



The ARC Bullion Account USD gained 0.91% during December; its 6th straight gain. As we look back at 2021 spot gold fell 3.63%, the ARC Bullion account by stark comparison posted a gain of 0.93% in the same period. This was achieved by both avoiding losses, and of course by banking profits several times throughout the year. As 2021 ended gold rallied higher moving back above \$1,800, I forecast that this recent push higher will continue through January into February as gold could easily test \$1,880 during this period; if my forecast is proven correct, then that would be close to a year high.

Looking back, the massive US Government stimulus had driven the risk-on trade; this had pushed stocks higher and this massive liquidity was partly responsible for gold having what was a weak year. Gold prices had struggled as investors seemed to ignore the facts; for example, real interest rates had fallen into historic negative territory, and they seemed to shrug off the extraordinary inflation pressure which continues to build today. I have commented several times in previous ARC reports that inflation is running hot, and it's not going to be transitory; in fact, in one recent Forbes article, I stated that inflation will soon take to centre stage to become the topic on the news replacing the Pandemic.

During December in a change during the monetary policy meeting, the U.S. central bank signalled that it would end its monthly bond purchase by March and could raise interest rates three times in 2022.

That said, the mainstream investors have finally become bullish on gold as the year ends. Surveys have shown that most mainstream investors expect gold prices to push new record highs in 2022. I would agree that gold is very likely to move higher.

My comment is that the spectre of rate hikes next year could weigh on gold prices, but given price action, I forecast that this, for the most part, has already been priced in, meaning any downside will be minimal.

Many banks see gold prices trading in a reasonably wide range between \$1,800 and \$2,000. The most significant factor to drive gold prices in 2022 remains real interest rates. Although the Federal Reserve is looking to raise interest rates three times next year, and with recent data indicating that most economists expect inflation to remain above 4%, this would mean that real rates will still remain deep in negative territory. Many economists have predicted that the Federal Reserve will remain well behind the inflation curve in 2022.

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