



Gold rallied in November and December, what lays ahead?

The major bout of inflation over the past two and a half years resulted in the Federal Reserve printing trillion dollars' worth of stimulus in 2020. And the federal government joined in, with trillions in spending and direct payments to U.S. citizens. This should have been gold's moment to strengthen investors' portfolios. But the shiny metal failed the test new highs in 2022 and instead of soaring, gold actually fell in 2022. The decline reached a never-before-seen level as, uniquely, gold had dropped for seven straight months.

That said, gold rallied during November and December and history would indicate that this could be the beginning of a significant move higher. Gold has a history of booms and busts, and it soared for years in the 1970s when we came off the gold standard. But then was stagnant for nearly two decades.

A new boom kicked off in early 2000. The rally ended in 2011 when RIO closed its Physical gold account. We then re-opened our physical Gold investments in 2013 under the banner of the ARC Bullion Account because gold had become a tier one asset (cash). This was a fundamental change and is an important indicator of what was coming down the pipe. That said, the metal has mostly traded sideways since.

Given these significant booms and busts, you might not expect the seven straight months of losses in 2022 to be a first. But it was. Looking back, gold peaked in March of that year and was consistently down, month after month. Typically, you might expect this kind of trend to continue, but when the selling gets this crazy, it becomes oversold, which often signals a looming reversal.

That's what happened during November, gold was oversold and experienced the start of a reversal. Since this is gold's first seven-month losing streak, I looked at all cases where it fell for six straight months, which has happened only six times. Each was proven as an opportunity to buy...

Why?

Because previous instances studied had shown clearly that instances such as these had led to 6.1% gains in three months, 12.9% in six months, and 15.1% in the following year. Plus, only one of the six cases led to losses over the next year, while the most significant gain was 40%—all these point to a major gold rally on the horizon, which is already underway.

I must underline that Gold's performance over the past 50 years could be better, producing, on average, a 7.5% annual gain. For a low-risk asset class, it's impressive as high-risk assets such as stocks target a return on average of 8% over the long term. But over the longer term, you can reduce risk and achieve a better return trading bullion. This is precisely what the ARC Bullion Account offers members.

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