



Zanetti Monday Missive 2022.11.07 Mystery Gold Buyer

**"Price is what you pay. Value is what you get."
~ Warren Buffett**

Happy Monday, Everyone!

This past Friday we saw a huge jump in gold prices.

Specifically, we saw a \$50 increase in the price of gold per ounce. That's a huge jump which came as a nice signal after a disappointing run for gold over the past several weeks.

I say "disappointing" not because I'm really disappointed. I should say, "surprising". I'm not disappointed, because I'm not looking for a quick get rich quick investment opportunity with gold.

I see it for what it is, a safe haven that will serve us well over time. But, as an investor, it's never fun to watch the value of an investment go down, even if it is temporary.

And, why did the price go up? It went up, because apparently there is now debate among the Federal Reserve board members on how much to keep raising rates. And, as we've said before, the only thing keeping gold down seems to be the strength of the US dollar. So when the news broke that the Fed is wavering, the dollar fell. And, voila! Gold rose.

But here's the thing, that jump (which was over 1%), excited me no more than its recent decline has upset me. It's a safe haven during a storm (current and forthcoming) such as this one, and I understand it to be so.

But let's look elsewhere.

It was reported this past week that central banks around the world bought 399 tons of gold in the 3rd quarter of 2022 – that's 300% more gold in the 3rd quarter than same time last year.

300%!

And, what's more, the Central Bank purchases year-to-date are greater than they have been in over 50 years. This year's purchases by central banks have been 673 tons so far. The last time purchases were this high was in 1967 – when the US dollar was still backed by gold.

Moreover, all of this purchasing has been happening when the price of gold has been coming down.

Yes, that's why I haven't been worried with a decline in prices. It's because I know what the central banks know, gold is a real asset and you buy more of it when it's on sale.

But here's the bigger eye-opener: there are unknown players buying the biggest share of gold.

From what we know that has been reported, the biggest buyers have been emerging economies: Turkey, Uzbekistan, and Qatar.

But Russia and China rarely take a transparent stance when it comes to what they do with their economies, so it's quite possible that they were some of the "invisible" buyers.

This would come as no surprise after the recent missive I wrote [HERE](#) regarding the BRICS nations strategy to gain financial independence. You remember "BRICS", right? **Brazil, Russia, India, China, and South Africa.**



And now, Saudi Arabia asking to join.



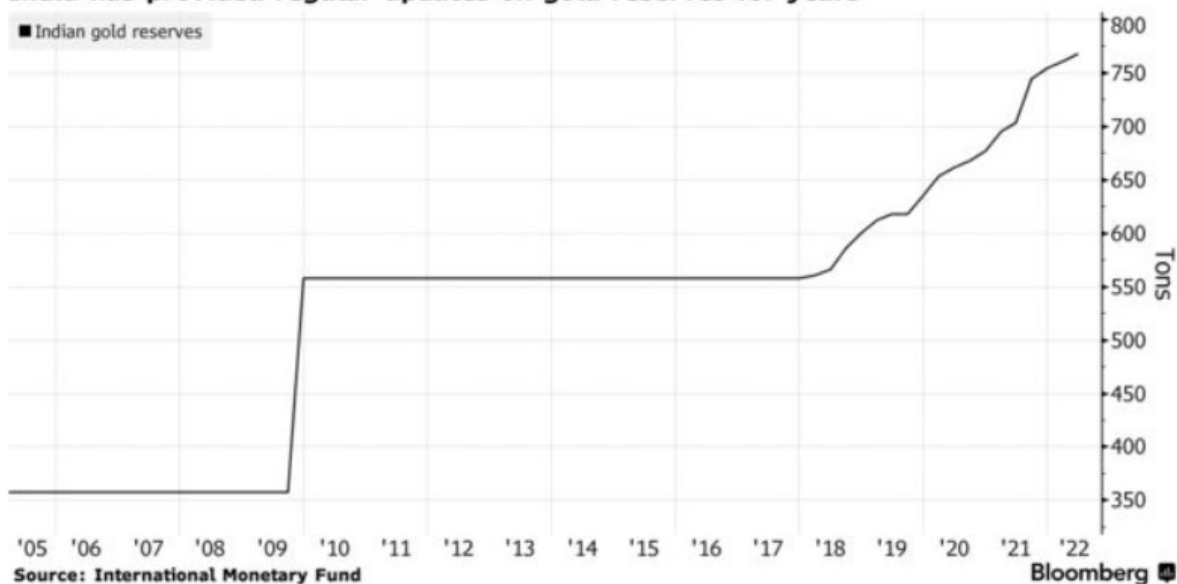
This past week Bloomberg speculated that the mystery buyers (or “mystery whales” as the article referred to them as), were likely China, Russia, Saudi Arabia, or India.

Again, this points to the “New Global Reserve Currency” that the BRICS nations are trying to develop so they can act without fear of weaponized monetary policy being used against them – the same weapon that Russia has been fighting against since invading Ukraine.

To show a bit of perspective on India’s Central Bank build up of gold reserves, They have been on a tear since 2018 – and it doesn’t look to be slowing.

Slow and Steady

India has provided regular updates on gold reserves for years

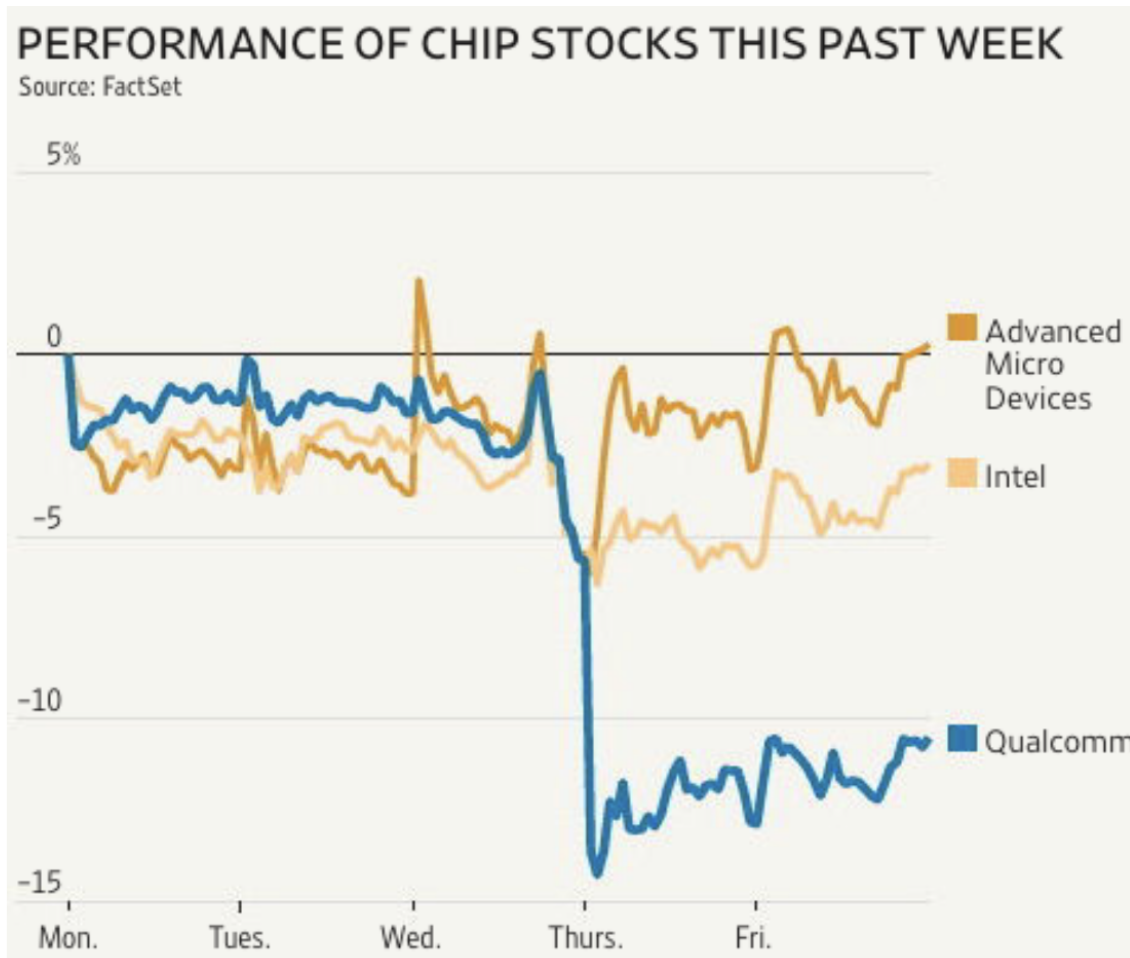


Meanwhile, back on Wall Street...

Facebook, er “Meta”, has fallen from being one of the 5 most valuable companies in the world with a valuation of over \$1 Trillion. It is now not even in the top 20 business valuations and has a market cap of \$270 Billion. That’s a 73% decline in 1 year.

Another headline caught my eye as well, and that’s the price

of microchip makers – they're all falling!



What worries me more about those more than Facebook, er “Meta”, is that computer chips are an indicator of the economy as a whole. They’re one of the canaries in the coal mine when it comes to what I see is a recession coming down the pike. But I’ll save that for another missive.

Your Even-If-Elon-Charges-\$8-To-Use-Twitter-I’m-Still-Not-Exactly-Sure-How-To-“Use”-It Financial Advisor,

Walt

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