

## IMMENSE SEASONAL BUYING OPPORTUNITY IN GOLD, SILVER & PLATINUM IS UPON US

Historically Speaking the Seasonal Pattern Persists

- by David J. Mitchell

### Outstanding Bull Market Fundamentals in Precious Metals Remain Vigorous and Structural

I write this same article every year and in last year's piece of the same exact title, I wrote as my first sentence... *"We often come across a viewpoint from our new clients who are of the opinion that all the world's economic troubles have been caused by the impact of Covid-19 and believe that once we have a vaccine everything will return to normal. This assumption is wildly inaccurate and could not be any further from the actual hard truth."*

#### Total Official Global Debt as a % of GDP



Source: Institute of International Finance

Where do we find ourselves today 1-year on, global debt has exploded to simply catastrophic levels and the direct policy reaction to that is the attempt to destroy the debt loads by extreme stealth currency inflation measures, again globally.

USA broad money supply has risen 30% since March 2020 (a new monetary record), which has set off serious inflation with USA CPI hitting a 30-year high of 6.2pc.

Central bankers and policy makers have now been forced to publicly accept that their inflation prognosis is not transitory but running very hot, under intense pressure politically and publicly they are now being forced to taper monetary expansion and even raise interest rates.

Of course in reality this is not possible with global collateral valuations of equities, housing and bonds priced to economic perfection alongside zero percent interest rates and massive regular global monetary expansion. Pointing clearly to a global shift of portfolio diversification into precious metals and commodities over the next few years.

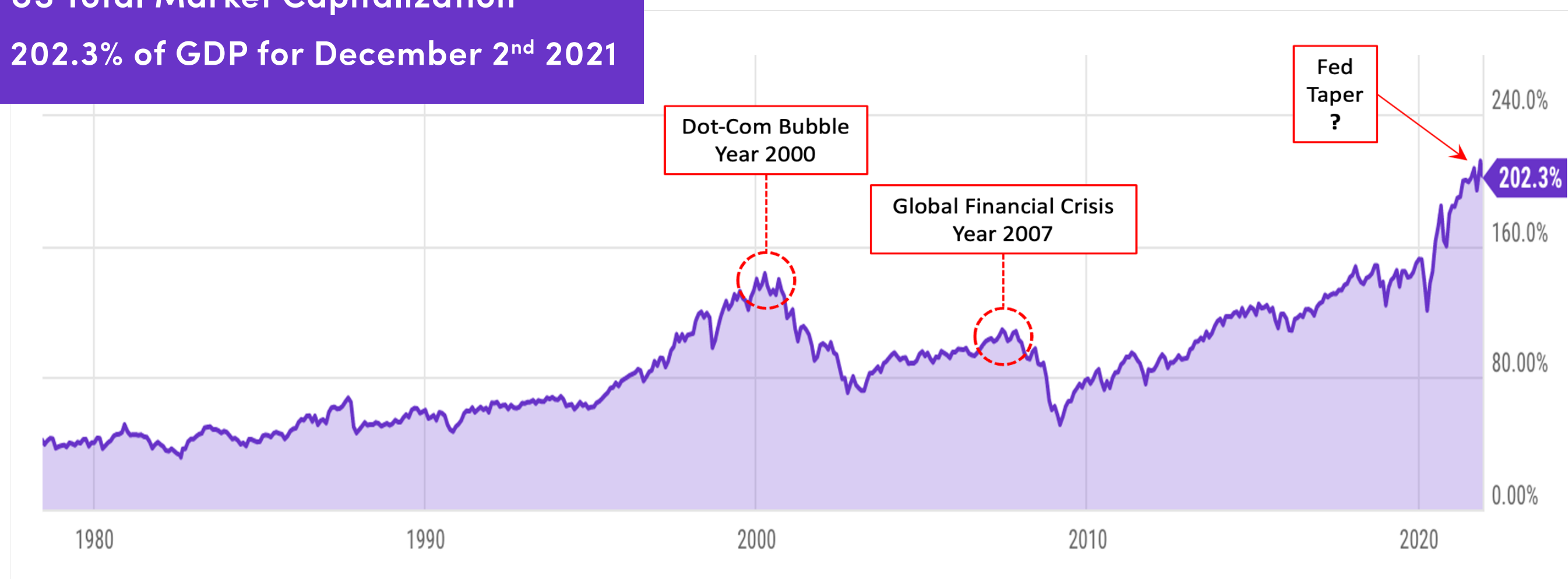
The Buffett indicator (Market capitalization-to-GDP ratio), is used to assess how expensive or cheap the overall stock market is at any given point in time. It was proposed as a metric by Warren Buffett, who called it “probably the best single measure of where valuations stand at any given moment”.

Even if we use the historical average the market presently is valued at approximately 70% above the average, suggesting that the market is **Significantly Overvalued**. These are historical **all-time highs**.

### Buffett Indicator

#### US Total Market Capitalization

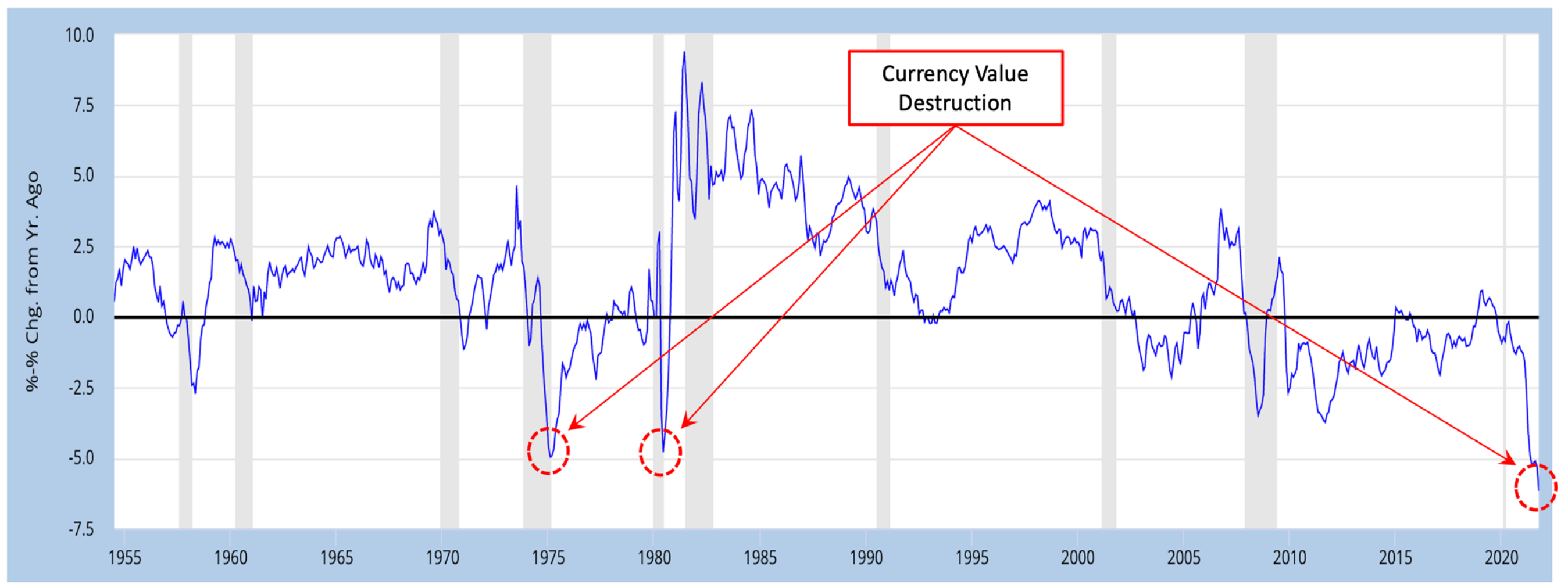
202.3% of GDP for December 2<sup>nd</sup> 2021



At the same time, we are experiencing the worst ‘real negative interest rate yield’ since the 1970’s, which back then drove precious metal prices exponentially higher during that decade into 1980, which only ended when US interest rates were raised to **over +20%**.

### USA Federal Funds Effective Interest Rate minus Consumer Price Inflation Index





Sources : US Board of Governors; BLS

## Historically Speaking the Seasonal Pattern Persists

Big profits can be made from buying Gold, Silver & Platinum in early December and into February. Without sounding too repetitive I have written exhaustively and advised our clients on the importance of taking the 'added' advantage of timing opportunities when investing into precious metals. There are highly distinguished, seasonally-driven cyclical buying opportunities throughout the year. We have now walked directly into one of the most important and optimal buying opportunities of the calendar year, i.e. early-December.

Our research and macro analysis determines we are firmly in the grip of a very dynamic multi-year secular bull market in gold and the precious metals and once invested we advise that our clients should firmly stay away from trying to time rallies and dips.

A seasonality chart (Silver for example as below, although each metal is examined on page 5 and 6), takes the price action of each year and converts that into percentage moves from a start point of 100 and takes the average of the whole period selected, in this case the last 19 years. There clearly exists two optimal and major BUY zones every year, mid-June and early-December.

Buying in December has by far yielded the most exciting returns, in fact so much so that over the last 20 years , 19 out of 20 achieved very impressive returns into late January / February...



Chart Analysis Source : <https://app.seasonax.com/>

Last year demonstrated the exact same bullish patterns, as can be seen from the silver chart below, although platinum was particularly strong (see page 6).



## Pattern & Cycle Recognition

Recognising seasonal trading patterns in precious metals helps our clients maximise their investment prospects, by simply looking for well-defined cycle-low opportunities. Whilst past performance is never indicative of future returns (as the old investment adage goes), with the benefit of hindsight and historical analysis, we can very convincingly identify seasonal patterns which have come to repeat themselves year in, year out, for very particular reasons.

Gold has been in a secular bull market since December 2015, but silver has technically been in a bear market from 2011 into late 2019, although some could argue that the flash crash in March 2020 was the end of the technical bear market. We would strongly suggest Silver is now in the early stages of its new multi-year secular bull market phase.

Platinum is very exciting indeed as hard material evidence is dramatically building that the bear market in platinum from 2008 to 2020 has undoubtedly ended, and we are now entering a new trend reversal in price within a very significant bull market; coinciding with the major super-cycle bull market in commodities.

By recognizing this December 'Buy Zone', it then allows us to take a closer look at the historical performance, when they were in a clear downtrend; to recognise if the seasonal pattern for investing at the end of each calendar year persists.

Sure enough, it can also be clearly identified last year, from the end of 2020 into 2021:



	Mid-Nov into Dec <b>Low Price</b>	January into February <b>High Price</b>	<b>% Gain</b>	<b>Secular Market Status</b>
<b>SILVER</b>	30 <sup>th</sup> Nov 2020 - US\$ 21.88	1 <sup>st</sup> Feb 2021 - US\$ 30.09	+ 37.5 %	BULL
<b>SILVER</b>	1 <sup>st</sup> Dec 2014 - US\$ 14.16	26 <sup>th</sup> Jan 2015 - US\$ 18.48	+ 30.5 %	BEAR
<b>SILVER</b>	4 <sup>th</sup> Dec 2013 - US\$ 18.91	24 <sup>th</sup> Feb 2014 - US\$ 22.17	+ 17.2 %	BEAR
<b>SILVER</b>	20 <sup>th</sup> Dec 2012 - US\$ 29.60	22 <sup>nd</sup> Jan 2013 - US\$ 32.28	+ 9.1 %	BEAR
<b>SILVER</b>	29 <sup>th</sup> Dec 2011 - US\$ 26.19	29 <sup>th</sup> Feb 2012 - US\$ 37.49	+ 43.1 %	BEAR
<b>SILVER</b>	16 <sup>th</sup> Nov 2010 - US\$ 25.01	25 <sup>th</sup> April 2011 - US\$ 49.83	+ 99.2 %	BULL
<b>SILVER</b>	22 <sup>nd</sup> Dec 2009 - US\$ 16.78	20 <sup>th</sup> Jan 2010 - US\$ 18.83	+ 12.2%	BULL

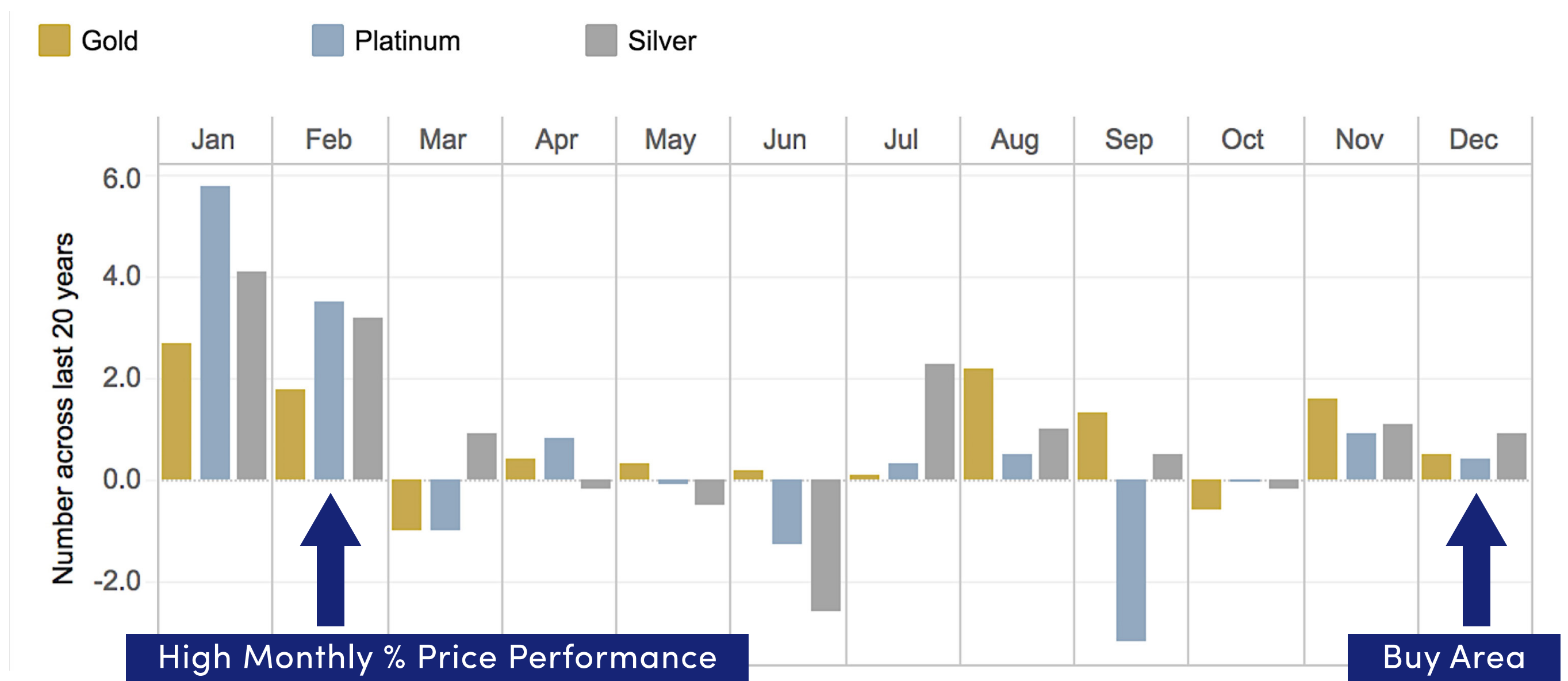
<b>GOLD</b>	30 <sup>th</sup> Nov 2020 - US\$ 1,764.80	6 <sup>th</sup> Jan 2021 - US\$ 1,958.60	+ 11.0 %	BEAR
<b>GOLD</b>	7 <sup>th</sup> Nov 2014 - US\$ 1,132.08	22 <sup>nd</sup> Jan 2015 - US\$ 1307.59	+ 20.7 %	BEAR
<b>GOLD</b>	31 <sup>st</sup> Dec 2013 - US\$ 1,182.70	17 <sup>th</sup> March 2014 - US\$ 1,392.08	+ 17.7 %	BEAR
<b>GOLD</b>	From November 2012 into year 2013 it moved lower		Lower	BEAR
<b>GOLD</b>	29 <sup>th</sup> Dec 2011 - US\$ 1,522.93	29 <sup>th</sup> Feb 2012 - US\$ 1,790.66	+ 17.6 %	BEAR
<b>GOLD</b>	28 <sup>th</sup> January 2011 was the actual low and moves higher in Sept 2011		+ 47.04 %	BULL

<b>PLATINUM</b>	27 <sup>th</sup> Nov 2020 - US\$ 943.30	16 <sup>th</sup> Feb 2021 - US\$ 1,336.88	+ 41.7 %	BULL
<b>PLATINUM</b>	13 <sup>th</sup> Nov 2019 - US\$ 865.50	16 <sup>th</sup> Jan 2020 - US\$ 1,041.45	+ 20.3 %	BEAR
<b>PLATINUM</b>	10 <sup>th</sup> Dec 2018 - US\$ 778.77	8 <sup>th</sup> April 2019 - US\$ 915.50	+ 17.6 %	BEAR
<b>PLATINUM</b>	13 <sup>th</sup> Dec 2017 - US\$ 873.78	25 <sup>th</sup> Jan 2018 - US\$ 1,028.61	+ 17.7 %	BEAR
<b>PLATINUM</b>	15 <sup>th</sup> Dec 2016 - US\$ 890.37	27 <sup>th</sup> Feb 2017 - US\$ 1,044.72	+ 17.3 %	BEAR
<b>PLATINUM</b>	21 <sup>st</sup> January 2016 - US\$ 811.57	10 <sup>th</sup> August 2016 - US\$ 1,194.04	+ 47.1 %	BEAR

## Platinum Price Performance Also Delivers – Even More So...

The same buying opportunity in December is very much the case for platinum, **in fact even more so than silver or gold**. I have included a simple bar chart to demonstrate the historical price performances of all three metals over the last 20 years – platinum is the clear winner. In fact, only 2014 delivered a loss when buying

Monthly % Price Change, year 2000 to 2020



in December and selling in February. This is the only year out of the last 20 years that did not deliver a significant profit.

**Yes, that's right 19 of the last 20 years made very significant profits!**



## In Conclusion

As the old investment mantra dictates, **80% of the overall price move occurs in the last 30% of the cycle time frame.** We are thus incredibly excited about the price prospects and witnessing first-hand the expected revaluations higher in the precious metals over the next 2 to 3 years, alongside a very powerful super-cycle in the overall commodity complex.

Over the last 20 years, we have identified the optimal buying opportunity for Gold, Silver and Platinum. It has repeated time and time again and even manifested itself within the larger bear market from 2011 to 2015.

The global debt picture is deteriorating rapidly with deficit control seemingly being ignored and replaced with a new-found monetary policy exuberance for Modern Monetary Theory (MMT). This new exercise in debt monetisation which is now well under way, will have a multitude of unknown consequences.

That said, history teaches us that similar experiments in debt monetisation has more often than not, culminated in a disastrous destruction of the value of currencies.

### Disclaimer:

The information contained in our website and this report should be used as general information only. It does not take into account the particular circumstances, investment objectives and needs for investment of any investor, or purport to be comprehensive or constitute investment advice and should not be relied upon as such. You should consult a financial adviser to help you form your own opinion of the information, and on whether the information is suitable for your individual needs and aims as an investor. You should consult appropriate professional advisers on any legal, taxation and accounting implications before making an investment.

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