



The ARC Bullion Account USD gained 0.91% during March, gold rallied as investors worldwide ran to safety. This account has done well, rising 121.13% since its launch, with the highest monthly gain recorded to date being 6.41%.

Today there is an increased downside risk in equity markets; as such the sentiment is building for gold. I am bullish on gold's outlook in the belief that inflation is running hot while central banks may shrug away from slamming the brakes on hard given the risk of an economic slowdown. The Russia-Ukraine crisis will also continue to support the prospect of higher bullion prices.

Gold was headed for the highest weekly close since November, with demand being driven by safe-haven demand, not only from the Russian invasion, but also as a hedge against inflation which has been turbocharged by surging commodity prices as well as the prospect of incoming economic weakness. Federal Reserve Chairman Jerome Powell reaffirmed the Central Bank's commitment to commence a series of hikes, starting this month, to curb the highest inflation since the 1980's.

Supply issues will drive inflation higher

What about the supply chain issues? Well after two years of suffering the effects of a pandemic, and now the added negatives of war in Eastern Europe, and amid a tight labour market, to be blunt- it has reached the point that premiums are being paid just to make sure you have goods before they run out and or can't get them. No surprise then that gold had risen to a 5-week high, which would technically suggest that we are in the early stage of an uptrend.

Fed Chairman Powell may drop the final hint for a 50-basis point hike today. So potentially we should see additional gains in yields, and a fall back in tech stocks. The Fed's pre-meeting period starts on Friday when they should release more clarity on quantitative tightening.

Looking forward, besides the obvious hard-to-quantify geopolitical risk premium currently present in the market, I am confident that the Russia-Ukraine war will continue to support the prospect for higher precious metal prices. Not only due to a potential short-term safe-haven bid, but more importantly, on the expectation of the knock-on effects of the war which will drive inflation even higher than it is today.

Gold remains a buy!

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