



The SA Bullion Gold Report First Quarter 2019

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Table 1: Gold Performance to 31 March 2019 (% per annum)¹

	Quarter ²	1 Yr	3 Yr	5 Yr	10 Yr	Since 31/12/1999
Gold in US Dollar	1.0	-2.2	1.5	0.1	3.5	8.1
Gold in Rand	6.2	21.6	1.2	6.7	7.7	13.1
Gold in Euro	13.3	7.3	2.0	4.2	5.3	7.5

¹ Based on LBMA Gold Price(PM)

² Not annualized for periods of less than one year

Table 2: Quarter-End Gold Prices and Exchange Rates¹

	Gold in US\$/ oz	R/\$ rate	Gold in R/ oz ²	\$/€ rate	Gold in €/oz
31 Mar 2009	916.50	9.86	9,032.22	1.33	688.99
31 Mar 2010	1,115.50	7.31	8,154.49	1.35	825.07
31 Mar 2011	1,439.00	6.75	9,717.63	1.42	1,014.52
31 Mar 2012	1,662.50	7.68	12,776.01	1.33	1,246.63
31 Mar 2013	1,598.25	9.32	14,902.44	1.28	1,245.90
31 Mar 2014	1,291.75	10.57	13,737.29	1.38	936.59
31 Mar 2015	1,187.00	11.96	14,194.58	1.07	1,106.22
31 Mar 2016	1,237.00	14.83	18,345.95	1.14	1,084.85
31 Mar 2017	1,244.85	12.92	16,080.80	1.07	1,164.93
31 Mar 2018	1,323.85	11.83	15,656.29	1.23	1,074.57
31 Mar 2019	1,295.15	14.70	19,035.46	1.12	1,152.68

Note 1: Gold prices in US\$ and € are LBMA PM Fixes.

Note 2: Gold price in Rand from Rand Refinery.

Note 3: Gold prices at 31/12/1999 were \$290.25, R1,785.04 and €289.09

Note 4: Gold prices at 31/03/2019 were \$1,295.15, R19,035.46 and €1,152.68

Table 3: Calendar Year Performance of Gold

	% US Dollar	% ZA Rand	% Euro
2009	25.0	-0.4	21.1
2010	29.2	16.1	38.2
2011	8.9	33.0	12.6
2012	8.3	13.6	6.2
2013	-27.3	-11.8	-30.3
2014	0.1	10.4	13.4
2015	-11.4	19.1	-1.1
2016	7.7	-2.5	13.3
2017	12.2	1.3	-2.6
2018	-0.6	11.5	-5.8
2019 year-to-date	1.0	6.2	13.3

Figure 1: Chart of Gold Price in US Dollar from 31 December 1999(LBMA PM Fix)

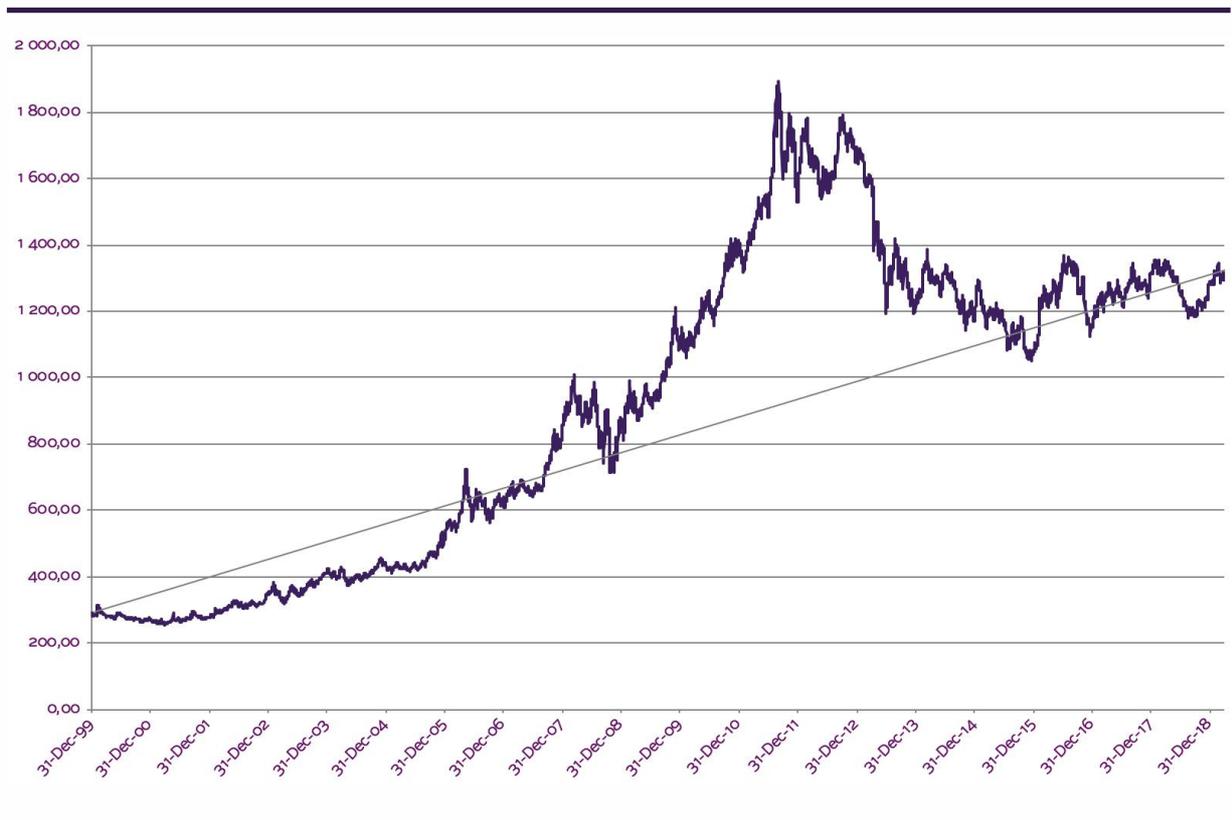
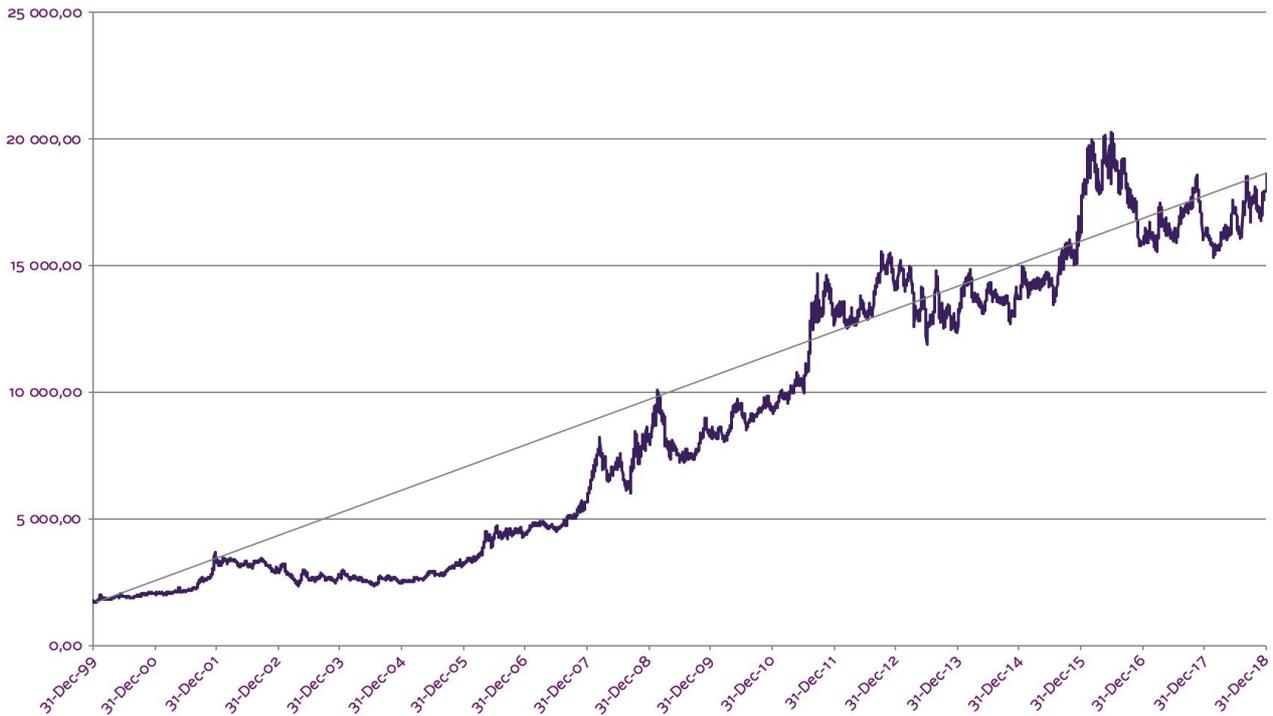


Figure 2: Chart of Gold Price in South African Rand from 31 December 1999



Gold Price Action

In US Dollar the gold price did a bowl-shaped curve over the last 12 months. For the last six months the rally was strong, up more than \$100 per ounce, but the preceding six months were weak, down more than \$100 per ounce. Overall, gold in Dollar was flat for the year.

In Rand the gold price rally was incredibly strong over the last 12 months. Gold went from R15,656 to R19,035. This translates into performance of more than 21%! Of course this means the Rand lost this amount of value against the US Dollar, since gold in Dollar was flat. The South African currency has lost the short-lived Ramaphosa relief rally and now faces hard, cold realities.

Both in Dollar and Rand the price charts look enticing.

A Political Discourse

In May 2017 we put out a note entitled “End days of President Trump?” In this note we said:

“So what are the likely outcomes?”

“We are sure that the Special Counsel investigation will reveal many crimes. Already there is much prima facie evidence of crimes committed by Trump Campaign Chairman Paul Manafort and Trump’s National Security Advisor General Michael Flynn. We anticipate unlawful Russian business between Trump, Commerce Secretary Ross and others. The circumstantial evidence is substantial and the attempted cover-ups are even more telling. We expect an obstruction of justice criminal indictment against Trump and/or associates.”

On 22 March 2019 the Special Counsel delivered his report to the US Attorney General, concluding the investigation into links and/or coordination between individuals of the Trump Campaign and Russia.

The Special Counsel exposed many crimes in the 22-month course of his investigation. Trump's Campaign Chairman has been imprisoned for many years. Trump's National Security Advisor has pleaded guilty to a crime and awaits sentencing. Trump's personal lawyer has been convicted of crimes and is heading to prison. Trump's old friend and advisor, Roger Stone, awaits trial. The list goes on.

The Special Counsel proved that the Russians played a role in Hilary Clinton's defeat and Trump's victory in the 2016 election, and has indicted many Russian individuals and Russian companies for their crimes. But it is no surprise to us that conspiracy charges have not been brought against the President and his family members related to the presidential election campaign. (We always thought, and continue to think, that any Trump crimes will likely be of a business-nature, and this is an area under separate, and intense investigation currently).

Furthermore, we know that the powers of the Presidency are enormous and that Presidents can protect themselves like no other citizen can. It is a myth that in America no one is above the law - the president is. We watched this very process in South Africa with the disgraceful Ex-President Jacob Zuma. It is by way of obstruction that Presidents might circumvent facing justice. Presidents have powers to avoid being interviewed by prosecutors – something that no other citizen has. In Trump's case, he refused interviews by prosecutors, he undermined the criminal justice system, he fired the Attorney General and put in a lackey, and he certainly did things that were very bad – but not things that could be proven as criminal conspiracy in contravention of current laws. Herewith a short list of such things:

1. The Russians offered dirt on Hillary Clinton to help Trump. The offer was made to the President's son Don Junior. Don Junior should have advised the FBI; he did not. The Russians offered a meeting. Don Junior should have refused the offer; but he accepted a meeting with them.
2. The Russian dirt-offering meeting was accepted by Trump's Campaign Chairman Paul Manafort and son-in-law, Jared Kushner, as well.
3. These people kept the meeting secret from the voting public, they lied to conceal it, and the President lied and dictated a letter to conceal the meeting.
4. The President's Campaign Chairman offered information about the campaign to a Russian oligarch in exchange for financial benefit.
5. The President's Campaign Chairman offered valuable polling data to a Russian Intelligence Officer.
6. Trump publicly called on Russia to hack into Hillary Clinton's emails. Later that day the Russians tried to do just that.
7. Jared Kushner tried to open a secret back-channel to Russia through a Russian intelligence facility.
8. An associate of the President made direct contact with the GRU (Russian Military Intelligence) through Gucifer 2.0 and Wikileaks (which is a 'hostile foreign agent', according to US intelligence agencies).
9. A senior Trump campaign official was instructed to contact that associate to find out what that hostile agency had on Mrs Clinton.
10. The National Security Advisor Designate, Mike Flynn, secretly conferred with the Russian ambassador about undermining US sanctions on Russia. He later criminally lied about it to the FBI and has been convicted of this crime
11. While campaigning, Trump was secretly seeking the Kremlin's help with a Trump Tower project in Moscow. He lied to the voters about 'no-business' in Russia while he was looking at gifting a \$50 million dollar penthouse to the Russian president for his backing. And simultaneously, he was strongly advocating more favourable US policies towards Russia.
12. Trump's personal attorney, Michael Cohen, lied to Congress about this Trump Tower Moscow business and is going to prison for it.

One could go on. The likelihood that the Russians have something over Trump - that he is a Russian asset - is in our view great. Immoral and unethical conduct by Trump is a certainty. Corruption, compromise and collusion, are highly likely. Trump had publicly solicited the help of an enemy of the state, one with whom he had hidden financial ties, and that enemy helped to get him elected. He then rewarded them with a defense of their attacks on the US democracy and with policy benefits (like Syria, Magnitski Act etc).

We thought that there was a fairly high likelihood of President Trump facing an obstruction of justice charge. When presidents have committed crimes and face legal peril they make it very difficult for prosecutors to find the evidence. The remedy to this is for the system to find that the president committed obstruction of justice.

The Special Counsel did not indict President Trump for obstruction of justice. In terms of current Department of Justice regulations the legal system cannot prosecute a sitting President. For the prosecution of a sitting President the prosecutor is Congress and the process is political, not legal. On this matter the Special Counsel laid out the evidence in his report to the Attorney General, for onward transmission to Congress.

Attorney General Bill Barr received the Special Counsel's Report and within some hours announced to the world that the Special Counsel had found that he could not prove beyond a reasonable doubt all of the elements of a criminal conspiracy between the Trump Campaign and the Russian government. And although there was some evidence to support a charge of obstruction, he, Bill Barr, had made the decision that there was no charge to be answered in this regard either. (But of course this is a decision for Congress, not the Attorney General).

Now a note on Bill Barr: Last year Bill Barr was an attorney in private practice in Washington DC. In June last year he wrote a 19-page open letter to the Department of Justice setting out his position that the Special Counsel is wrong to be pursuing an obstruction charge against the President and that the President cannot be guilty of a crime. (This truly bizarre letter with many made up "facts" can be read at <https://www.documentcloud.org/documents/5638848-June-2018-Barr-Memo-to-DOJ-Muellers-Obstruction.html>). A matter of months later President Trump fired his Attorney General, Jeff Sessions, as Sessions would not comply with the President's demand that he 'protect' the President (i.e. quash the Special Counsel Investigation). Following a brief interlude with a very damaging lackey as Acting Attorney General (Matthew Whitaker), Trump had Barr installed as Attorney General.

Trump's Attorney General has put his thumb on the scale of justice and one must wonder why.

But this is not the end of this sordid business. We expect Congress to subpoena the Special Counsel's Report and we expect damaging revelations to come out of the Report. And certainly the Special Counsel spawned many cases that are now being run by the FBI, Department of Justice and other law enforcement offices that, in our opinion, spell the real trouble for Trump. Here we anticipate money-laundering of Russian funds and other financial crimes (as alluded to, two years ago in our Note).

We see so many parallels between the current US president and the former South African president. Both men are of questionable character with all sorts of sexual misconduct allegations and financial improprieties in their backgrounds. Both lie and cheat at will. Both see no reason not to destroy institutions of state in furtherance of their own personal agendas. Both are able to cultivate, through force of personality, hordes of loyal followers who can see no wrong.

Presidents like Zuma and Trump inevitably offer some good tidbits, but on the whole they are extremely damaging to a nation and cause an imperceptible, slow, chipping-away at the esteem of their countries, and trust in their currencies. And of course, as we quoted Yuval Harari a year ago: "Trust is the raw material from which all types of money are minted".

Last year South Africa gained a new president who by most accounts is a high-quality man with good intentions, but the country is incredibly, and probably irreparably, damaged. The US might get a high-quality new president (from either political party), next year, and we hope for the sake of all Americans that it does. Meanwhile, as the RSA and the USA (and most countries of the world) deteriorate, the antidote to their bad leaders, as they break down the trust in their nations and their currencies, is gold.

For a portion of our wealth we like not having to trust powerful people. It lets us sleep better.

A handwritten signature in black ink that reads "Hilton Davies" followed by a period. The signature is written in a cursive style with a horizontal line underneath the name.

Hilton Davies
5 April 2019