

INDONESIAN TYCOONS DONATE

MAY 2020 • VOLUME 11 ISSUE 5

Forbes Indonesia

CELEBRATING



www.forbesindonesia.com

ALLEYES ON ZOOM

**HOW THE AT-HOME ERA'S BREAKOUT TOOL
IS COPING WITH SURGING DEMAND AND SCRUTINY**

RP 60,000

ISSN 2087-1996



97 72 08 71 99 60 1

William Gray is an expert in precious metals with over two decades of active management experience in this field. His Sterling-based ARC Bullion Account, an actively traded physical bullion investment, has returned over 121.91% since its launch in December 2014.

Gold - As Good As It Gets

The Forbes Indonesia November 2019 issue featured my prediction on gold to reach \$1,600/oz by the end of 2019. Gold reached \$1,608.00 on January 8, just eight days later than predicted. Today we have entered a rare period where there are short-term, medium-term, and long-term reasons to own physical gold. The short-term being the corporate stock melt down as markets around the world began to suffer the financial effects of COVID-19 when gold was one of the very few assets that climbed. Gold had reached \$1,702.98 on March 9 - a seven-year high in US dollar terms.

During the following week, many mainstream investors ran to safety assets, often buying gold while seeking security. Most would have been shocked during mid-March as gold suddenly plunged over 10%. At that time, fear was rife; stock markets around the world had collapsed with trillions of dollars being wiped off values. When gold joined other assets falling in tandem, did it mean that gold is no longer safe? No! History has proven that physical gold preserves wealth, it's a safe-haven asset, a must buy in times of uncertainty.



The sharp fall in value was caused by two short-term influencing factors, firstly a stronger dollar and secondly, the forced selling of gold executed in haste by investment companies to cover margin calls on overexposed equity positions. The stock market meltdown had caught many of the world's financial institutions off guard, with most unprepared for the collapse in equities, a crash that left them facing massive losses. In the mayhem, stock markets around the world lost near a third of their value. Those caught napping had to face a grim choice, sell their liquid assets, such as gold, to cover the equity position, or suffer massive losses.

Looking forward, as we move through 2020, gold is likely to continue to rally. I expect the metal to test the \$1,800 level as it moves ever closer to the historic high of \$1,896.50 set on September 5, 2011. On the other side of the pond, gold surged past its previous all-time high in UK Sterling terms. With the Bank of England interest rate adjustment announcement in March, the UK rates dropped to near an all-time low. They are now just 0.1% off the lowest figure in history, and you would have to

look back to 1694 to find a lower rate. The rate reduction will almost certainly see gold's value rise as the Pound continues to come under pressure in the short term. Before this crisis, Sterling had started to recover its value bolstered by Boris Johnson's massive victory in the UK election; Britain was moving forward.

Most of our clients have doubled their gold holdings, which has provided them increased protection. The yellow metal proved its safe-haven status rallying 6% while more than \$15 trillion was being wiped off global stock markets. Many today are worried about the future; rightly so, never before in history have we witnessed the world economy coming to a standstill. Anyone looking for safety in these turbulent times should realize that gold is as good as it gets. 

