



Gold in the Age of COVID-19

J. Rotbart & Co.

August 12, 2020

Joshua Rotbart
Managing Partner



J. ROTBART & CO.
PRECIOUS METALS

We are experiencing

Recession

Shrinking Economies

Unemployment

Lockdowns

Uncertainty



A fact:

“Historically, gold has always been a safe haven against inflation and a safe haven in times of instability”

John Paulson
Founder of Paulson & Co.
April, 2011

J. ROTBART & CO.
POGGIORS RETAIL | NAZIONALE ABRETO





BEFORE/THE BELL

Gold price rockets past \$2,000 per ounce and it could keep going



By [Julia Horowitz](#), [CNN Business](#)

Updated 1209 GMT (2009 HKT) August 5, 2020

Therefore, Gold price passed the all time high in USD on August 4th, 2020

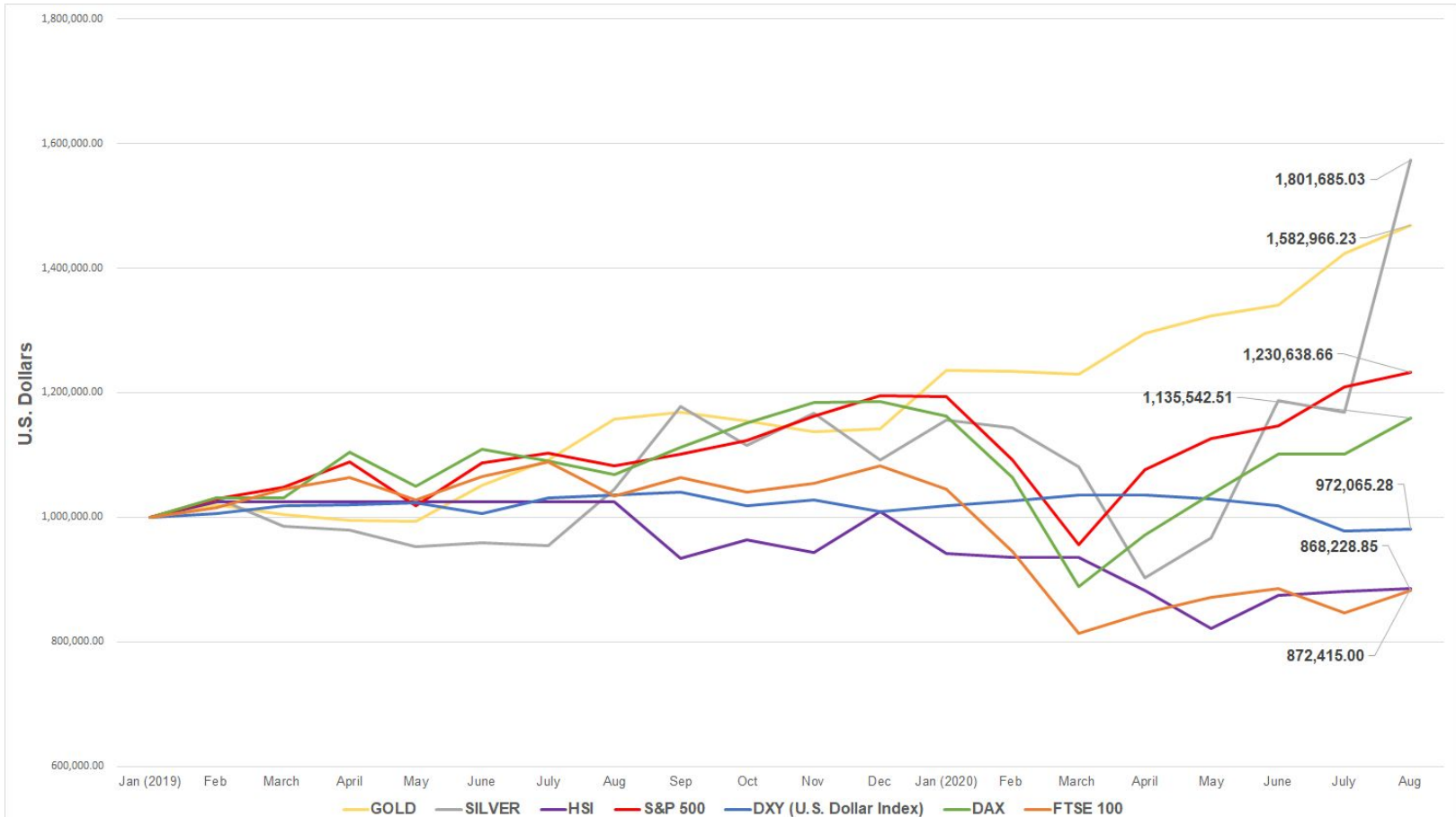


Case Study:
A client purchased gold at the
amount of USD 1 million on
January 2019

How did other investments
perform since?



Value of USD 1 Million invested in Jan 1st, 2019 (as of August 12, 2020)



Recap:
Why Gold?



Historical and intrinsic value

Gold holds its
intrinsic value for
centuries



The first ever gold
used as currency
was around 550BC



Stable demand and limited supply

Annual demand for
gold in 2019 was
4,355.7 tonnes



Annual supply for
gold in 2019 was
4,776.1 tonnes



High liquidity

Physical gold can be easily liquidated and converted into fiat currency anywhere in the world



Portfolio Diversification

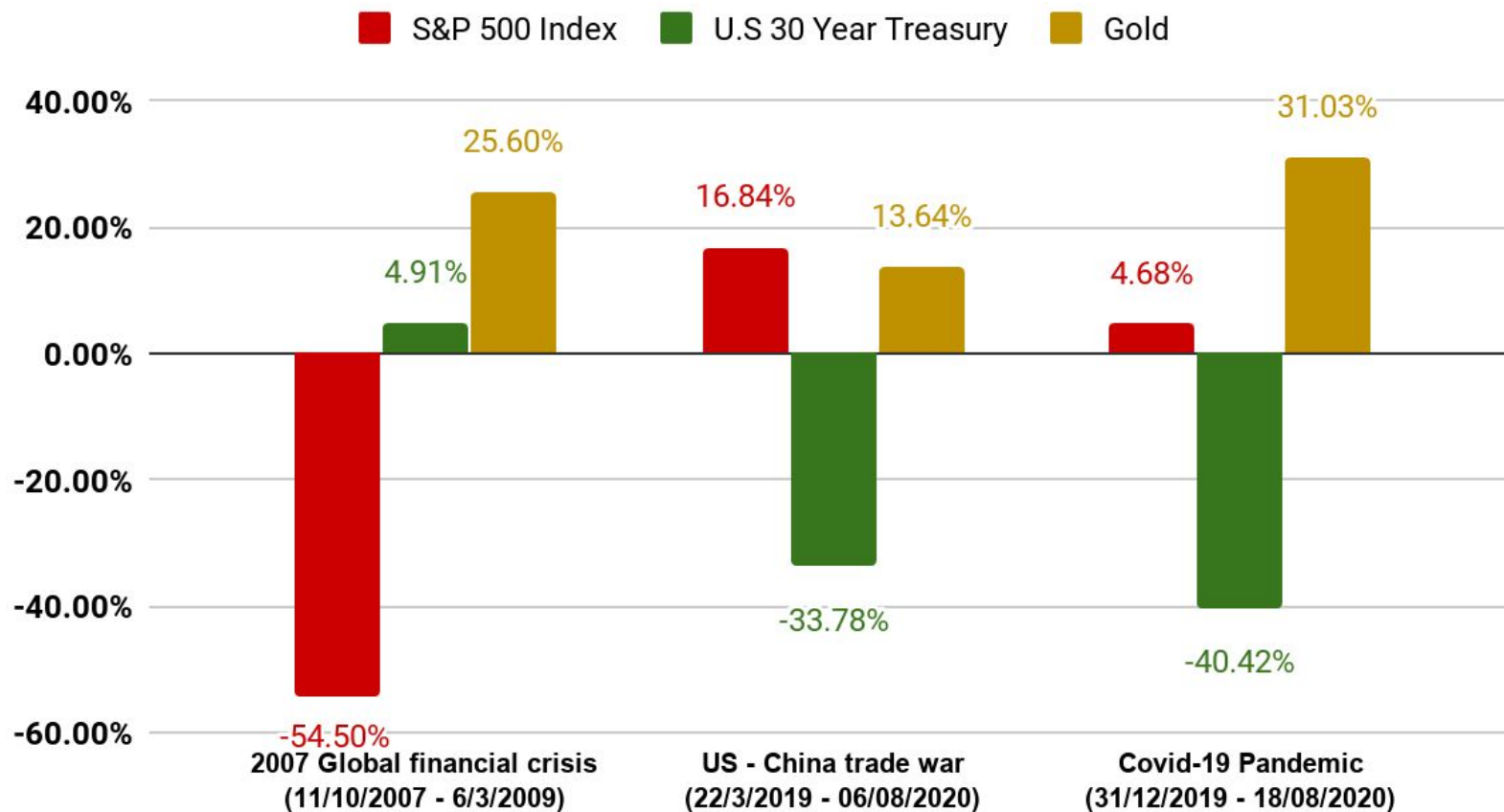


Gold is a great diversifier for an investment portfolio.

Historically, gold has a negative correlation to stocks during crisis, therefore less volatile and hedge risks.



Gold Price Performance During Turbulent Times

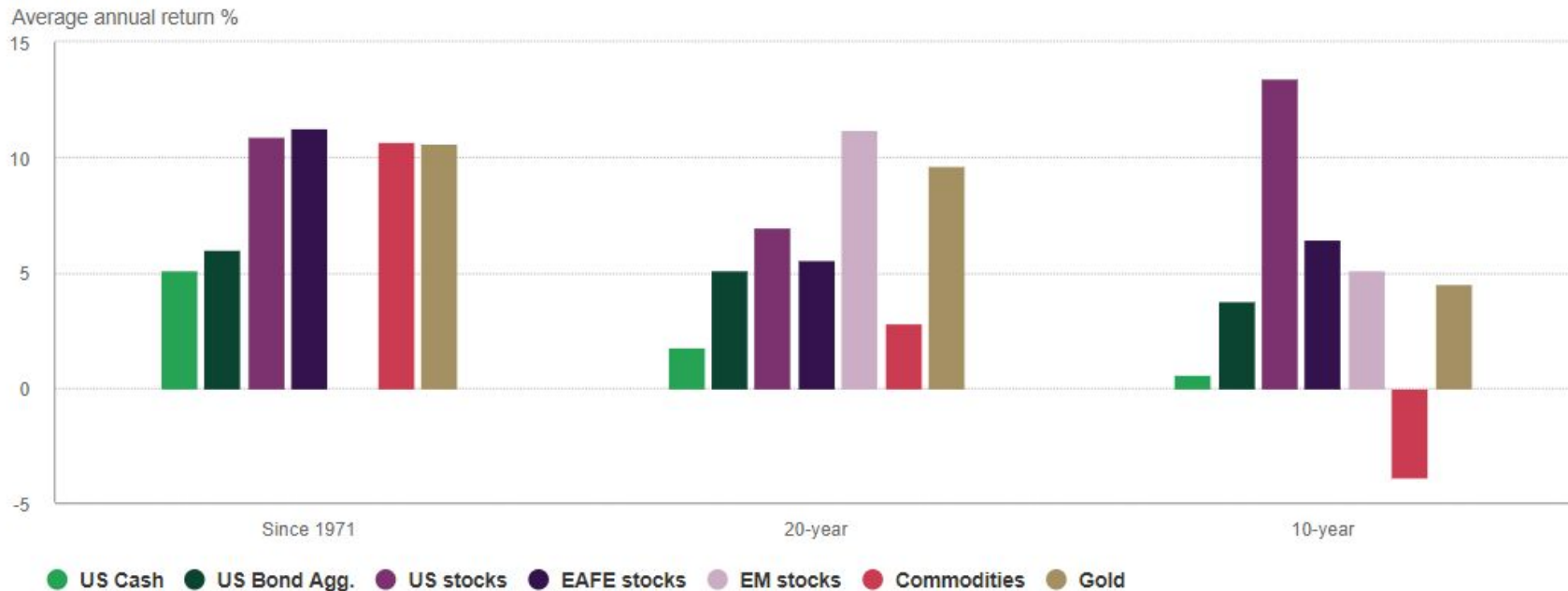


A source of long
term returns



Gold has delivered positive returns over the long run, outperforming key asset classes

Average annual return of key global assets in US dollars*



Sources: Bloomberg, ICE Benchmark Administration, World Gold Council; [Disclaimer](#)

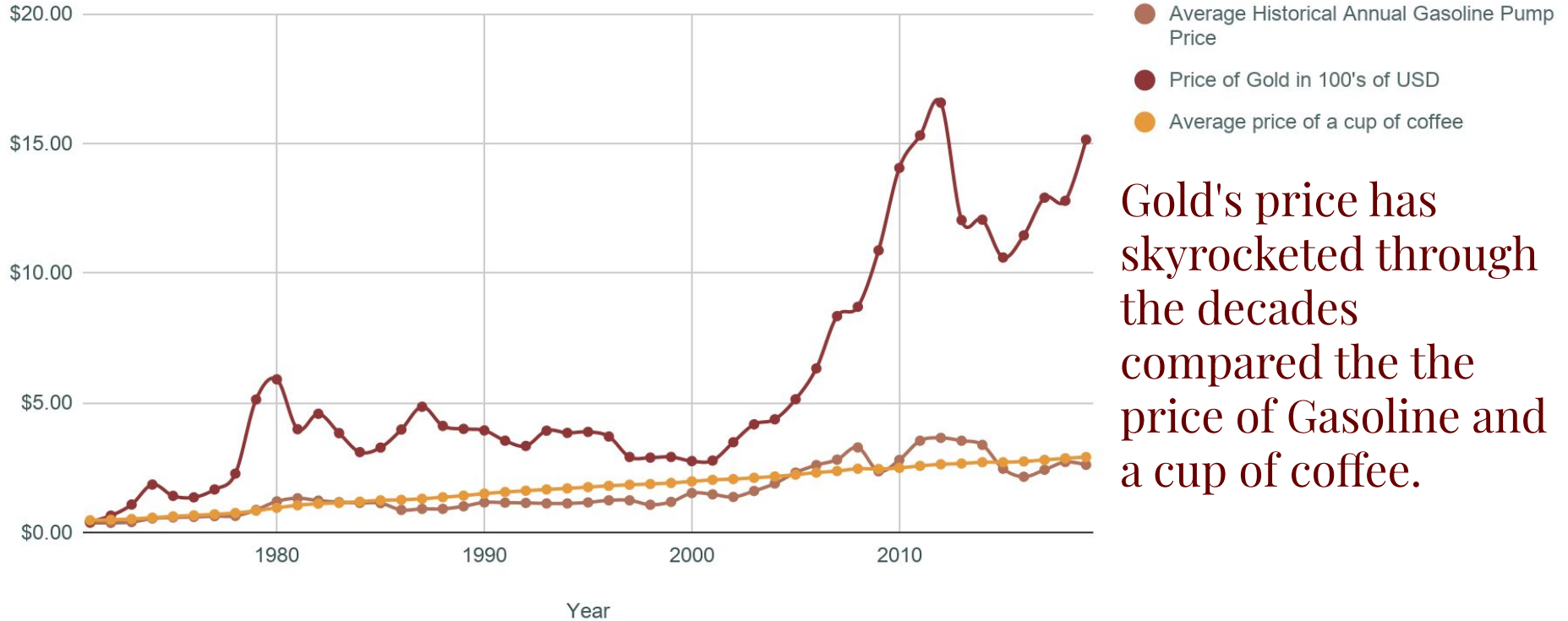
*As of 31 December 2019. Computations in US dollars of total return indices for ICE 3-month Treasury, Bloomberg Barclays US Bond Aggregate, MSCI US, EAFE and EM indices, Bloomberg Commodity Index and spot for LBMA Gold Price PM.



Gold maintains
its purchase
power over time



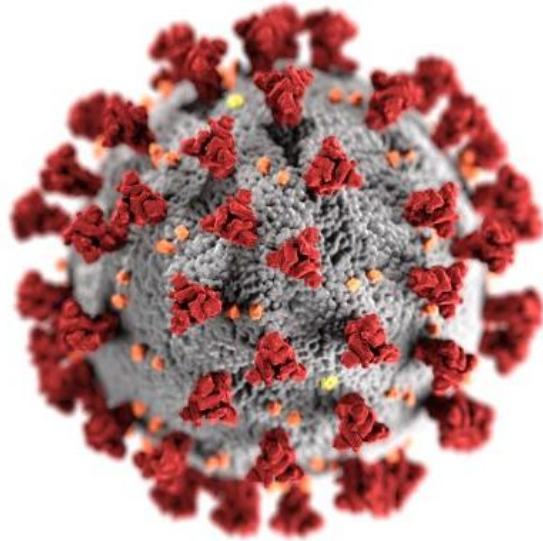
Average Historical Increase in the Price of Gold compared to Gasoline Pump Price & A Cup of Coffee price (USA)



Gold's price has skyrocketed through the decades compared to the price of Gasoline and a cup of coffee.



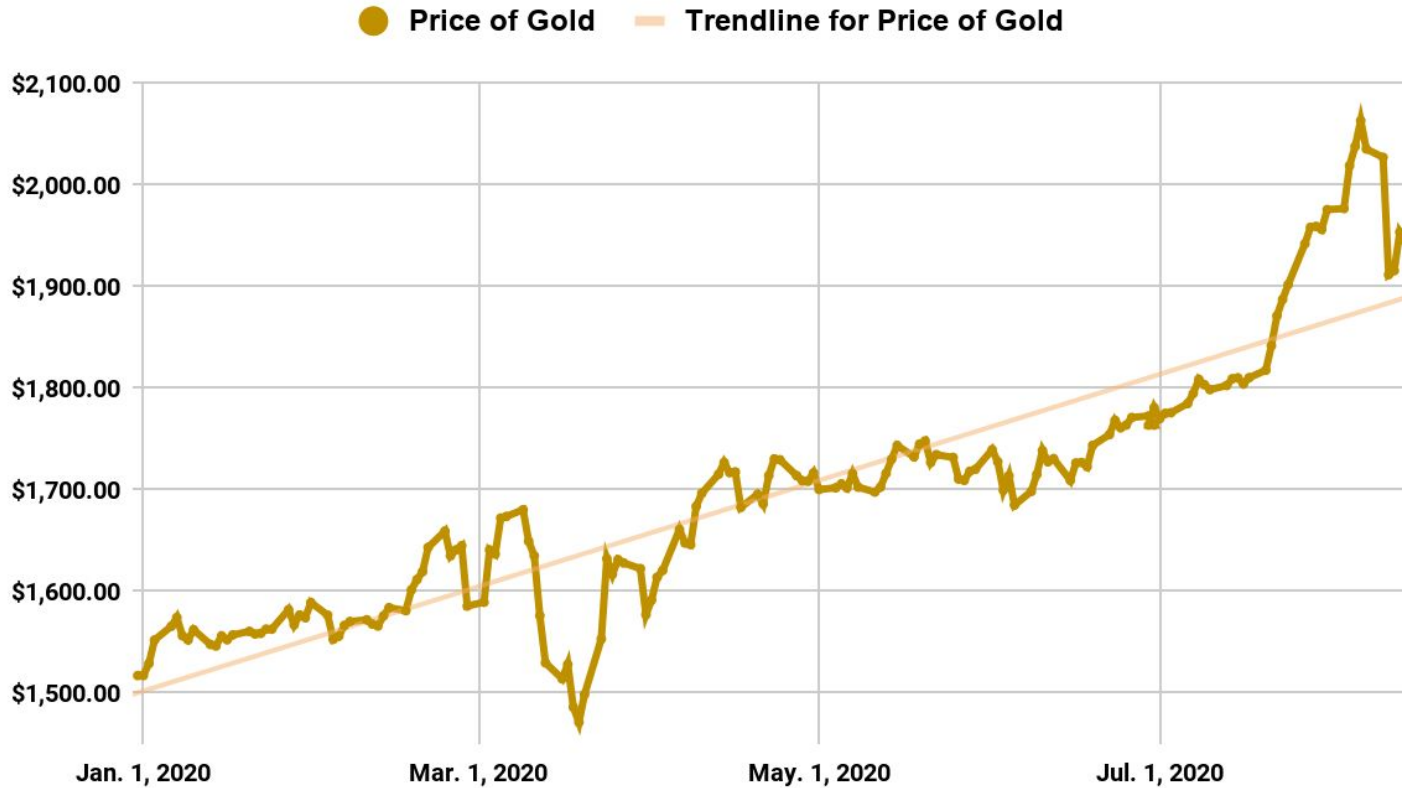
What we see in Covid - 19 Era



- Covid-19 pandemic has huge effects on the global economy - many industries and sectors are not operating in full capacity and some are completely halted
- Financial markets turmoil - investors lack confidence due to the growing uncertainty
- Unemployment rates worldwide are soaring



Price appreciation during the Covid-19 crisis



Data as of August 17, 2020
Source: Bloomberg



Why are gold prices soaring?



Supply Chain Disruption



- Refineries and mints worldwide suspended operations
- Mining companies shut down operations to avoid putting workers at infection risk
- Halt in commercial flights affected air transportation of gold - causing disruptions in manufacturing



Quantitative Easing

Quantitative Easing is a form of unconventional monetary policy in which a central bank purchases longer-term securities from the open market in order to increase the money supply and encourage lending and investment.

Value of fiat currencies decline as long we governments expand the money supply.



Interest rates cuts



- Lower interest rates make gold more attractive to investors as a non-yielding asset
- Before Covid-19 The US Federal Reserve lowered interest rates from 2.5% (May 2019) to 1.75% (March 2020)
- As Covid-19 spread, the US Fed slashed the country's interest rate from 1.75% to 0% (March-August 2020)
- UK's interest rate stood steady at 0.75% (May 2019 - March 2020)
- Lately, the UK lowered the country's interest rate from 0.75% to 0.1% (March-August 2020)



Liquidity



Gold is Handy When Investors Need Liquidity To Cover Losses in other Asset Classes

Markets

Gold Joins the Virus Sell-Off

“Gold investors don’t want to sell but are forced to cover the losses in other asset classes.” (Bloomberg: February 29 ,2020)



Market downturns



Gold vs. Major Assets

Gold	+27.89%
Nasdaq	+27.84%
S&P 500	+4.40%
Nikkei	-2.36%
DAX	-2.37%
Hang Seng	-10.03%
FTSE 100	-22.35%

Data as of August 18, 2020
Source: Bloomberg



Fear Factor

Anxiety of the future



What to expect in the next
quarter and beyond?



Slow recovery



SIGN IN

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WATCHLIST

MAKE IT ↗

SELECT ↗

SEARCH



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ASIA ECONOMY

Most Southeast Asian economies will struggle to grow — even if some saw success in containing the virus

PUBLISHED WED, AUG 5 2020 • 11:57 PM EDT



Recession

Singapore's recession deepens with worst ever quarterly contraction of 13.2%

THE CORONAVIRUS PANDEMIC

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Hong Kong / Hong Kong economy

Hong Kong facing threat of worst recession ever, finance chief Paul Chan warns, as he predicts coronavirus will have 'long-lasting' impact

- Paul Chan says economy could shrink by between 4 and 7 per cent, with recession worse than during global economic tsunami or Asian financial crisis
- Financial secretary urges lawmakers to pass his budget and calls on people to resolve their differences



Sum Lok-kei and Denise Tsang

Published: 1:05pm, 29 Apr, 2020 ▾

Why you can trust SCMP



Low interest rates



Negative yield



Investors are willing to pay a premium and ultimately take a loss - for reliability and liquidity, and therefore are more inclined to hold gold and pay storage fees.



Growing global debt



Business

Markets

World

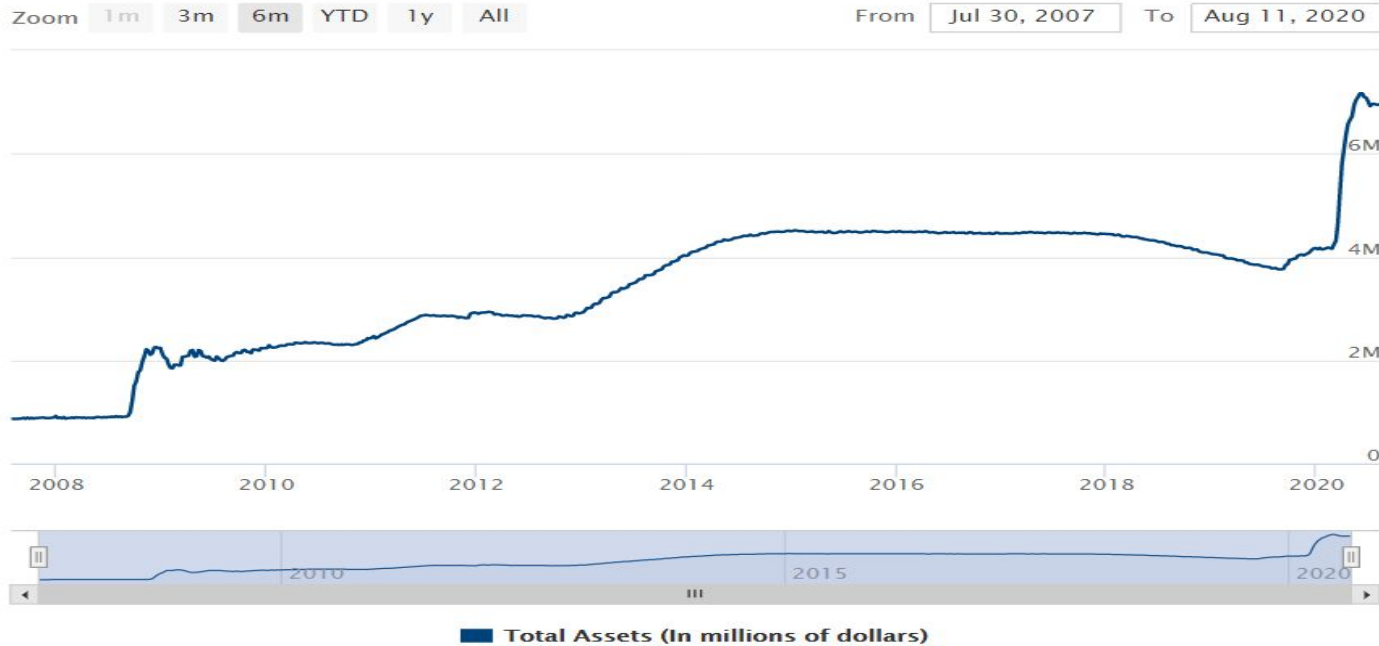
Politics

BUSINESS NEWS JULY 16, 2020 / 8:10 PM / 21 DAYS AGO

Global debt hits record high of 331% of GDP in first quarter: IIF



Total Assets of The Federal Reserve



Accessible Version

Source:

Charts are generally updated at noon ET the day following the publication of the H.4.1, which is typically published at 4:30 ET on Thursdays.

Source: The Federal Reserve



Geopolitical tensions



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U.S. MARKETS OPEN IN 4 HOURS 22 MINUTES

Gold soars to a fresh record following its historic move past \$2,000, driven by geopolitical tensions and a weak dollar



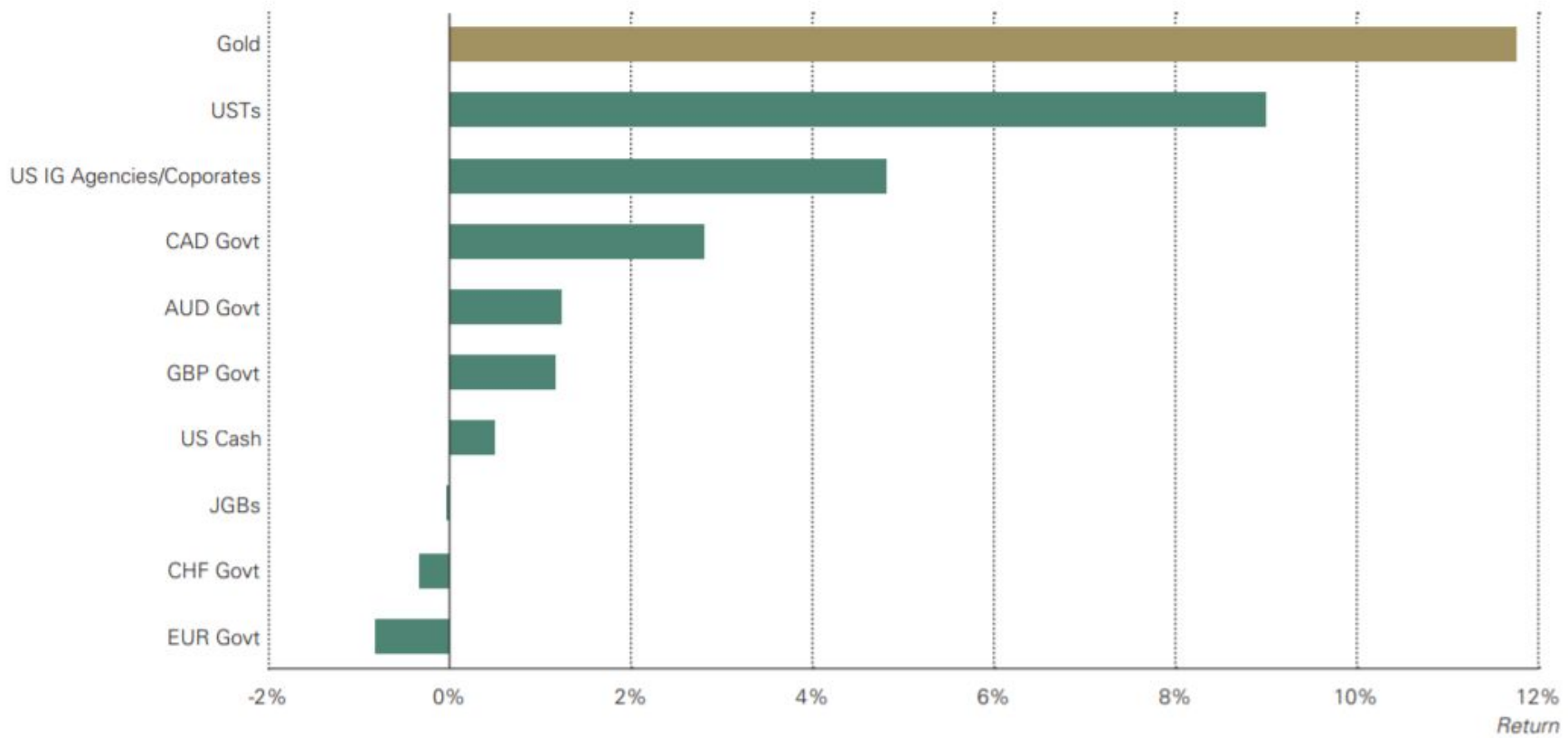
Central banks activities



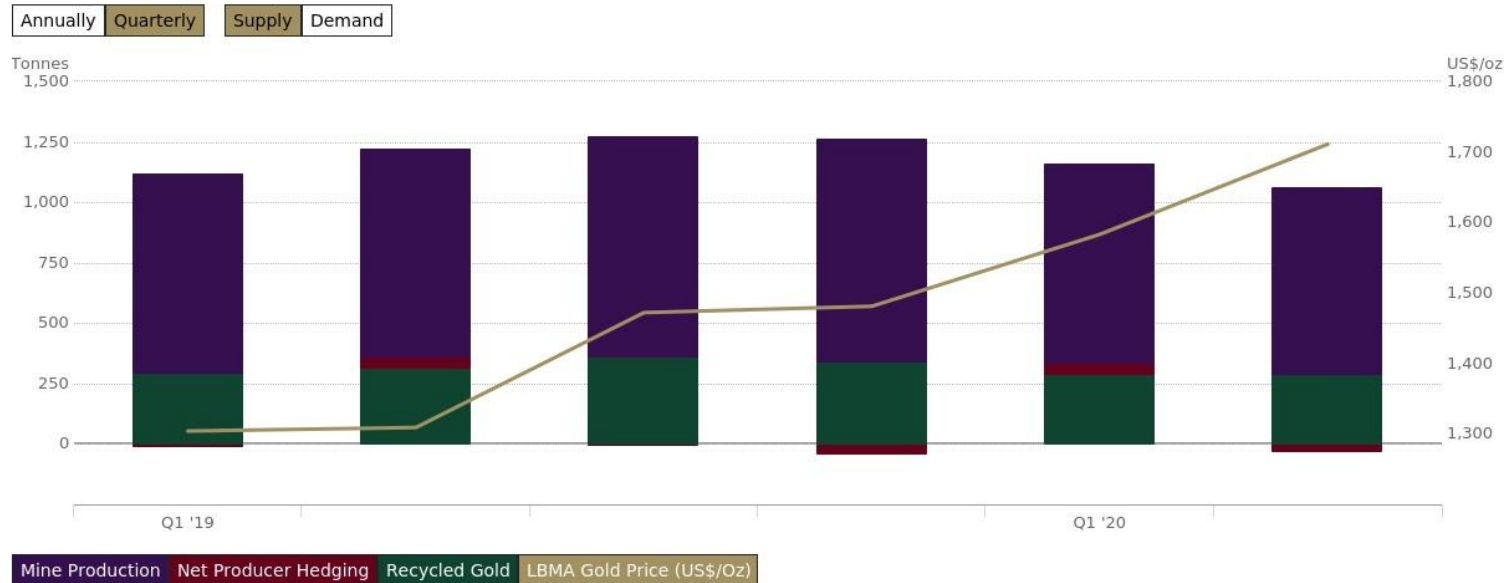
- Central banks bought 233.42 tonnes of gold in H1 2020
- 20% of central banks plan to purchase gold this year
- Top 3 Central banks buyers in 2020:
 1. Turkey - 148.3 tonnes
 2. Russia - 28 tonnes
 3. Uzbekistan - 12.1 tonnes
- Higher allocations to gold have improved the performance of a typical central bank total reserve portfolio during this crisis period



YTD performance of typical reserve holdings



The supply on gold (Q1 2019 - Q2 2020)



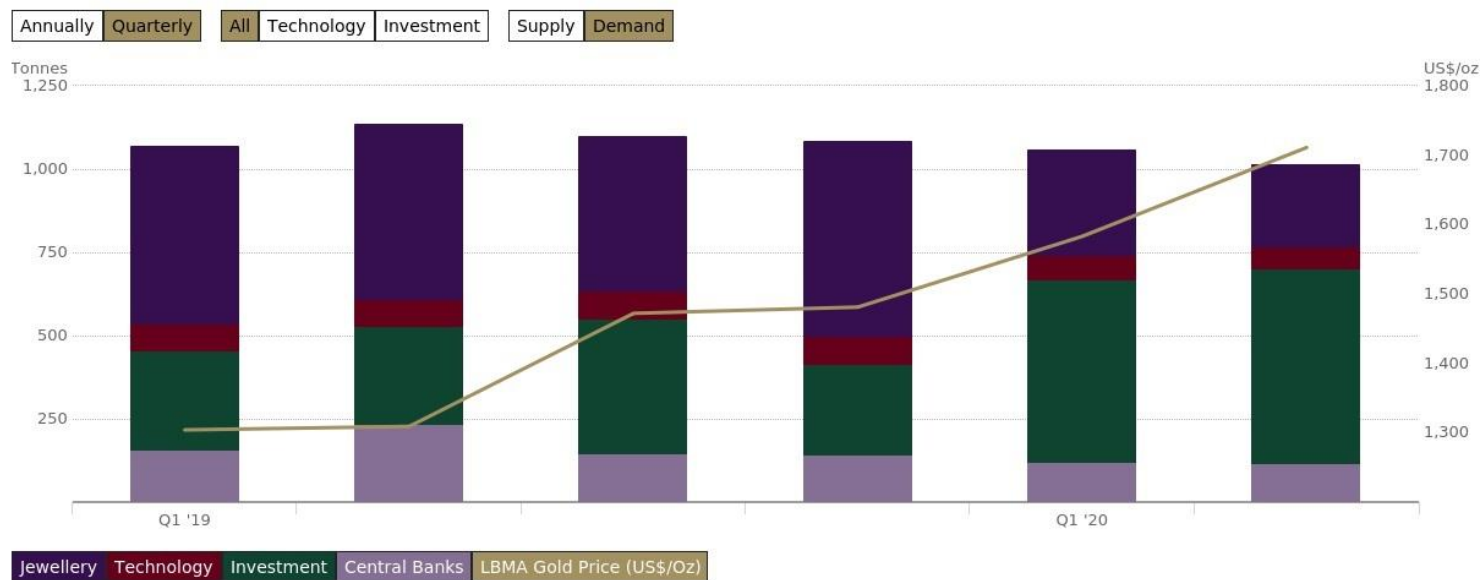
Data as of 30 June, 2020

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council;

See disclaimer on [gold.org](https://www.gold.org)



The demand on gold (Q1 2019 - Q2 2020)



Data as of 30 June, 2020

Sources: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council;

See disclaimer on [gold.org](https://www.gold.org)



First half (H1 2020) ETF inflows surpassed the 2009 annual record of 646t and lifted global holdings to 3,621t.



6,879 views | Aug 4, 2020, 02:24pm EDT

Why Gold Is The Best Investment In The World Today



Gold all-time highs



Data as of 14 August, 2020

Sources: ICE Benchmark Administration, London Metal Exchange, Shanghai Gold Exchange, World Gold Council; [Disclaimer](#)



- US record-breaking monthly unemployment rate in July (10.2 %), may cause a recession and a surge in the fiscal deficit
- Premium on physical bullion bars and coins to come down within 6-8 weeks, assuming no major 3rd/4th waves of infections
- Gold to appreciate up to USD 3,000 by October 2021 due to zero interest rates and economic turmoil (Bank of America, April 2020)





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U.S. MARKETS CLOSED

Goldman Sachs says gold will surge another 20% and hit \$2,300 in the next year, driven by rock-bottom interest rates

Shalini Nagarajan

🕒 Jul. 28, 2020, 01:06 PM





Business / China Business

Gold blasts past US\$2,000 level as traders rush into gold-backed ETFs as hedge against global uncertainties

- RBC, Bank of America and Goldman Sachs predict higher prices for gold in the coming 12 to 18 months
- World Gold Council says Covid-19 pandemic is far from over, impact on global economy yet to be determined



 Deb Price

Published: 11:23am, 5 Aug, 2020 ▾

 [Why you can trust SCMP](#)



RBC Capital Sees Gold Soaring to \$3,060 Soon

■ By [Daniel Smoot](#)

From [Stansberry NewsWire](#)

AUGUST 3, 2020



Financial services company Royal Bank of Canada (RY) upped its price target for gold... predicting the metal could soar as much as 55% over the next several months.



But: vaccine for Coronavirus may change the change the game

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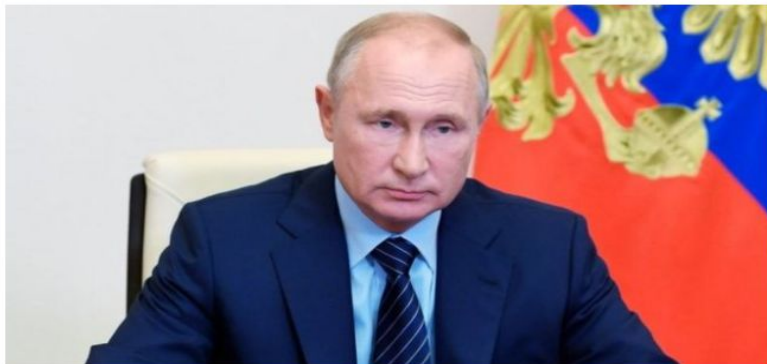
World Africa Australia Europe Latin America Middle East US & Canada

Coronavirus: Putin says vaccine has been approved for use

7 hours ago

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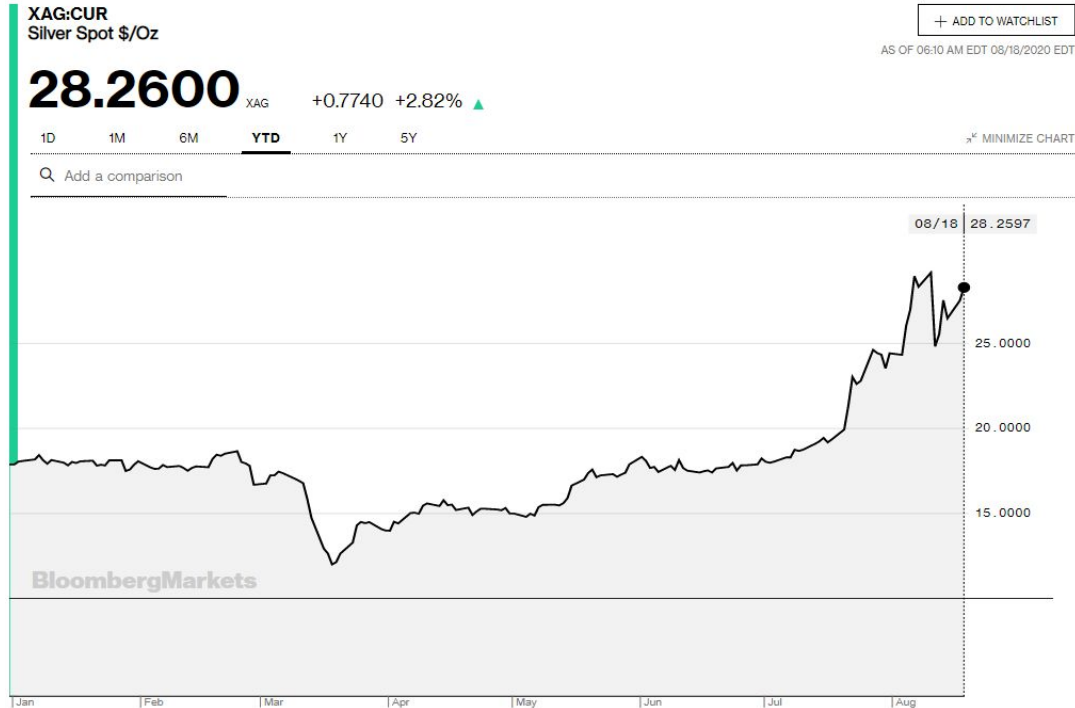
Coronavirus pandemic



Other precious metals – Silver



Silver price YTD performance



Silver price
YTD return

56.70%

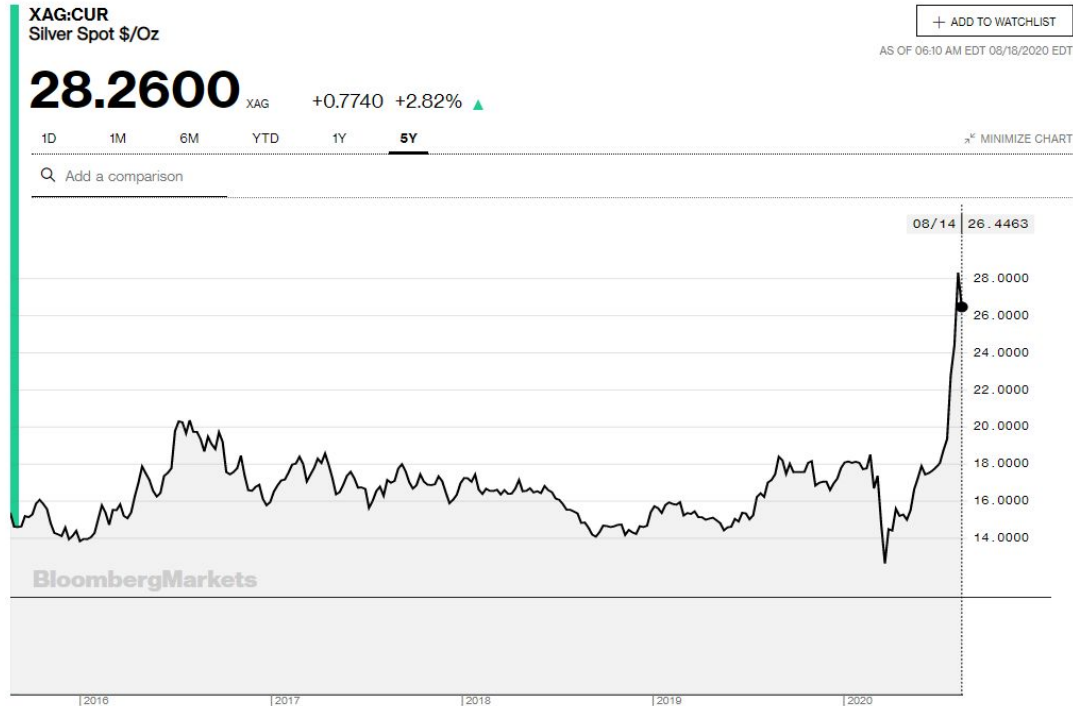
Data as of
August 18, 2020

OPEN	PREV CLOSE	YTD RETURN
27.4860	27.4860	56.70%
DAY RANGE		52 WEEK RANGE
27.1274 - 28.3526		11.6418 - 29.8591

Source: Bloomberg



Silver price 5 years performance



OPEN	PREV CLOSE	YTD RETURN
27.4860	27.4860	56.70%
DAY RANGE		52 WEEK RANGE
27.1274 - 28.3526		11.6418 - 29.8591

Source: Bloomberg



Data as of
August 18, 2020

Gold / Silver ratio



Data as of August 18, 2020

Source: Tradingview.com



Other precious metals - Platinum



Platinum price YTD performance



Platinum price
YTD return

-0.1%

OPEN	PREV CLOSE	YTD RETURN
957.8400	957.8100	-0.10%
DAY RANGE		52 WEEK RANGE
950.2000 - 974.9800		564.0000 - 1,041.7100

Data as of
August 18, 2020

Source: Bloomberg



Platinum price 5 years performance



Data as of
August 18, 2020

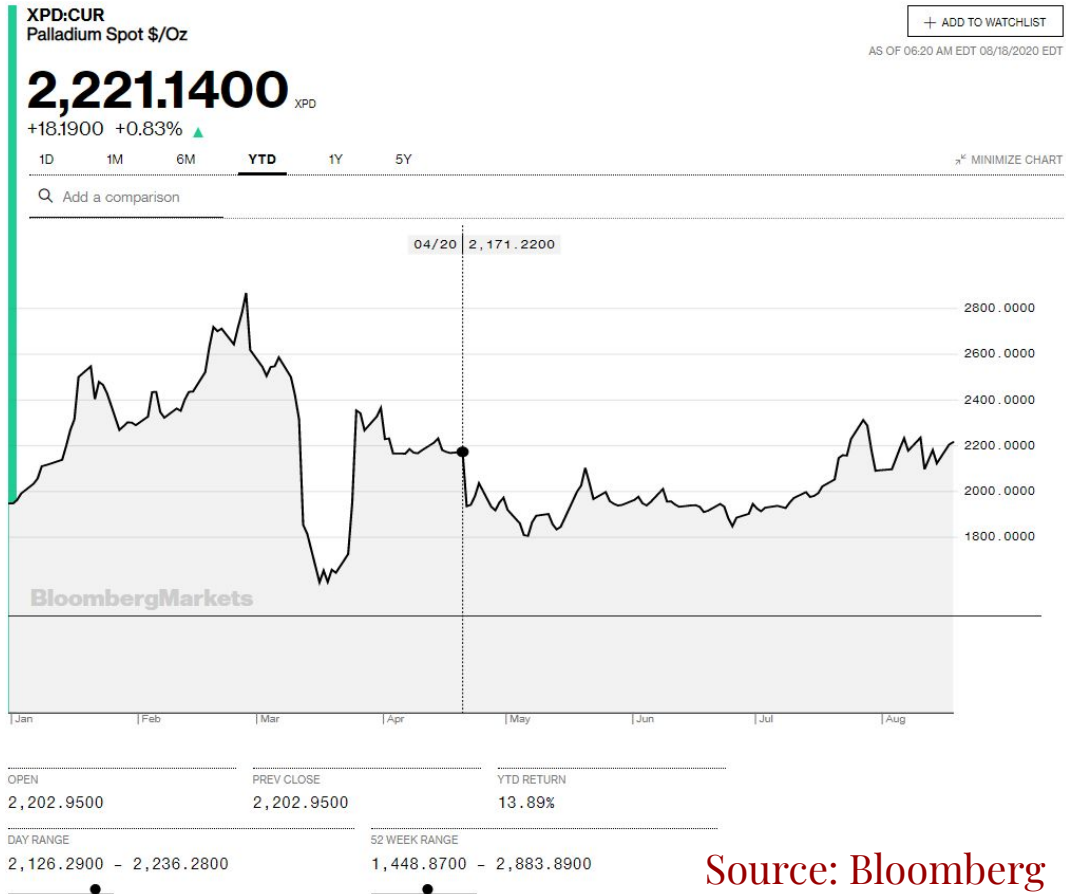
Source: Bloomberg



Other precious metals - Palladium



Palladium price YTD performance



Palladium price
YTD return

13.89%

Data as of
August 18, 2020

Source: Bloomberg



Palladium price 5 years performance



Data as of
August 12, 2020

OPEN	PREV CLOSE	YTD RETURN
2,202.9500	2,202.9500	13.89%
DAY RANGE		52 WEEK RANGE
2,126.2900 - 2,236.2800	1,448.8700 - 2,883.8900	

Source: Bloomberg





Why Physical and not Paper?



**Large gap between Comex futures and spot price
(more than USD 70 in April 24, 2020)
Beware of the “paper” market**



Physical Gold Vs. "Paper" Gold / Gold ETF

Physical Gold

100% underlying assets. Ownership is with the client.

No counterparty risk / No default risk.

Held confidentially and privately.

Secure holdings for medium to long term.
Tool to pass wealth and succession planning.

"Paper" gold / Gold ETF

Not fully backed with physical gold. Ownership is with counterparty.

Counterparty risk with the issuer.

Regulated product, part of the financial system - subjected to reporting.

Good for short term trading.

Know your Bar



Weight

Refinery
Stamp
(hallmark)

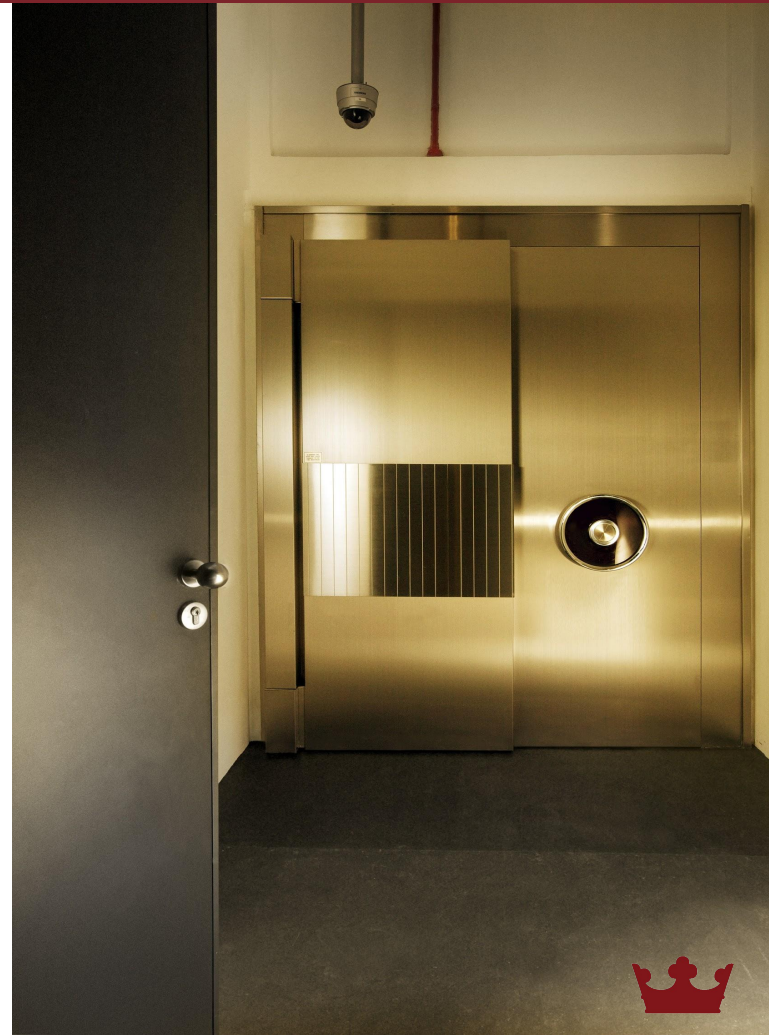
Purity

Serial
Number
(unique)



J. Rotbart & Co. - Professional Storage in private vaults

- Liability for loss
- Segregated storage, full allocation per client
- Bullion is off our balance sheet
- Inspection and withdrawal rights guaranteed
- Independent annual audit





Storage Locations

The most popular locations are Singapore, Hong Kong and Switzerland



Well balanced portfolio

+

Mitigate risk

+

Highly liquid

=

Protection and financial security



Gold -

Price appreciation with minimum risk



J. Rotbart & Co. Precious Metals Services

- Purchase and sale of gold, silver, platinum and palladium bars and coins
- Secure international transportation and storage services
- Personal Safe deposit boxes
- Lending services using the holdings as collateral



J. Rotbart & Co.

- Family owned company, more than 10 years experience
- Approx. USD 1 billion traded, stored and shipped by the team
- Background in Secure logistics Industry
- Asia focused – presence in Hong Kong, Singapore, Philippines
- Global service – 10 secure tax-free storage locations globally, 35 delivery destinations
- Handle transactions from start to finish, including metals buybacks





J. ROTBART & CO.

PRECIOUS METALS

Protecting Wealth In Gold

THANK YOU!

Learn more:

- Hong Kong:
+852 2104 9255
- Singapore:
+65 3138 5287
- Philippines:
+63 966 880 9419
- E: info@jrotbart.com
- W: jrotbart.com

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