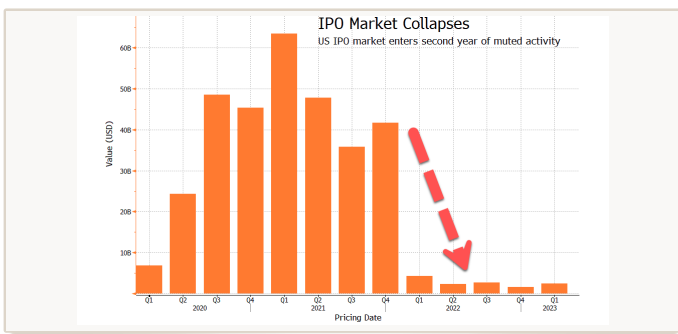


Market Report

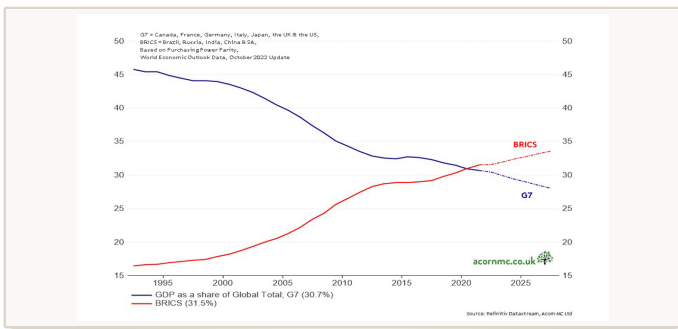
April, 2023

Leading economic indicators are signaling a US recession within the next year, with 80% showing flat or negative scores. The banking crisis was mostly contained due to government interventions, buying a little time before the system potentially becomes instable. Geopolitically, tensions between West and East are forging stronger bonds between Russia and China over what they increasingly see as a common enemy. Political shifts in the EU have caused ESG regulations to take a back seat to the populist movement that wishes to put practicality above ideology.

Highlights



The IPO market has experienced a drastic plummet since its 2021 highs, with only \$19.7 billion raised worldwide so far in 2023, a 70% YoY drop. The US saw the most significant decline in its funding market. The primary cause of the decline has been Fed rate hikes and the SVB bank crash has put further pressure on this sector. Secondary offerings have seen a 48% increase from last year, indicating that investors are fleeing the sector and have little faith in the future.



BRICS nations have now surpassed the G7 in their share of the global economy. Part of this is due to the heavy weight that the Russian sanctions have borne on Western economies, while failing to cripple Russia's economy to the extent desired. However, BRICS were already well on the trajectory to overtaking G7 as the rise of China contrasts with the relative US decline.

Precious Metals & Commodities

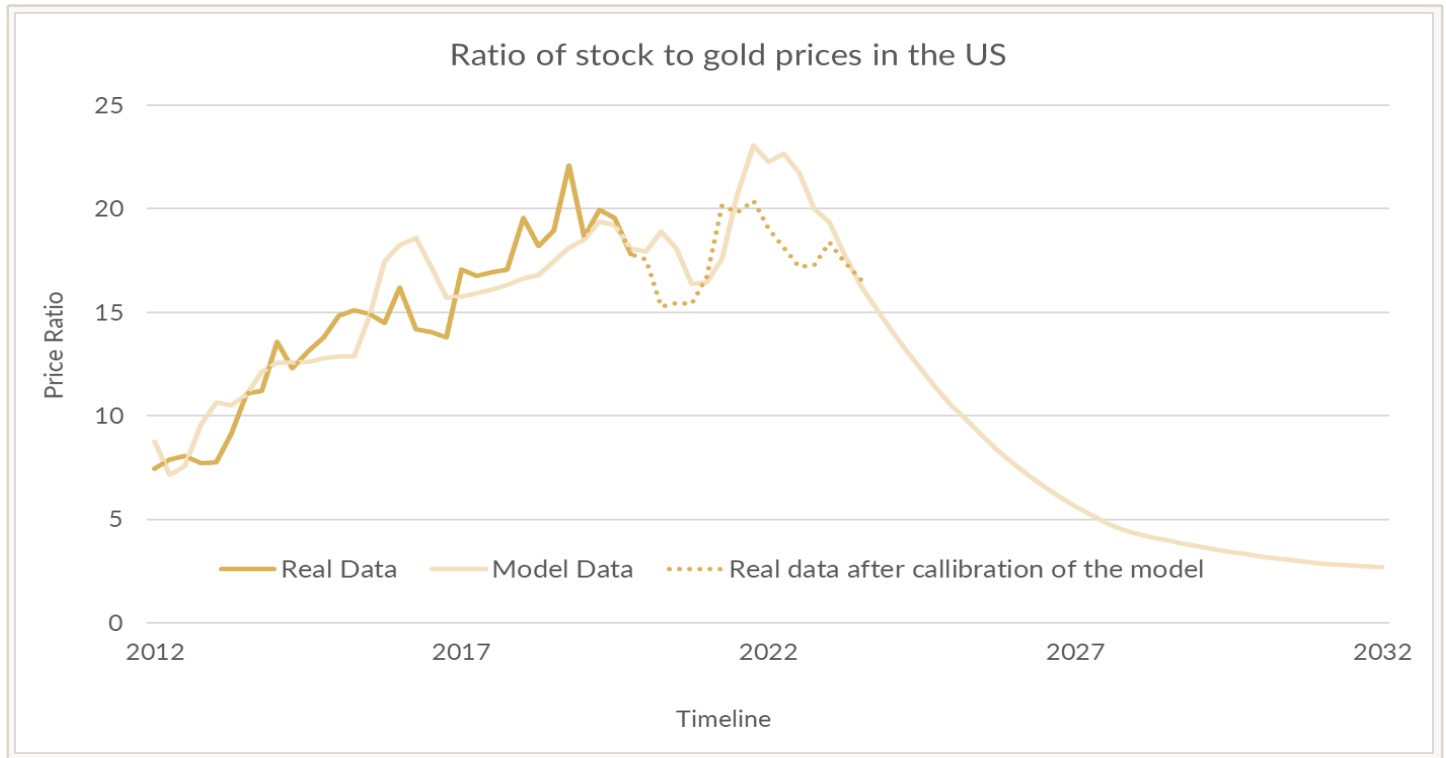
The long term trend continues upward for all precious metals and commodities. In the shorter term, commodities are expected to maintain an upward trajectory along with gold and silver as global economic and geopolitical uncertainties continue.

Indicator	Gold	Silver	Copper	Oil	Agriculture
Current	↗	↗	→	→	↗
Outlook	↗	↗	→	↗	↗
Trend	↗	↗	↗	↗	↗

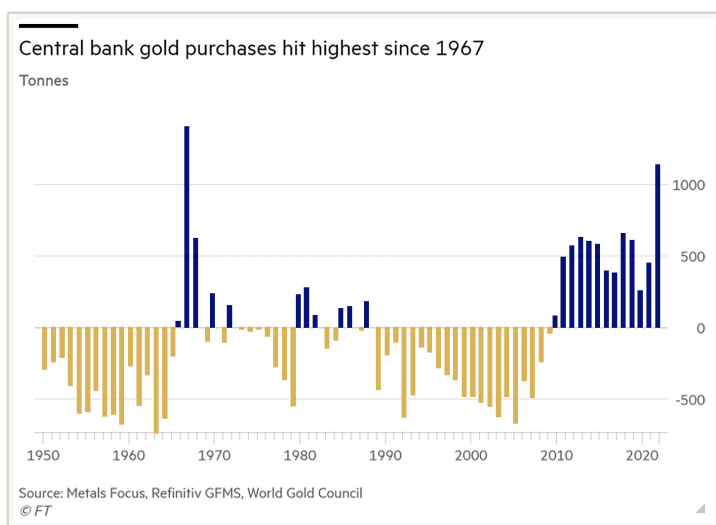
Prediction Model Gold or Stocks?

The current level of debt compared to production of the real economy is similar to the situation in the Germanic nations before the world wars in the 1910s, and the situation in France before the French Revolution in the 1790s.

Based on this data, the peak at which economic activity assets (such as equities) will outperform gold is around Q3 2022. From then on, the model predicts a outperformance of gold towards stocks (light line). When looking at the real data of stock to gold price (dotted line), we see the trend of gold outperforming stocks already began early in 2022. Whether we will experience another countermove or not is currently difficult to predict, but the long term trend for higher gold performance remains clear.



Gold Feature



In 2022, central banks purchased a higher amount of gold than any year in the past half century; the last time being 1967. The significance of 1967 is the collapse of the London Gold Pool (LGP), which heralded the end of the Bretton Woods era and ultimately led to a severing of the dollar's ties to gold in 1971.

The current spike in central bank purchases—primarily China and Middle East oil producers—indicates something big is on the horizon. China's efforts to develop a counter to the petrodollar has significant implications for global markets. The establishment of the petroyuan would allow nations around the world to become less dependent on the dollar, leading to a decrease in dollar demand and a shift away from the US-dominated financial system.

While China has sufficient economic influence, and has already persuaded some countries to adopt the petroyuan as an alternative to the petrodollar, one of its greatest challenges is to ensure that its currency establishes itself globally as a viable alternative to the U.S. dollar. Combined with the diversification of its foreign exchange reserves, this idea is probably the main reason for China's seemingly insatiable gold purchases in recent years.