THE REGENT GOLD REPORT

THIRD QUARTER | 2020 VOLUME 209

GOLD STORMS PAST $1,800 TOWARDS NEW RECORD HIGH

uk.reuters.com

By Robert Hobson

JUL. 9, 2020

LONDON (Reuters) - Gold pushed above $1,800 an ounce on Wednesday for the first time since 2011, with analysts expecting further gains as investors stock up on an asset they expect to hold its value while the coronavirus convulses the global economy.

Spot gold prices have surged 40% in the last 14 months and are within striking distance of 2011's record high of $1,920.30 an ounce.

"We'll be challenging the $2,000 level by the end of the year," said Ross Norman, an inde-pendent analyst. "We are in a bull market for gold."

Powering the rally is economic and political uncertainty caused by the COVID-19 pandemic and action by central banks, which have responded to slowing growth and the virus by slashing interest rates and flooding markets with cash.

This has fueled fears of inflation, which would typically de-value other assets, and has also lowered returns on government bonds, making gold more attractive.

Gold's rise has been mirrored by a slide in real yields on 10-year U.S. bonds, which at around minus 0.8% are near record lows.

Financial investors, mainly in Europe and the United States, have been on an unprecedented buying spree.

Exchange-traded funds storing gold on behalf of these in-vestors added 734 tonnes of gold worth $39.5 billion to their stockpile in first half of the year – more than in any previous full year and nearly half of all the gold mined dur-ing the period, according to the World Gold Council.

"Western investment has been the key factor supporting prices (and) there's no reason for that to stop," said StoneX analyst Rhona O'Connell.

SILVER CLOSES ABOVE $19

Economies.com

JUL. 8, 2020

Silver futures rose on Wednesday, to post the highest in 11 months, as the US dollar fell against its rivals, while the markets focused on the latest developments in the coronavirus crisis.

The US health authorities reported today that new cases of Covid-19 virus reached 60,000 confirmed cases, the largest daily increase since the start of the crisis.

White House chief economic adviser Larry Kudlow said that reimposing coronavirus-restrictions is a "big mistake" and another lockdown would be very harmful for the US economy.

The dollar index fell against a basket of currencies by 0.4% to 96.4 points as of 20:06 GMT, after it hit a high of 97.05 and a low of 96.4.

Silver September futures rose 2.5% to close at the highest since September 2019 of $19.161 an ounce, after hitting a day high of $19.215 and a low of $18.585.

GET READY FOR SOARING INFLATION WHEN THE PANDEMIC IS OVER: #GOLD

www. lombardiletter.com

by Moe Zulfiqar, B.Comm

JUL. 8, 2020

Mark my words: when this coronavirus pandemic is over, the next biggest problem we are going to face is spiking inflation in the U.S. (and globally).

These days, inflation isn't really an issue on anyone's mind, but don't get too complacent. It could impact consumer buying power, business investments, and investment returns.

How does inflation happen? In the most basic terms, inflation is when the general level of prices in an economy increases.

It happens when there's too much money supply in an economy and consumers are buying things.

You see, during this pandemic, central banks and governments around the world have gone to new extremes. Major central banks have printed a lot of money, and governments have spent with two hands.

Just prior to the pandemic beginning, the Federal Reserve's balance sheet stood at around $4.0 trillion. Now, it's at $7.0 trillion and increasing. This represents an increase of 75% in the Fed's balance sheet in matter of few months.

Keep in mind, the $3.0 trillion that the Fed printed went to banks and the U.S. government.

Don't just stop here.

This $3.0 trillion isn't the only thing that entered the U.S. economy. The federal government also spent a lot of money. In March, the U.S. government passed a bill worth $2.0 trillion, and there could be another one worth a similar amount sooner rather than later.

Mind you, the U.S. national debt has surpassed $26.0 trillion, and by the time this is all over, don't be shocked if it's over $30.0 trillion.

Now, think globally as well: it wasn't just in the U.S. that central banks and governments teamed up to fight the pandemic.

Almost every country impacted by the virus did it and continues to do so.

> *"I reiterate, inflation is going to be a major problem. Be careful."*

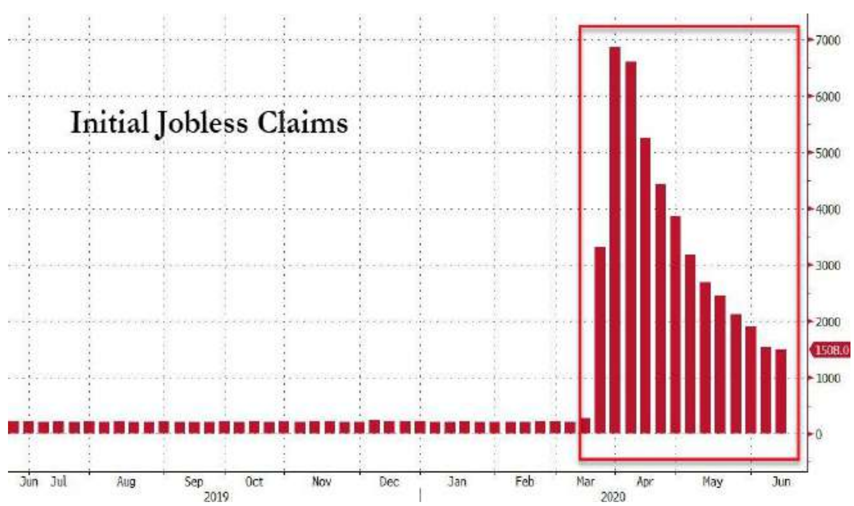
ALMOST 50 MILLION AMERICANS HAVE NOW FILED FOR FIRST-TIME JOBLESS BENEFITS SINCE LOCKDOWNS BEGAN

www.zerohedge.com

by Tyler Durden

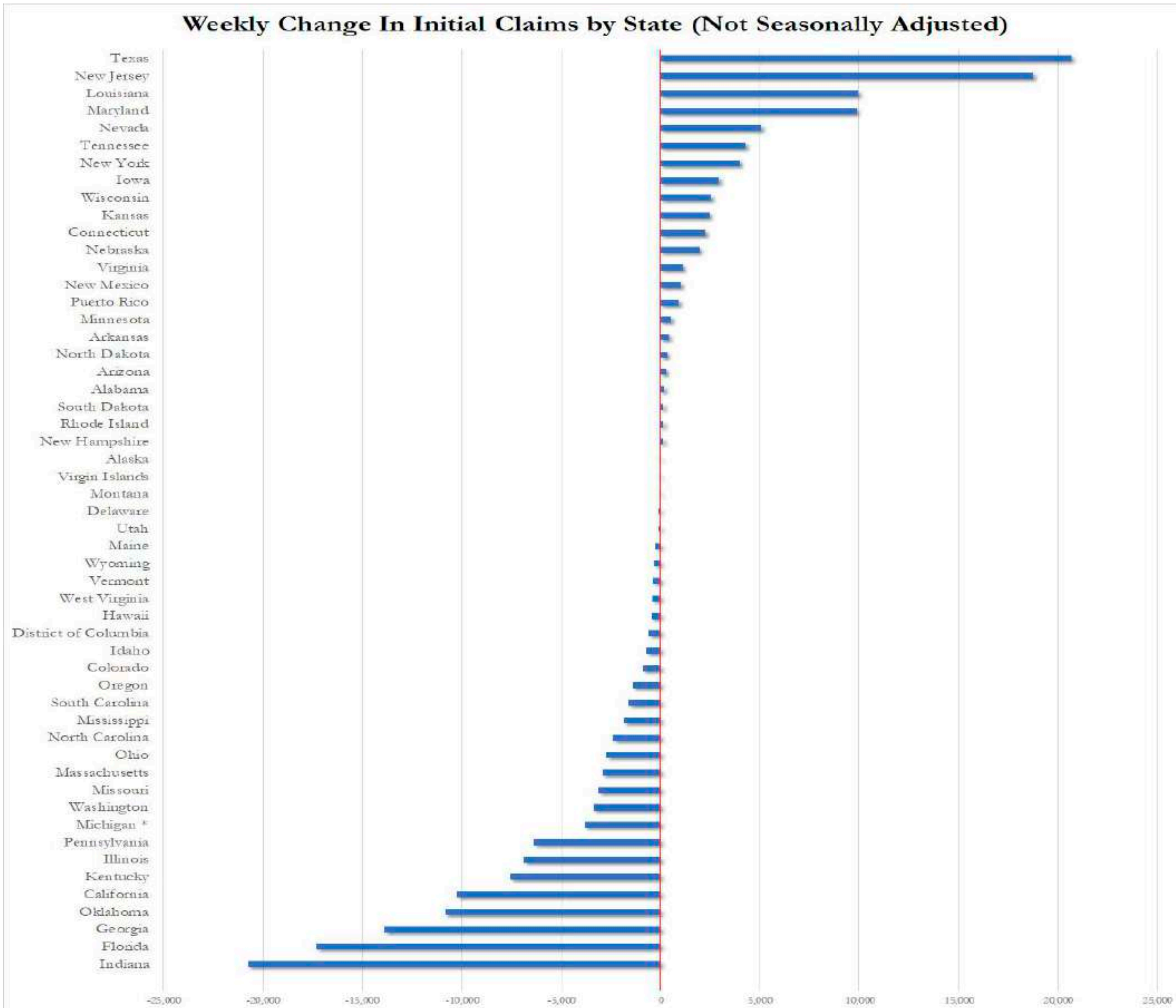
JUN. 18, 2020

Despite the hope-restoring nonfarm payrolls "recovery" and the over-hyped bounce in retail sales (ignoring the lack of 'V' in industrial production) and 'soft' sentiment surveys (which are biased by their nature as diffusion indices to bounce back hard), for the sixteenth week in a row, over 1 million Americans filed for unemployment benefits for the first time **(1.314mm was slightly better than the 1.375mm expected).**



Source: Bloomberg

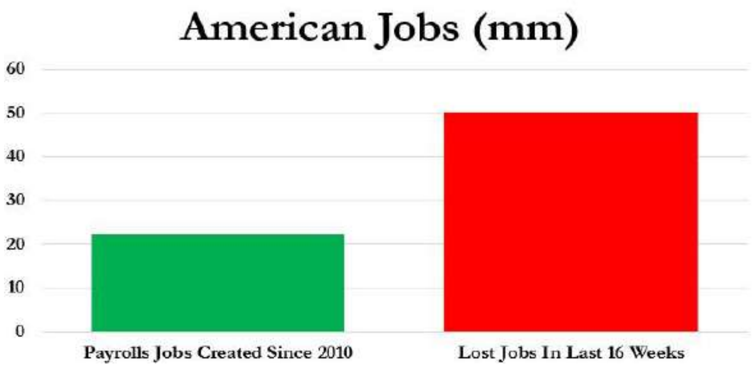
Texas, New Jersey, and Louisiana suffered the biggest increases in jobless claims in the prior week...



Source: Bloomberg

That brings the sixteen-week total to 49.993 million, dramatically more than at any period in American history. However, as the chart above shows, the second derivative is slowing down drastically (even though the 1.314 million rise this last week is still higher than any other week in history outside of the pandemic)

Continuing Claims did drop very modestly but hardly a signal that "re-opening" is accelerating! And definitely not confirming the payrolls or sentiment data...



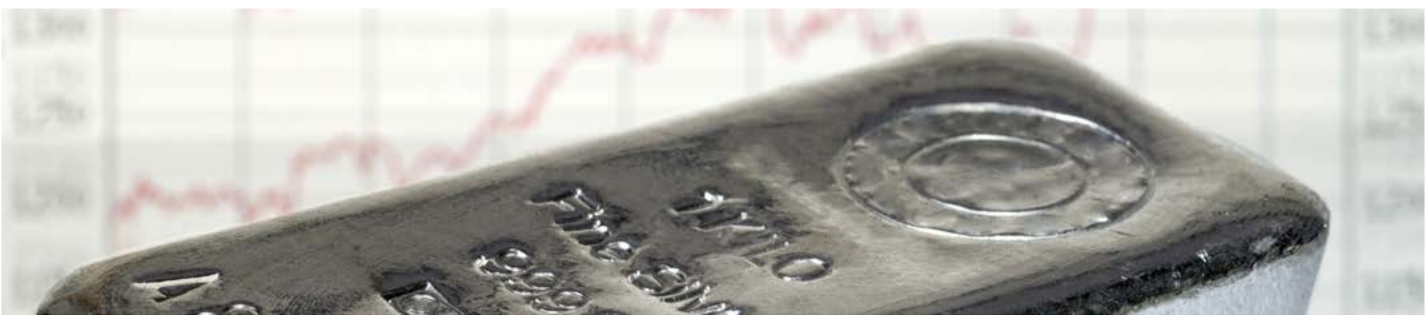
Source: Bloomberg

And as we noted previously, what is most disturbing is that in the last sixteen weeks, **far more than twice as many Americans have filed for unemployment than jobs gained during the last decade since the end of the Great Recession**... (22.13 million gained in a decade, 49.993 million lost in 16 weeks)

Worse still, the final numbers will likely be worsened due to the bailout itself (and its fiscal cliff): as a reminder, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed on March 27, could contribute to new records being reached in coming weeks as it increases eligibility for jobless claims to self-employed and gig workers, extends the maximum number of weeks that one can receive benefits, and provides an additional $600 per week **until July 31.**

Finally, it is notable, ***we have lost 378 jobs for every confirmed US death from COVID-19 (132,309)***.

The big question remains -
what happens when the $600 CARES Act bonuses stop flowing?



Silver Price Forecast – Silver Breaks Major Level

www.fxempire.com

by Christopher Lewis

JUL. 8, 2020

Silver markets have shot higher during the trading session on Wednesday, finally clearing the stubborn $19 level.

This is an area that has been rather difficult to overcome, and now that we have it is likely we will continue to

see this market fight to the upside. With that in mind, I like the idea of buying pullbacks as they will offer value

in what is clearly a very bullish market. Now that we are blowing past the $19 level, I fully anticipate that we will

go looking towards the next psychologically significant figure in the form of $20.

At the $20 level I would anticipate a lot of resistance, but it more than likely will be temporary at best. Once we break above there, then the market has a clear path towards the all-time highs again. It is going to take a while to get all the way up towards the $50 level, but I think that is where we are going with all of the central bank currency printing right now, as silver is almost certainly moving more on a precious metals aspect than anything else currently.

I do believe at this point, it has nothing to do with industrial demand, and everything to do with those central banks. That being said, I remain bullish, but I am looking for opportunities to pick up short-term dips more than anything else as this market will continue to favor the upside.

GOLD CONTINUES CLIMB AS PRICE ECLIPSES $1,800

newsmax.com

JUL. 8, 2020

Gold's allure is only getting stronger as 2020 unfolds.

Spot prices reached $1,800 an ounce and year-to-date inflows into bullion-backed exchange-traded funds topped the record full-year total set in 2009.

Investors have favored havens this year as the coronavirus pandemic rips through economies, spurring sustained inflows into gold as central banks and governments unleash vast stimulus programs. States across the U.S. recorded new highs in cases and deaths on Tuesday, and Federal Reserve Bank of Atlanta President Raphael Bostic said the resurgence of the virus may be threatening the pace of America's recovery.

"A massive investor response to COVID-19 has pushed gold holdings to record levels, the impact of which has outweighed the decline in jewelry demand and absorbed increases in recycling," said James Steel, chief precious metals analyst at HSBC Securities (USA) Inc. Further inflows are expected "as investors respond to elevated risks and low yields," he said in a note.

Holdings in gold rose to 3,234.6 tons on Tuesday, according to initial data compiled by Bloomberg. That's up 655.6 tons so far in 2020, topping the tonnage increase seen in 2009. The total has risen every month this year.

Spot gold rose as much as 0.5% to $1,804.31 an ounce in London, the highest since September 2011, amid worries over the pandemic and new tensions between the U.S. an China. Spot silver touched $18.50, the highest in more than four months.

The intense focus on particular price levels, especially $1,800 in gold, risks "triggering some sooner-than-expected exhaustion in the market," Ole Hansen at Saxo Bank A/S.

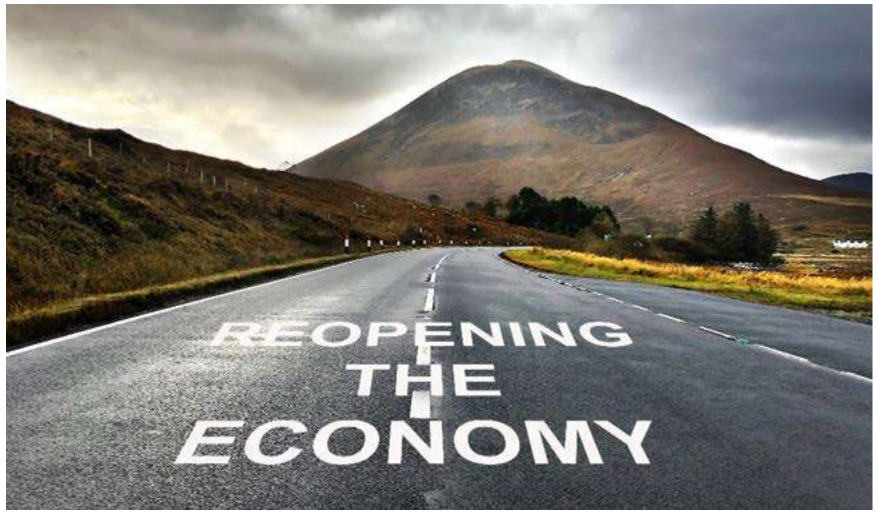
"Failure to close above and attract additional momentum buying could trigger profit taking and a better buying opportunity," he said. "Overall, however, we see no reason why additional gains cannot be achieved over the coming weeks and months."

Bullion prices are widely expected to extend gains, with Goldman Sachs Group Inc. saying the metal could reach a record $2,000 in the next 12 months and JPMorgan Chase & Co. recommending investors stick with bullion.

"The near unprecedented fiscal and monetary peacetime response to COVID-19 supplies gold with two substantial bullish inputs: liquidity and debt," HSBC's Steel said. "Low interest rates, monetary accommodation including balancesheet expansion and heavy fiscal spending globally for the foreseeable future will cement and extend gold's rally."

More Fed support may be on the way. Vice Chairman Richard Clarida said that policy makers would likely turn to additional forward guidance and asset purchases if the economy needs more aid. "There is more that we can do," he told CNN International.

Rickards: Economy Won't Recover Until At Best 2023



www.zerohedge.com

by James Rickards

JUL. 10, 2020

I've argued that we're in a new depression. The depth of the new depression is clear. What is unclear to most observers are the nature and timing of the recovery.

The answer is that high unemployment will persist for years, the U.S. will not regain 2019 output levels until 2022 and growth going forward will be even worse than the weakest-ever growth of the 2009–2020 recovery.

This may not be the end of the world, yet it is far worse than the most downbeat forecasts. Some sixth-grade math is a good place to begin the analysis.

Make 2019 economic output 100 (the actual figure is $21 trillion; "100" is 100% of that number, a convenient way to measure ups and downs).

Assume output drops 40% in the second and third quarters of 2020. (Many estimates project larger drops; 40% is a plausible if conservative estimate.)

A 40% drop for six months equals a 20% drop for the full year assuming the first and fourth quarters are flat on net.

A 20% drop from 100 = 80 (or $4.2 trillion of lost output).

Now let's see what happens if we estimate back-to-back growth years of 10% in 2021 and 2022…

First, is 10% growth even a reality? Past history says no.

Since 1948, U.S. annual real growth in GDP has never exceeded 10%.

In fact, post-1980 recoveries averaged 3.2% growth. And since 1984, growth has never exceeded 5%. So 10% is a very optimistic forecast to begin with.

If our new base is 80 (compared with 100 in 2019) and we increase output by 10% in 2021, this brings total output to 88.

If we enter 2021 with a new base of 88 and add another 10% to that, we come to 96.8 in total output by the end of 2022.

Here's the problem.

Using 100 as a yardstick for 2019 output and assuming an unrealistic back-to-back years of 10% real growth in 2021 and 2022, one still does not get back to 2019 output levels.

The hard truth is 96.8 is less than 100.

It would take the highest annual real growth in over 40 years, sustained for two consecutive years, to get close to 2019 output levels.

It's far more realistic to assume real growth will be less than 10% per year. That puts the economy well into 2023 before reaching output levels last achieved in 2019.

This is the reality of this depression.

It's not about continuously declining GDP. A depression is an initial collapse so large that even years of high growth won't dig the economy out of its hole.

Analysts and talking heads debate the recovery's strength using letters that mimic the shape of a growth curve as shown on a graph.

- A V-shaped recovery goes down steeply and back up steeply to get output back where it started in a relatively brief time.

- A U-shaped recovery goes down steeply, does not grow materially right away and then makes a sharp recovery.
- An L-shaped recovery goes down steeply and is followed by low growth for an indefinite period of time.
- Finally, the W-shaped recovery goes down steeply, bounces back quickly and then falters for a second time before finally recovering and getting back to earlier levels of output and growth.

It was a real recovery, yet the output gap between the former trend and the new trend was never closed.

The U.S. economy suffered over $4 trillion of lost wealth based on the difference between the former strong trend and the new weaker trend.

That lost wealth was a serious problem for the U.S. before the New Great Depression.

Now the prospect is for even lower growth than the weak post-2009 recovery.

The new recovery, far from the 10% growth discussed in the example above, may only produce 1.8% growth, even worse than the 2.2% growth before the pandemic.

It's another L-shaped recovery, the second in a row. Now the bottom of the L is even closer to a flat line and the output gap compared with the long-term trend is even greater.

There will be no V-shaped recovery. There are no green shoots despite what you hear on TV.

"We're in a new Great Depression and will remain so for years."