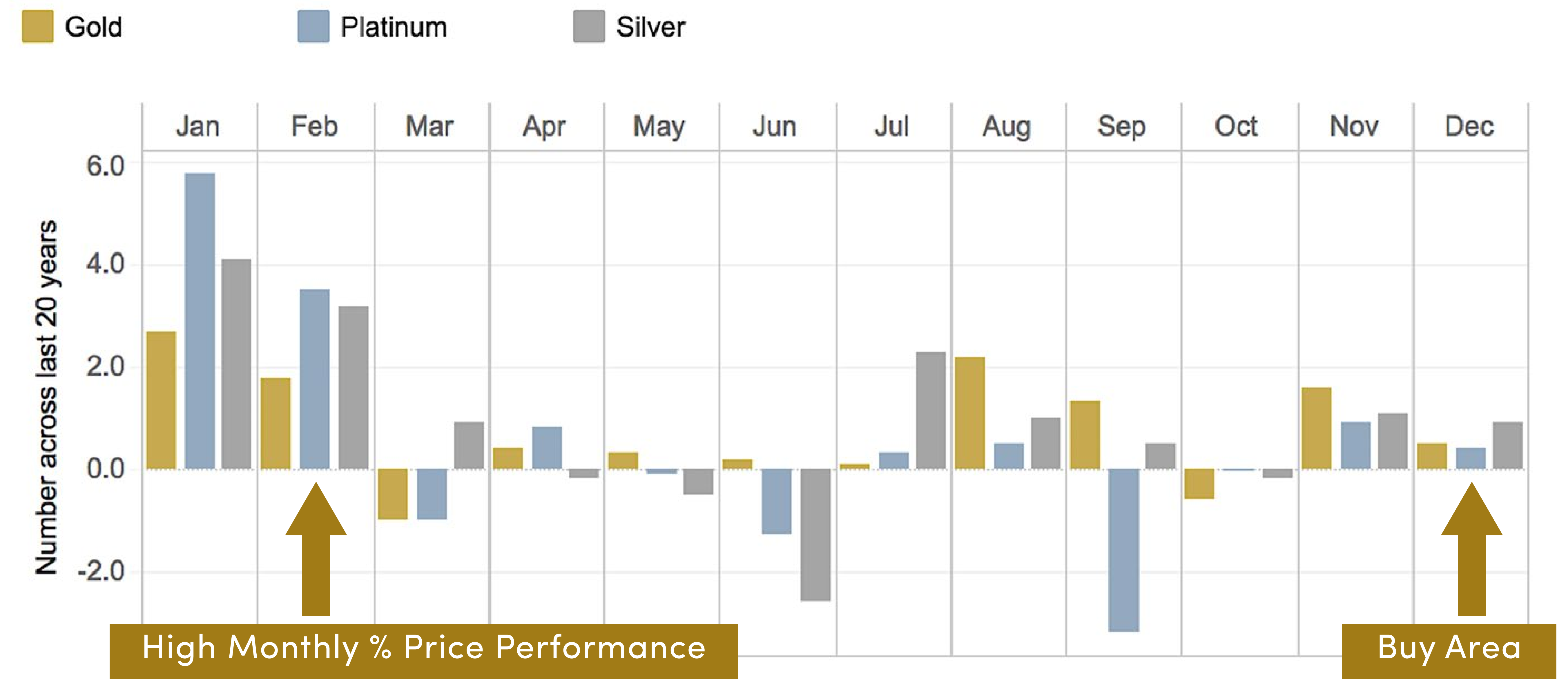
Sure enough, it can also be clearly identified last year, from the end of 2020 into 2021:

	Mid-Nov into Dec **Low Price**	January into February **High Price**	% **Gain**	**Secular Market Status**
SILVER	30th Nov 2020 – **US$** 21.88	1st Feb 2021 – **US$** 30.09	+ 37.5 %	BULL
SILVER	1st Dec 2014 – **US$** 14.16	26th Jan 2015 – **US$** 18.48	+ 30.5 %	BEAR
SILVER	4th Dec 2013 – **US$** 18.91	24th Feb 2014 – **US$** 22.17	+ 17.2 %	BEAR
SILVER	20th Dec 2012 – **US$** 29.60	22nd Jan 2013 – **US$** 32.28	+ 9.1 %	BEAR
SILVER	29th Dec 2011 – **US$** 26.19	29th Feb 2012 – **US$** 37.49	+ 43.1 %	BEAR
SILVER	16th Nov 2010 – **US$** 25.01	25th April 2011 – **US$** 49.83	+ 99.2 %	BULL
SILVER	22nd Dec 2009 – **US$** 16.78	20th Jan 2010 – **US$** 18.83	+ 12.2%	BULL
GOLD	30th Nov 2020 – **US$** 1,764.80	6th Jan 2021 – **US$** 1,958.60	+ 11.0 %	BEAR
GOLD	7th Nov 2014 – **US$** 1,132.08	22nd Jan 2015 – **US$** 1307.59	+ 20.7 %	BEAR
GOLD	31st Dec 2013 – **US$** 1,182.70	17th March 2014 – **US$** 1,392.08	+ 17.7 %	BEAR
GOLD	**From November 2012 into year 2013 it moved lower**		**Lower**	BEAR
GOLD	29th Dec 2011 – **US$** 1,522.93	29th Feb 2012 – **US$** 1,790.66	+ 17.6 %	BEAR
GOLD	**28th January 2011 was the actual low and moves higher in Sept 2011**		+ 47.04 %	BULL
PLATINUM	27th Nov 2020 – **US$** 943.30	16th Feb 2021 – **US$** 1,336.88	+ 41.7 %	BULL
PLATINUM	13th Nov 2019 – **US$** 865.50	16th Jan 2020 – **US$** 1,041.45	+ 20.3 %	BEAR
PLATINUM	10th Dec 2018 – **US$** 778.77	8th April 2019 – **US$** 915.50	+ 17.6 %	BEAR
PLATINUM	13th Dec 2017 – **US$** 873.78	25th Jan 2018 – **US$** 1,028.61	+ 17.7 %	BEAR
PLATINUM	15th Dec 2016 – **US$** 890.37	27th Feb 2017 – **US$** 1,044.72	+ 17.3 %	BEAR
PLATINUM	21st January 2016 – **US$** 811.57	10th August 2016 – **US$** 1,194.04	+ 47.1 %	BEAR

Platinum Price Performance Also Delivers – Even More So...

The same buying opportunity in December is very much the case for platinum, **in fact even more so than silver or gold**. I have included a simple bar chart to demonstrate the historical price performances of all three metals over the last 20 years – platinum is the clear winner. In fact, only 2014 delivered a loss when buying

Monthly % Price Change, year 2000 to 2020



in December and selling in February. This is the only year out of the last 20 years that did not deliver a significant profit.

Yes, that's right 19 of the last 20 years made very significant profits!

In Conclusion

As the old investment mantra dictates, **80% of the overall price move occurs in the last 30% of the cycle time frame**. We are thus incredibly excited about the price prospects and witnessing first-hand the expected revaluations higher in the precious metals over the next 2 to 3 years, alongside a very powerful super-cycle in the overall commodity complex.

Over the last 20 years, we have identified the optimal buying opportunity for Gold, Silver and Platinum. It has repeated time and time again and even manifested itself within the larger bear market from 2011 to 2015.

The global debt picture is deteriorating rapidly with deficit control seemingly being ignored and replaced with a new-found monetary policy exuberance for Modern Monetary Theory (MMT). This new exercise in debt monetisation which is now well under way, will have a multitude of unknown consequences.

That said, history teaches us that similar experiments in debt monetisation has more often than not, culminated in a disastrous destruction of the value of currencies.

Gold Stackers Australia Pty Ltd.
Level 8, 227 Collins Street, Melbourne VIC 3000

www.goldstackers.com.au

GOLD STACKERS AUSTRALIA