



My prediction proven, as gold falls back over 6%!

<http://docs.rioclubreporting.com/General-RIO-Report/Gold-Reaches-New-High-10-08-2020.pdf>

In last weeks report (above) I warned that gold looked overbought, and for several reasons I had expected a sharp correction. That correction arrived on Monday and continued for two straight days pushing the metal down over 6%. On Tuesday the 11th of August the metal fell the most in seven years, the rally in gold which had propelled the bullion to record highs had reversed course, a rise in bond yields cut into the negative real rates which had supported the metal. Further downside pressure came due to the increased expectation of a US stimulus deal which had fueled a move to stocks.

Even though gold has been one of the best-performing assets in 2020, corrections are to be expected. For now, real gold is set to endure a tug of war situation as short-term technical traders will close positions due to the sharp uptrend being broken and longer-term buyers who missed the first rally above \$2000/oz start to buy.

I remain bullish on gold and silver given the fact that we are witnessing unprecedented loose monetary and fiscal policies around the world; such practices support gold and silver. An increasingly and potentially rocky U.S. election season combined with the rising U.S. China tension will add support to the demand for safe-haven assets. The potential for even lower real rates would also see a continued weakening of the dollar. There is also the risk of rising inflation as the U.S. Government continues to overstimulate the economy. The fact is, there are several drivers which should help support precious metals values going forward.

RIO has often warned members to protect their wealth and purchasing power from ongoing fiat money printing, such practices can easily lead to currency debasement; protecting yourself from a financial crisis is just common sense. Gold is financial insurance and holding part of your wealth in bullion is a must today.

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