THE SILVER SERIES

PART 1 2 3

THE START OF A NEW GOLD-SILVER CYCLE

The signs are pointing towards the beginning of a new cycle for increasing gold and silver prices.

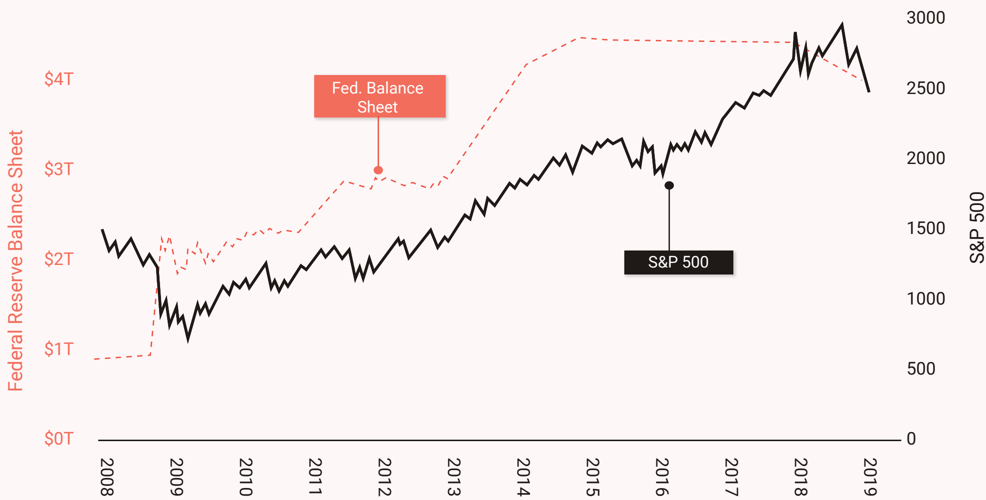
Here are several signals investors can use to spot the beginning of a new gold-silver cycle.

BANKERS BLOWING BUBBLES

From 2008 onwards, central bankers around the world launched a historic market intervention through quantitative easing (QE), increasing the supply of money and lowering interest rates.

With cheap and abundant money, QE worked. It worked so well it created a "bull market in everything", except for precious metals.

S&P 500 VS. FEDERAL RESERVE BALANCE SHEET



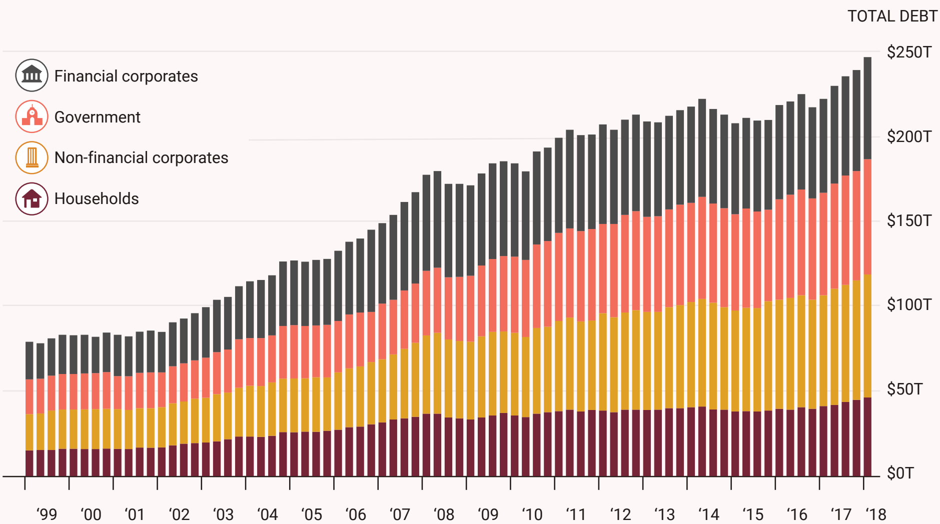
Source: Federal Reserve, barchart.com

As a result, stock markets, consumer lending, and property values surged.

DEBT, DEBT, AND MORE DEBT

One result of cheap money are new highs of global debt.

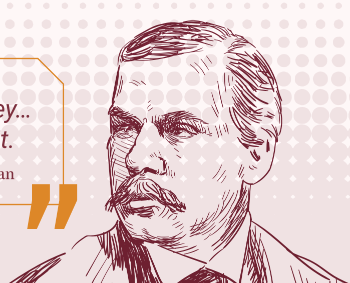
TOTAL GLOBAL DEBT



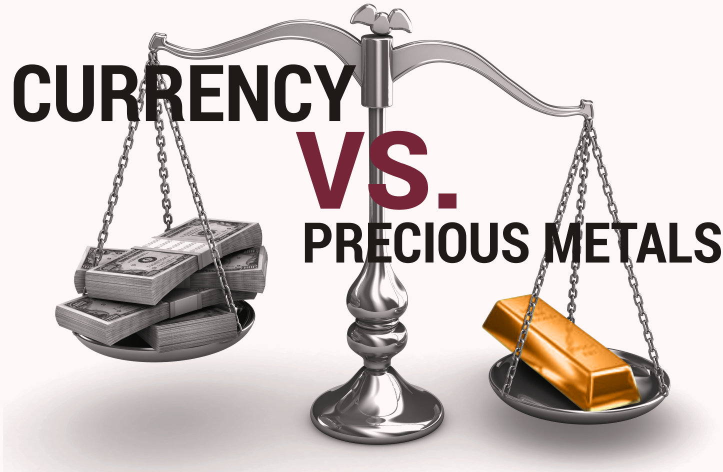
Source: Institute of International Finance

The massive increase in the supply of money erodes everyone's purchasing power while ballooning debt creates systemic risks.

> *Gold and silver are money… everything else is credit.*
>
> — J.P. Morgan



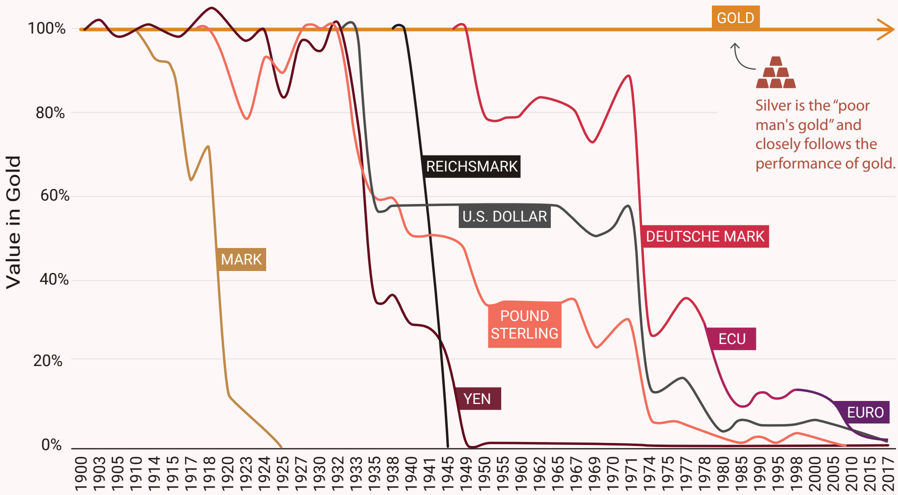
CURRENCY VS. PRECIOUS METALS



As more and more dollars chase a limited supply of goods, it is only a matter of time before the price of goods go up or inflate.

This inflation erodes the purchasing power of every dollar, essentially devaluing currencies.

ALL MAJOR CURRENCIES HAVE DEPRECIATED RELATIVE TO GOLD



Source: Bloomberg, Reuters

Gold and silver preserve their values over time relative to currencies. Yet, the current prices of gold and silver do not reflect the reality of cheap and abundant money.

It is only a matter of time for gold and silver to shine.

But when?

THE PERFECT STORM FOR A GOLD-SILVER CYCLE?

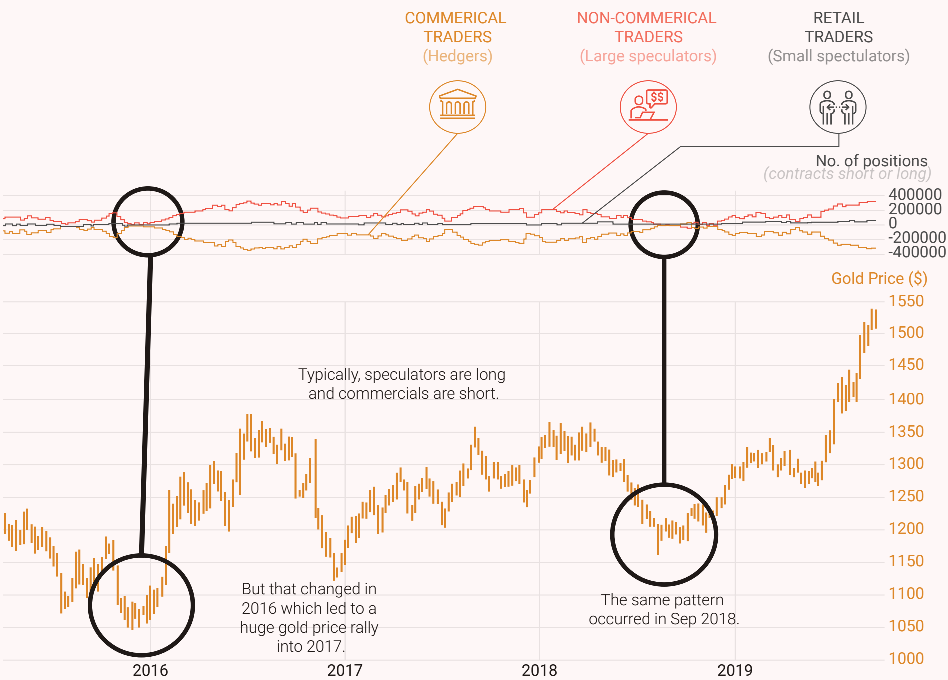
Investors can use several indicators to gauge the beginning of a gold-silver cycle.

1. GOLD AND SILVER FUTURES CONTRACTS

Most traders do not trade physical gold or silver, but paper contracts written with the promise to buy at a future price.

Every week, U.S. commodity exchanges such as the COMEX and NYMEX, publish the Commitment of Traders "COT" report. This report summarizes the positions (long/short) of traders for a particular commodity such as gold and silver.

There are three basic groups the COT report tracks:



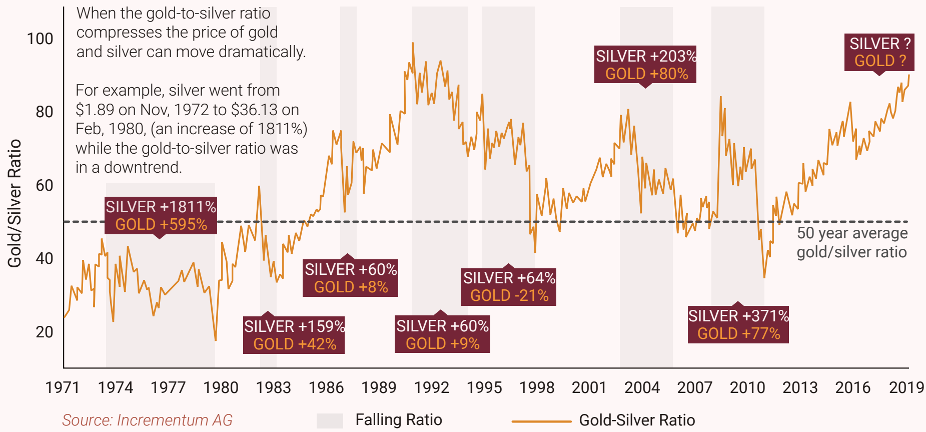
For the first time since 2016, speculators went short and commercial went long, potentially signaling the start of a new cycle.

2. GOLD-SILVER RATIO COMPRESSION

The gold-to-silver ratio is the amount of silver it takes to buy one ounce of gold.

A ratio of 50 means you could use 50 ounces of silver to buy one ounce of gold.

GOLD-TO-SILVER RATIO COMPRESSION

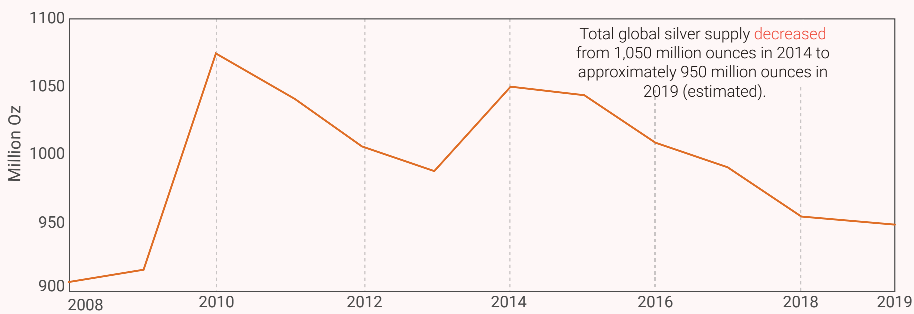


Source: Incrementum AG

As the difference between gold and silver prices falls (i.e. the compression of the ratio), history suggests silver prices can make big moves upwards in price.

3. SCARCITY: DECLINING SILVER PRODUCTION

TOTAL SILVER SUPPLY



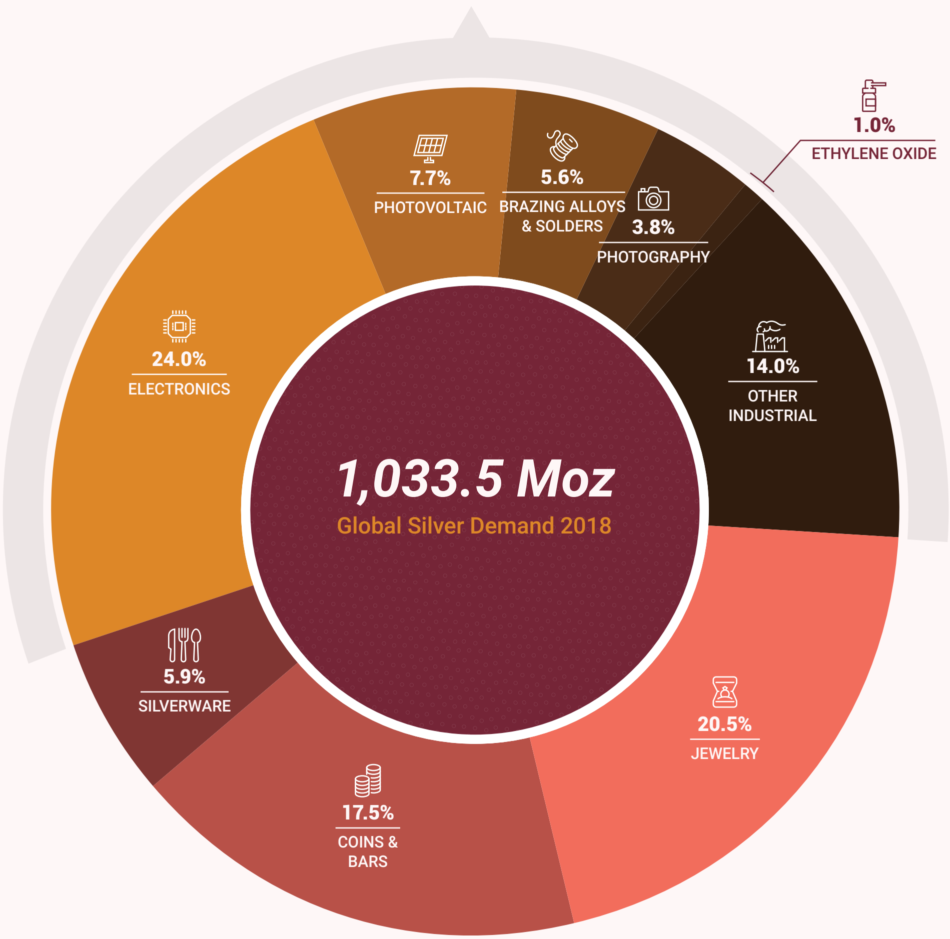
Source: GFMS, Thomson Reuters, Silver Institute.

Despite its growing importance as a safe haven hedge, and use in industrial applications and renewable technologies, silver production has been declining.

4. THE "SILVER" EXCEPTION: NOT JUST PRECIOUS, BUT USEFUL

Silver is not just coins, bars, jewelry, and the family silverware.

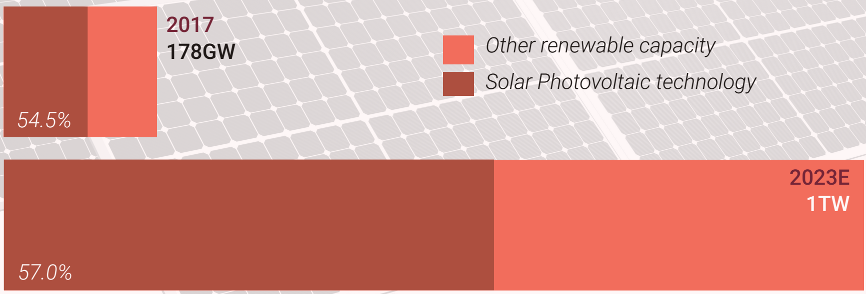
It stands out from gold a variety of practical, industrial uses that account for 56.1% of its annual consumption.



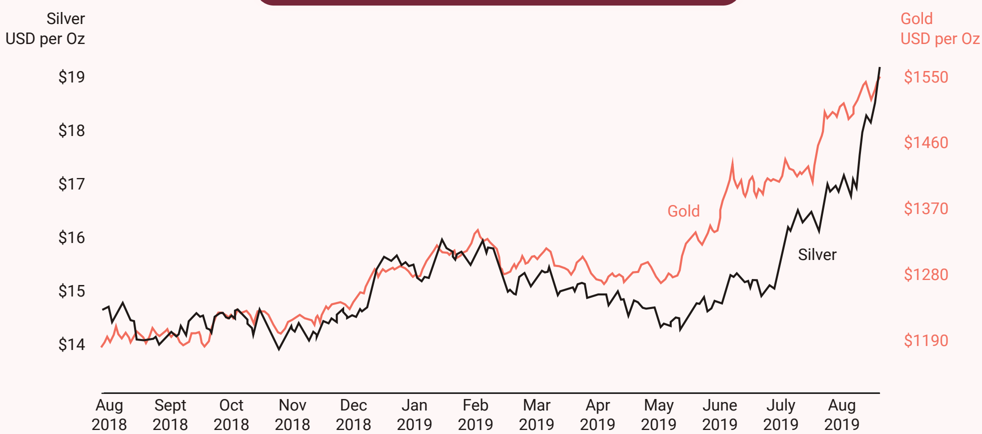
Source: GFMS, Thomson Reuters, Silver Institute.

Silver demand will continue to grow due to its role in renewable energy, notably as a key component in solar photovoltaic cells.

TOTAL GLOBAL RENEWABLE CAPACITY



PRICE OF GOLD AND SILVER



The prices of gold and silver do not reflect a world with cheap and easy money, but their time to shine is here!

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