



RIO ARC Bullion Account USD, 5 Year Performance

Gold could shine this year as the US election is likely to be one of the most contentious elections in history. The 2024 election may plunge the US into a bitter deadlock that could significantly impact the US and the broader global economy, this in turn causing a run to safety assets such as gold. This especially true as its Biden and Trump whom are currently expected to be on the ballots, despite the fact that both candidates are facing a barrage of criticism and legal challenges.

It must be also noted that Gold's recent performance has been remarkably resilient, but for now the short term upside may be limited. This due to the fact that the expectation for a March rate cut from the Fed is now seen for what it was, overly optimistic, the market expectation was clearly too high at the start of the year, but today with Fed Funds futures currently pricing three or even four 25bps cuts, (starting in June) the risks are now more balanced. I would draw attention to the fact that Gold's recent performance has mostly been driven by the rise in physical demand.

While the gold market waits for a catalyst with prices consolidating above \$2,000 an ounce, the demand from central banks will likely support prices, and for those who need to clarification - during the last two years central bank purchases of gold as a share in global demand has tripled, should this trend continue through 2024 this factor alone could push the metal back to record highs by year end. This should come as no surprise, Gold has proven to be an attractive alternative to bonds and recently it has clearly been a stable asset. The yellow metals performance during 2022–23, despite a hefty rise in the global real rates, makes for a very solid case indeed. As Central banks continue to move to diversify away from the U.S. dollar, this in turn adds further momentum to both the de-dollarization, and deglobalization trends.

There is also a US debt crisis looming. Federal Reserve Chair Jerome Powell has openly expressed concern that U.S. debt is unsustainable, this with the U.S. national debt surging above \$34 trillion! Today, the US debt is growing faster than the economy, and it's not just RIO raising the alarm, more and more financial leaders are stating that there is a looming debt crisis. Investment founder Paul Tudor Jones has just warned that even though it may look like the U.S. economy is firing on all cylinders, there is a "debt bomb" under the surface!

William Gray
The RIO Club