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William Gray is an expert in precious metals with over two decades of active management experience in this field. His Sterling-based ARC Bullion Account, an actively traded physical bullion investment, has returned over 121.91% since its launch in December 2014.

Gold: Unprecedented Times could Bring an Unprecedented Reaction

As I predicted in the May 2020 issue of Forbes Indonesia, gold has rallied and breached the very important psychological level of \$1,800 an ounce. At the time of writing, it continued past the previous historical high of \$1,923.70 set in September 2011. Despite being at a historical high of around \$1,950, the outlook remains excellent. A majority of analysts concur with my call that gold's break above \$1,800 has technically set the stage for significant momentum, which will continue to push the price higher.

The COVID-19 pandemic continues to have a devastating effect on the global economy. At present, there is a real possibility that any recovery in the second half of this year may be short-lived, especially if there is a sec-



ond wave of infections. In such a scenario, gold would certainly prove itself as a valuable portfolio asset, both in diversifying risk and potentially improving the overall risk-adjusted return. The unprecedented demand and run to safety assets driven by low-interest rates, negative returns on bonds, and the risk of defaulting on debts are all compelling factors supporting gold's potential upside.

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The adverse effects of the global shut down continue with more business failures and record unemployment numbers. Retail activity has fallen, and demand in the service, travel, and tourist sectors has collapsed. The net result of losing these major sources of tax revenue is a revenue gap for governments that will need to be

filled. One way to achieve this would be to clamp down on the informal (cash) economy. This could be done by reducing the circulation of hard currency, which I believe is in the cards. The war on cash alone is one compelling reason to get your personal wealth out of the financial system and into physical gold.

The statistics are also positive for gold, with bullion witnessing unprecedented investor demand. This can be seen in the 20-day, 50-day, and 200-day moving averages, all pointing upward. Gold's price is trending upwards on all fronts.

Gold's rally is also bolstered by the fact that we are in a full-blown currency war, the likes of which the world has never seen. What's being overlooked is that this will put strains on long-term alliances and drive several economies and companies to the brink. In the unprecedented situation outlined above, it's important to remember that gold is the ultimate hedge against unchecked fiat money printing. I foresee gold to test \$2000 an ounce this year. **F**

