

# Goldletter INTERNATIONAL

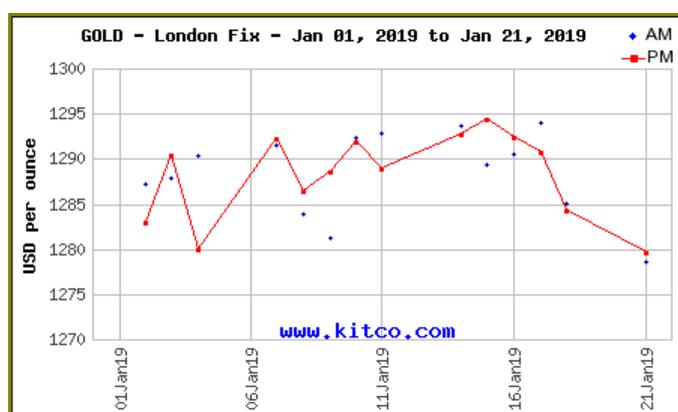
*the international independent information and advice bulletin for gold and related investments*

**Quarter 4, 2018 / January 2019**



## Gold Market Review and Outlook

Marino G. Pieterse, publisher and editor



### ► Gold price cannot rely on fundamentals in 2019, but will benefit from deepening global geopolitical turmoil

Brexit turbulence, growing populism in other EU member countries and in particular the US-China trade war, were in line with my expectation that the **gold price** will be driven by the turbulence on the global financial markets, rather than by growing physical demand.

Nevertheless, instead, after having reached a high of \$ 1,360.25 on January 24, 2018 and a low of \$ 1,176.70 on August 17, 2018, as a result of an ongoing decline in physical gold demand, it was not earlier than in the third quarter that the gold price recovered to \$ 1,281.65, thereby almost fully recovering to the year-end 2017 price of \$ 1,297, and as such not reflecting a growing turbulence on the financial markets on balance yet.

Therefore, this does not change my view, that it will not be if but when the gold price will benefit from the named external factors, that, I expect, will chock the financial and commodity markets this year, following volatile stock markets in December 2018 and feeds my **2019 gold price target of \$ 1,360 – 1,400**.

Considering structural stronger US economy and higher interest rates compared to Germany, France, the UK and Japan and the dollar's dual monetary function with China's yuan, and also noting China holding \$ 1,000 billion of its \$ 3,000 billion monetary reserves held in dollars, which makes the US and China currently committed to each other.

Also, it is to be observed that Western worries about the sustainability of China's economic growth are strongly overvalued with a target GDP growth rate of at least 6%, and this target for 2019 to be supported by a major economic stimulus package be worth US\$ 218.5 billion. This stimulus, I expect, will lead to a strong recovery of basic metals prices, led by copper.

## Q4 2018 / January 2019 - Gold Market Outlook

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The full **Gold Market Outlook report - Q 4 2018 – January 2019** available by subscription only

### Subscription fees:

**One year – 4 quarterly updated Market Outlook reports** US\$ 2,000

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### ▶ **European Union falls apart as a result of Brexit and rising populism in a growing number of EU countries**

On January 22, 2019, Germany and France signed a new treaty aimed to seal a new deal in Aken, Germany to breath life into their place at the centre of the European Union after UK moves to leave the EU and a rising tide of populism in the 27 member countries challenging the core liberal values of the block.

With Germany and France wanting to open a new chapter building on the Elysee Treaty signed in 1963 between Konrad Adenauer and Charles de Gaulle, which for years stood as a symbol of Francee0German reconciliation after nearly a century of devastating wars, it is to be noted that since president Macron broached the idea in 2017 the political environment for both leaders has changed dramatically. Stung by a succession of dismal election results, Angela Merkel stood down as head of the Christian Democratic Union last year after 18 years in the job. And anti-government protests by the “gilet jaunes” have weakened Emmanuel Macron’s authority at home. As a result, new elections in both countries will take down the floor of the EU.

The European context is also less amenable to bold to reform initiatives, with populists on the march in Italy, illiberal democracies in Hungary and Poland and EU leaders preparing for the eventuality of a no-deal Brexit next March. Also, important EU countries including Spain Sweden, Netherlands and Belgium are faced with growing national political interest.

Having no say in the execution of its economical and financial guidelines, which have to be improved by national parliaments, it is not a question of if but when the EU next to Brexit will break up further.

# CALENDAR OF MINING EVENTS



## Media Partners 2019

February	3 – 7		<b>Investing in African Mining Indaba – Cape Town, South Africa</b>
February 26 -	March 3		<b>Argus Metals Week - London</b>
March	1 – 2		<b>Gold Doré Forum – New Delhi, India</b>
March	3 – 6	▶	<b>PDAC – Toronto, Canada</b>
March	26 – 28		<b>Mining Investment Asia – Singapore</b>
April	8 – 9		<b>Mining Investment South America – Buenos Aires, Argentina</b>
April	8 – 10		<b>Symposium Mines Guinea SMG – Conakry Guinea</b>
April	11 – 12		<b>Nuclear Industry Summit Latin America – Buenos Aires, Argentina</b>
April	16 – 17		<b>Russian &amp; CIS Metals &amp; Mining - Moscow</b>
May	21 – 22		<b>Mining Investment Botswana – Gaborone, Botswana</b>
June	13 – 14		<b>ZIMEC – Zambia Int. Mining and Energy Conference – Lusaka, Zambia</b>
June	18 – 19		<b>Mining Investment Europe – Frankfurt</b>
June	19 – 21		<b>DRC Mining Week – Lubumbashi, Democratic Republic Congo</b>
September	24 – 25	▶	<b>Africa Mining Summit – Gaborone, Botswana</b>

▶ **Marino G. Pieterse – giving a presentation**



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