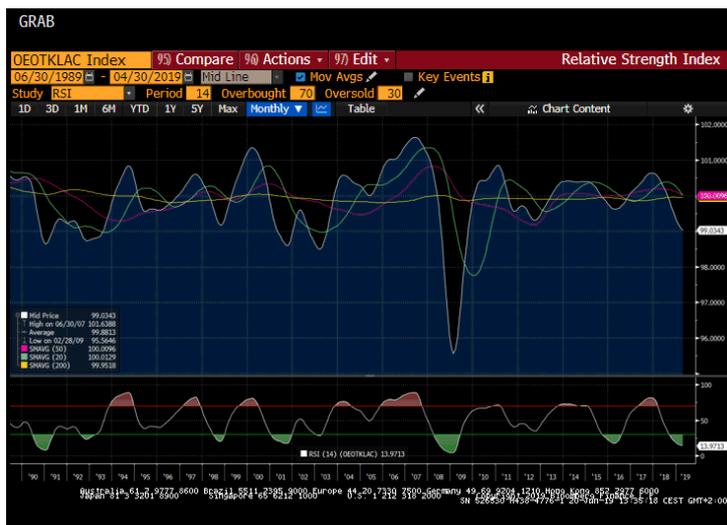


GOLD – TRUMPING TRUMP

Trade war. Rates war. Currency war. Cold war. Hot war.

Investors having difficulty manouvering it all may be forgiven. Trump is at it on all fronts now. Over the last week alone, news on Trumps attempts to remove Powell, accusations targeted at ECB and the euro, tankers blowing up in Hormuz and threatening Xi to meet next weekend, all add to a picture of likely rising risk premiums ahead.

Meanwhile, leading indicators/PMI's and yield curves alike are hinting of recession while equity investors are reluctant to sell as FOMO on a Sino-US trade deal and FED rate cut dominates sentiment.

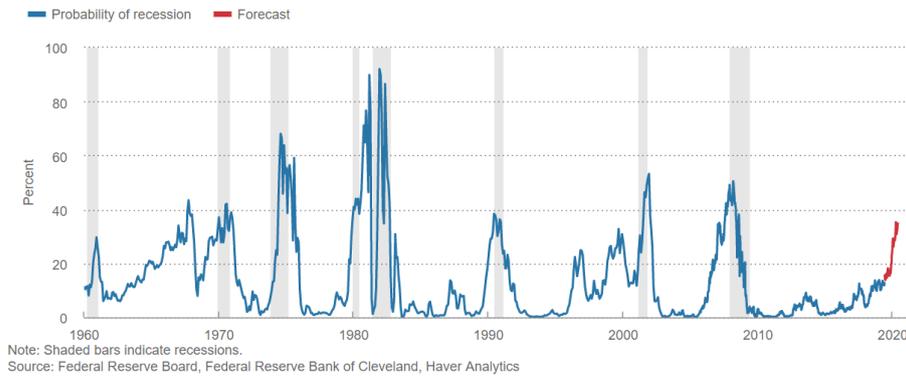


Source: Bloomberg

The prevailing thinking is that with the FED issuing another put, investors are safe even if little comes out of the meetings next weekend, with a probable cut from the FED already in July. There is just this one thing; there is a reason for the FED dovishness, and absolutely no-one, the FED included, knows exactly why the data is weakening as much as it is, or if it will continue to weaken even amidst some sort of «agreement» (as this is a war between the old and a new empire, a full deal on IP/tech and everything else is of course out of the question). Buying equities just in front of a sharp increase in recession risks is not for the faint hearted.

The Harpoon Report

Hunting for value



With risks mounting, equities at or close to all time highs while leading indicators are pointing down in a big way and yields going negative across the globe as QE is back on the table, and even the EURUSD looking up on the heels of the Trump/Powell double whammy this week, I think it is time to take a look at gold again for the first time in years, as a hedge against central bank uberdivishness and Trump crazyness. And to the Buffett-puppets out there that will argue it doesn't *yield* anything; it is a commodity. It is not supposed to yield anything. It is a raw material for other use (such as storing value). Still in doubt? Think of it as a currency where you don't have to pay to own it (unlike the Bund).

Never fight the FED, they say. Downside limited, target way, way up there depending on how hard CB's will push the coming QE.



Source: Bloomberg

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Ståle