

GoldMoney



Returning to Gold for International Money

**James Turk
Founder, GoldMoney**

European Gold Forum

7 May 2014



**“Money is gold, and
nothing else.”**

JP Morgan, 1912



“Gold gets dug out of the ground in Africa, or someplace, then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.”

Warren Buffett, 2012

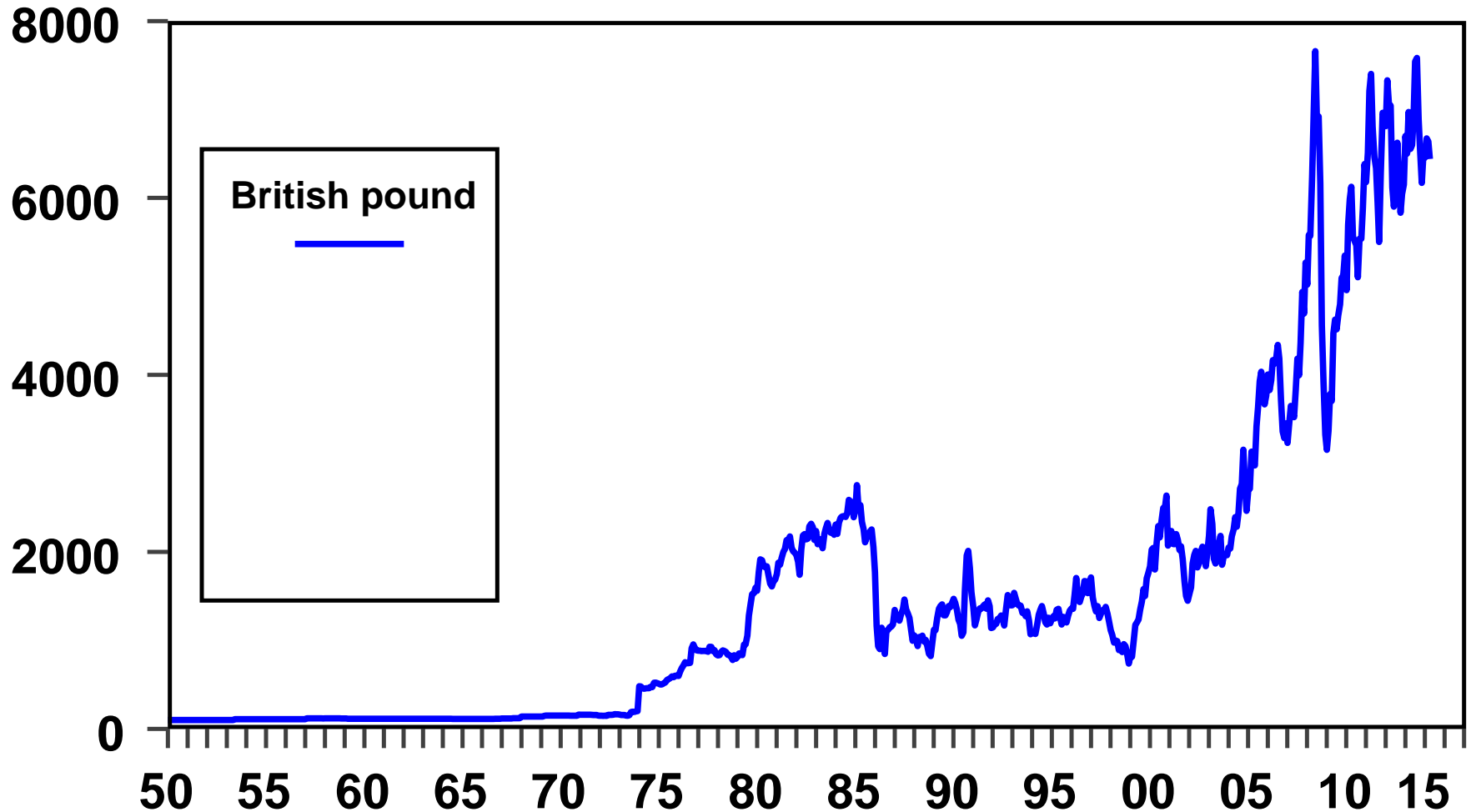


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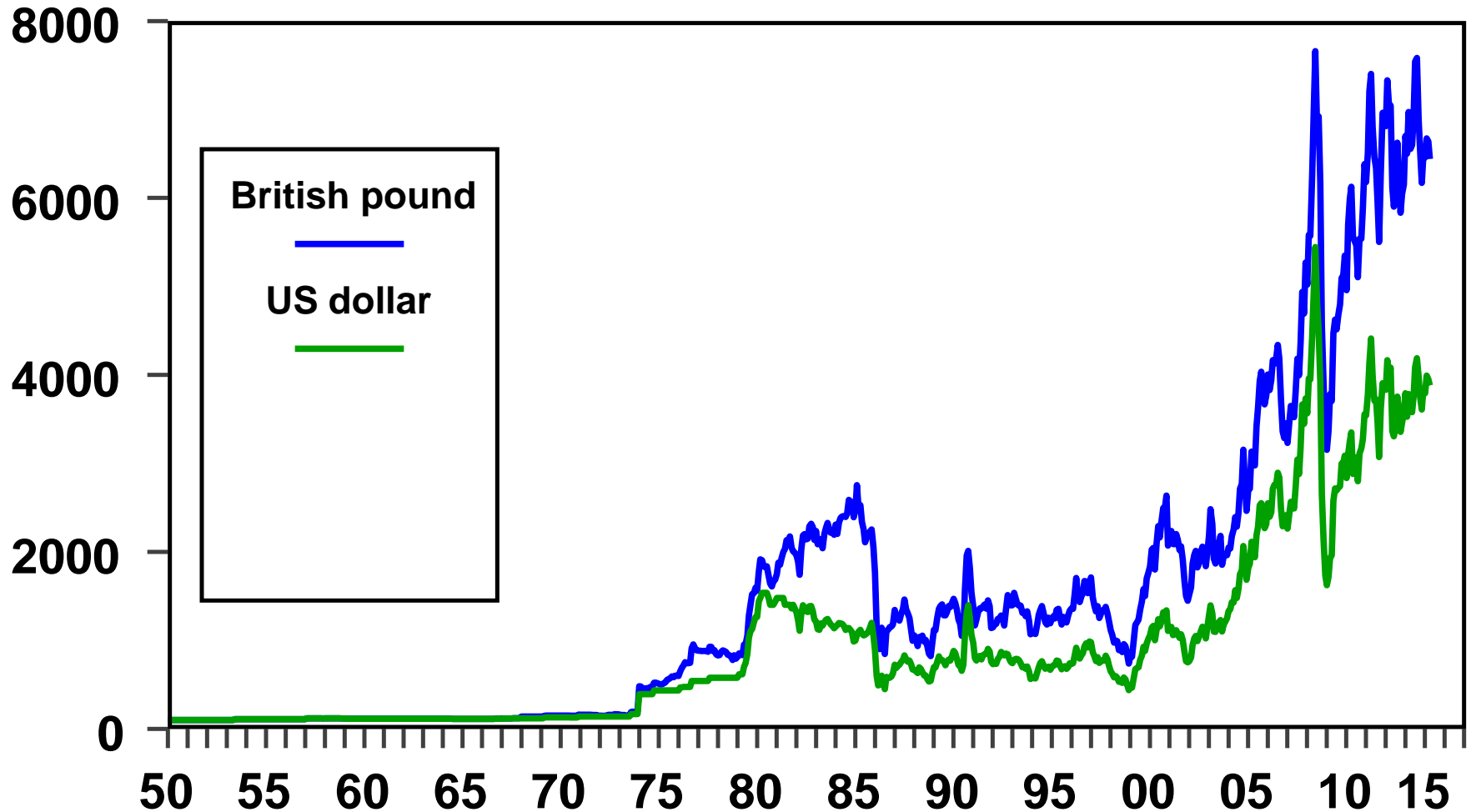


Crude Oil Prices (Base of 100) January 1950 through April 2014



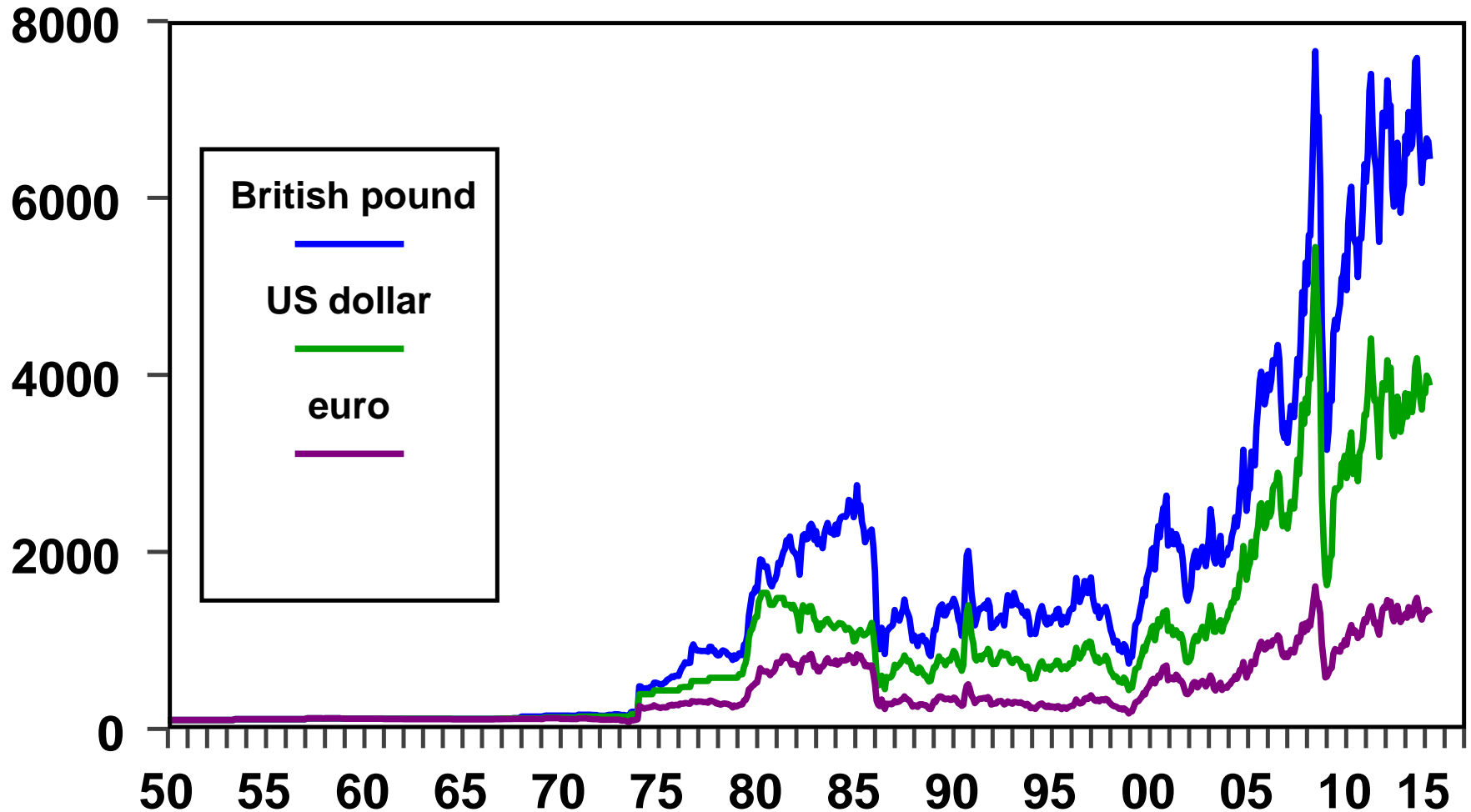


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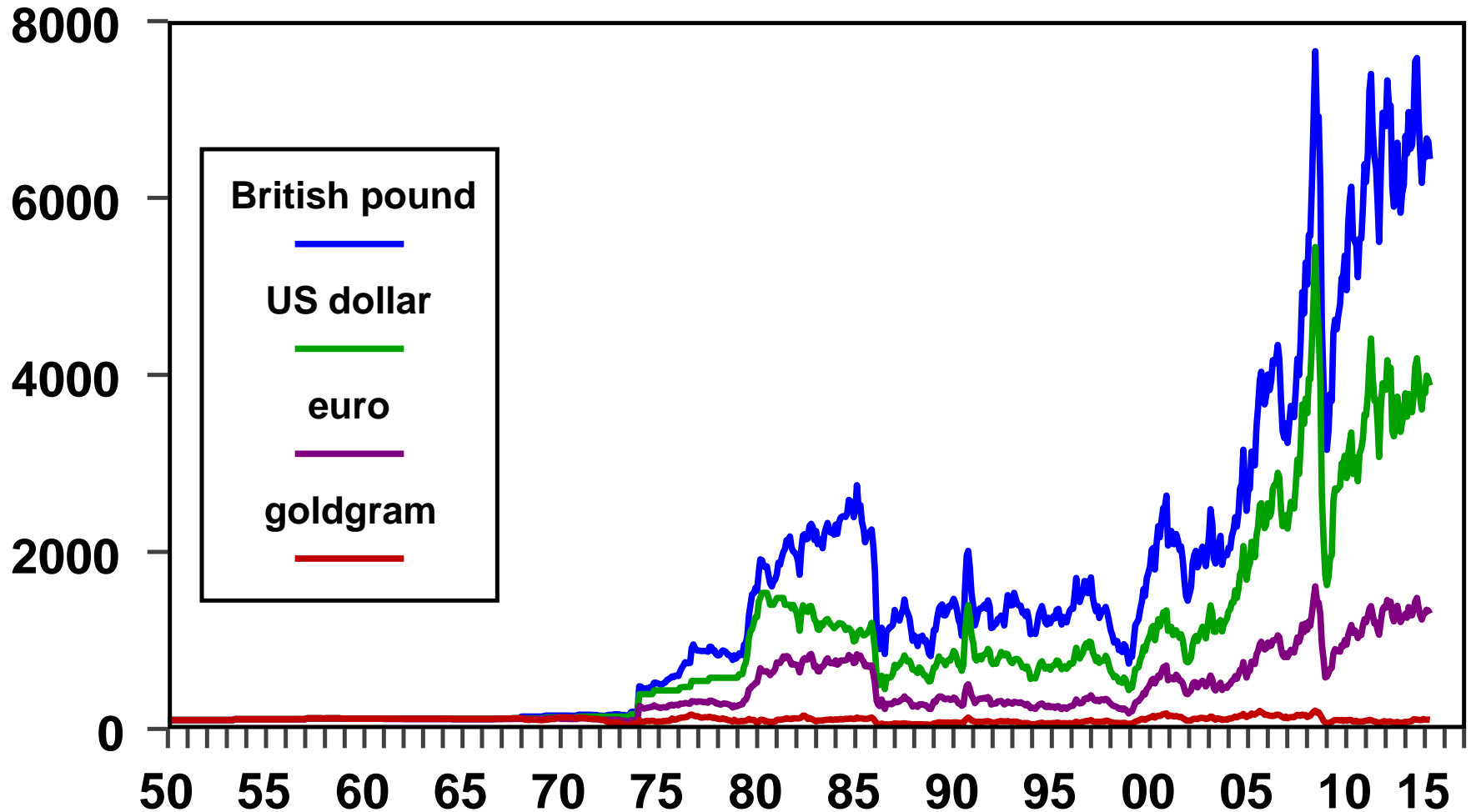




Gold is money

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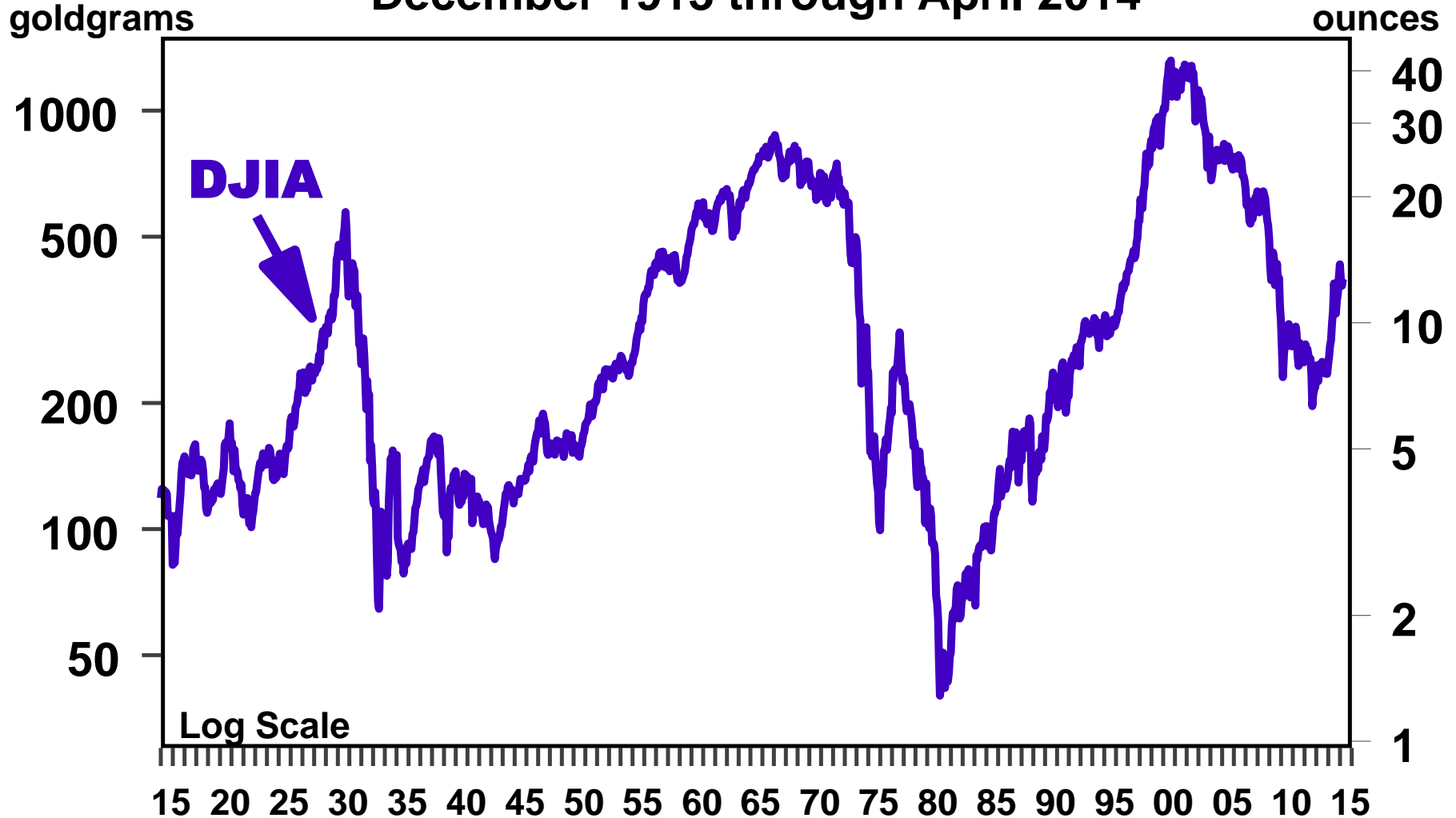




Gold is money

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Stocks Measured in Gold December 1913 through April 2014

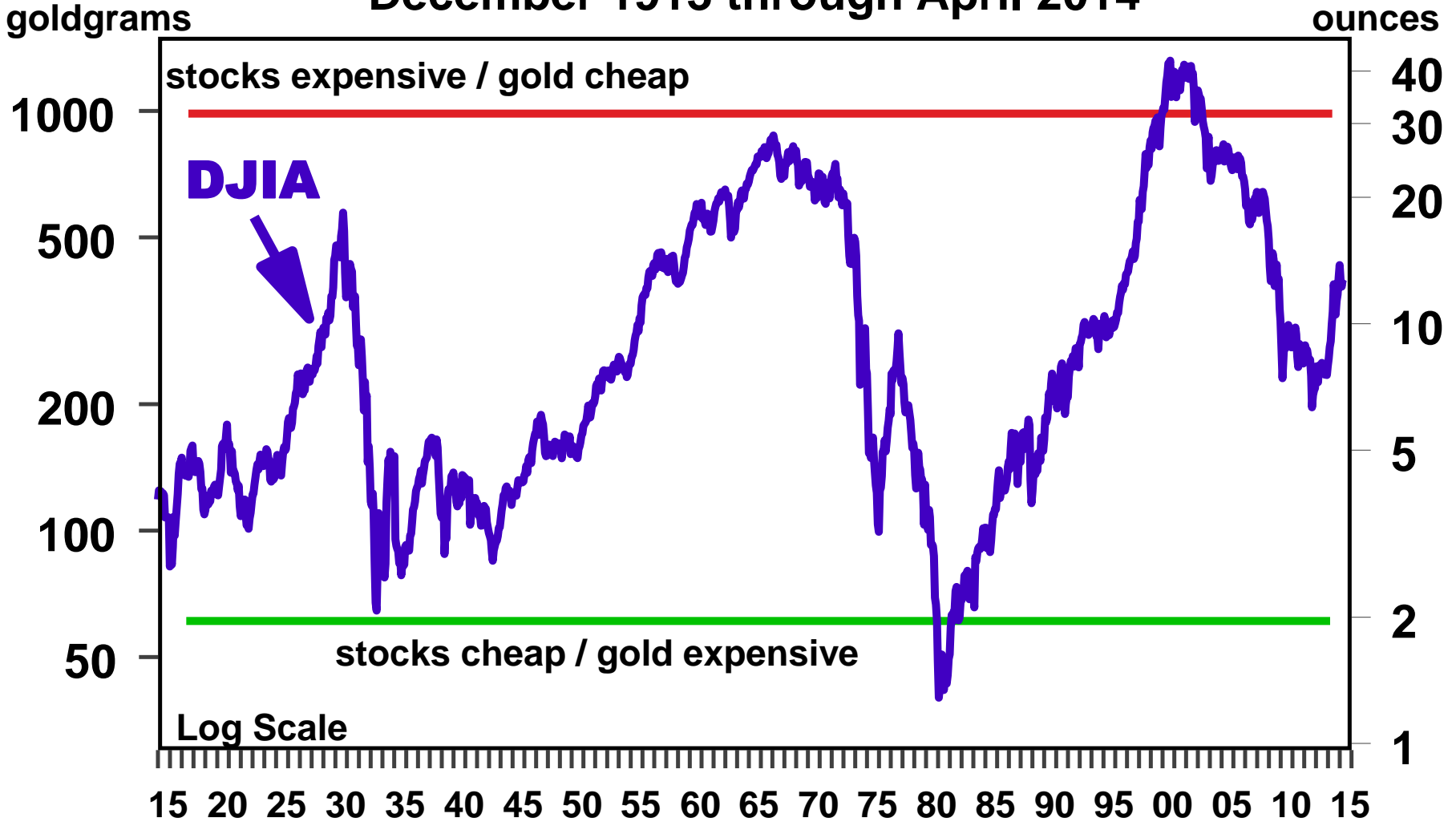




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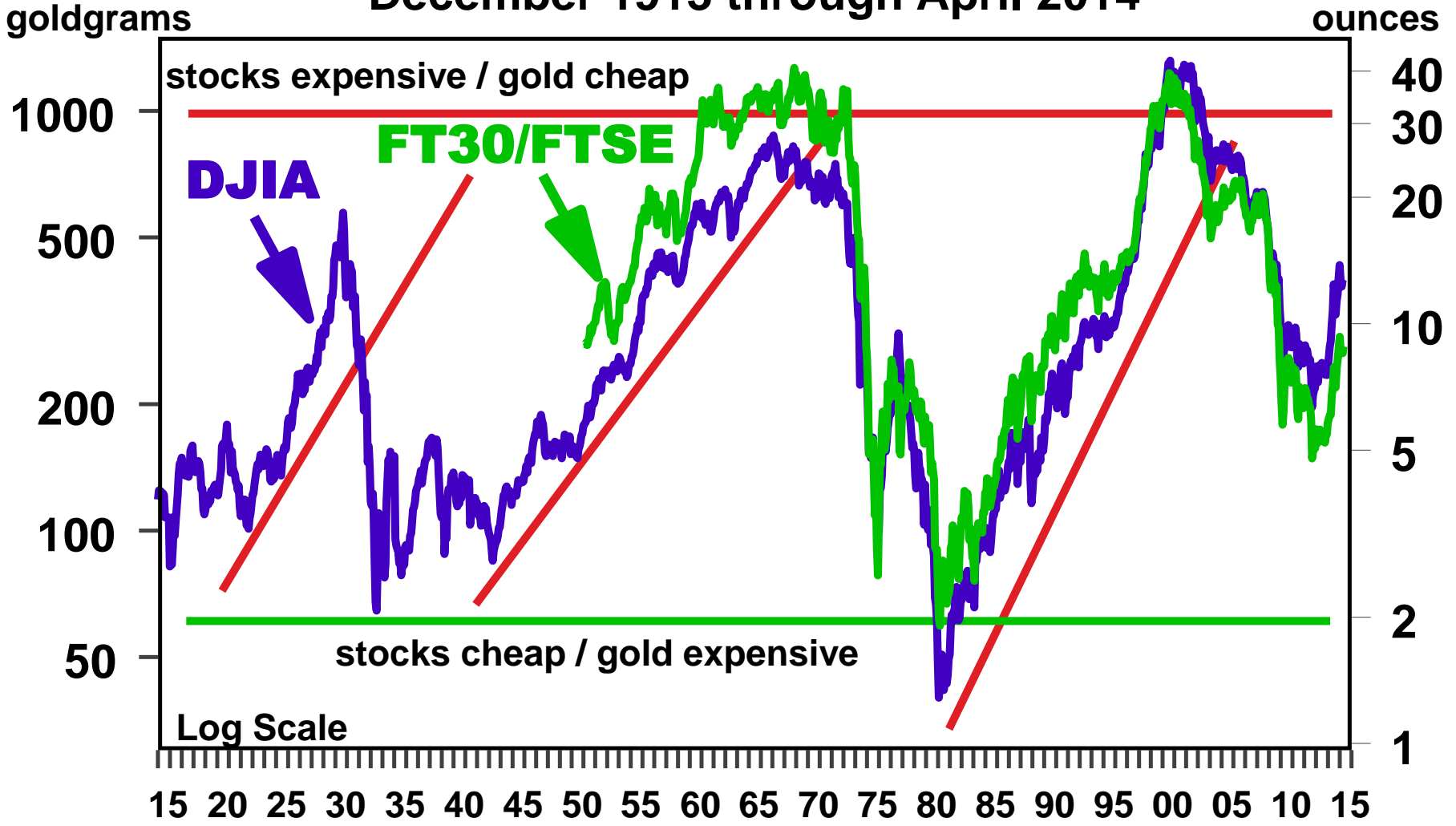




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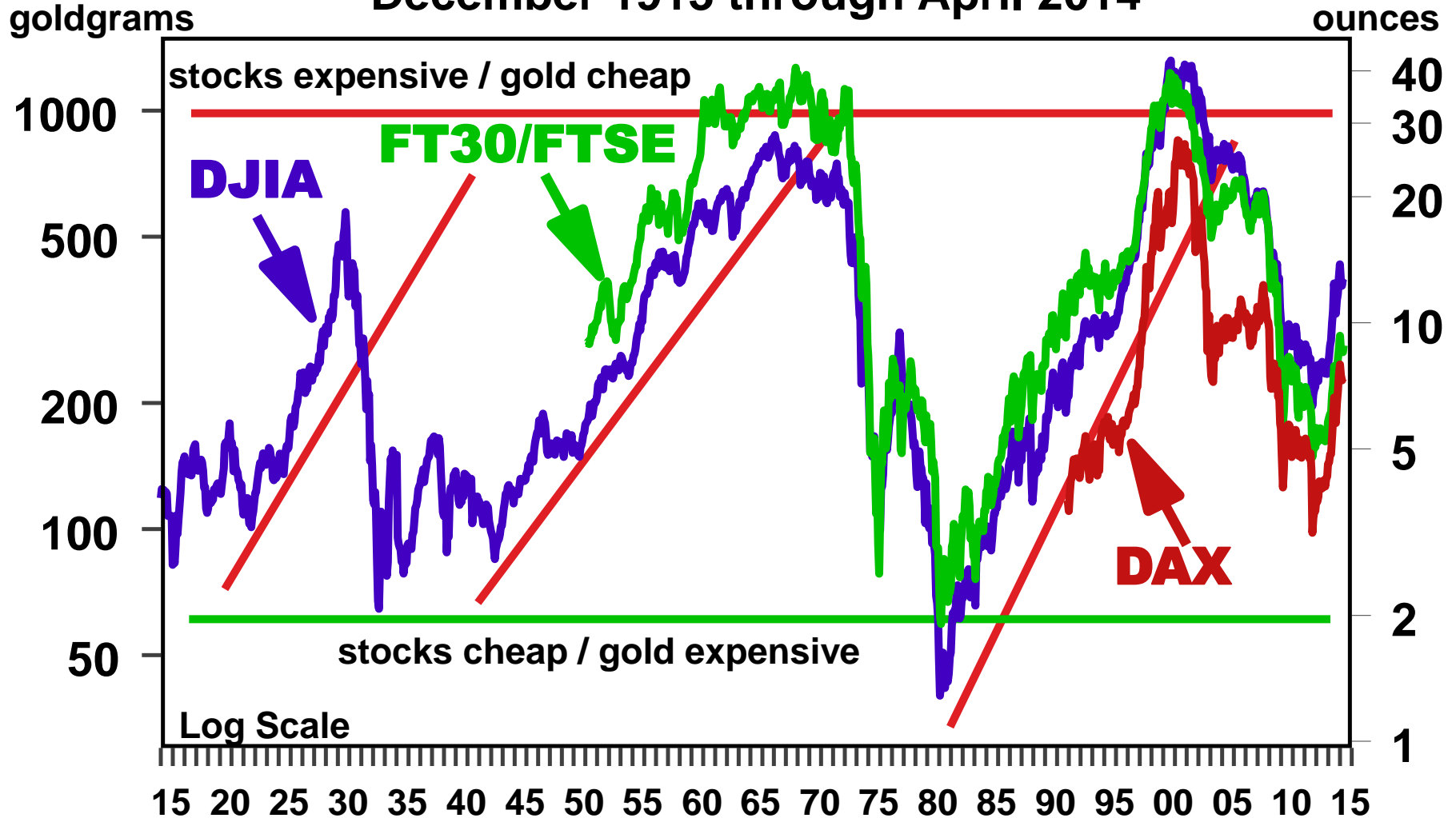


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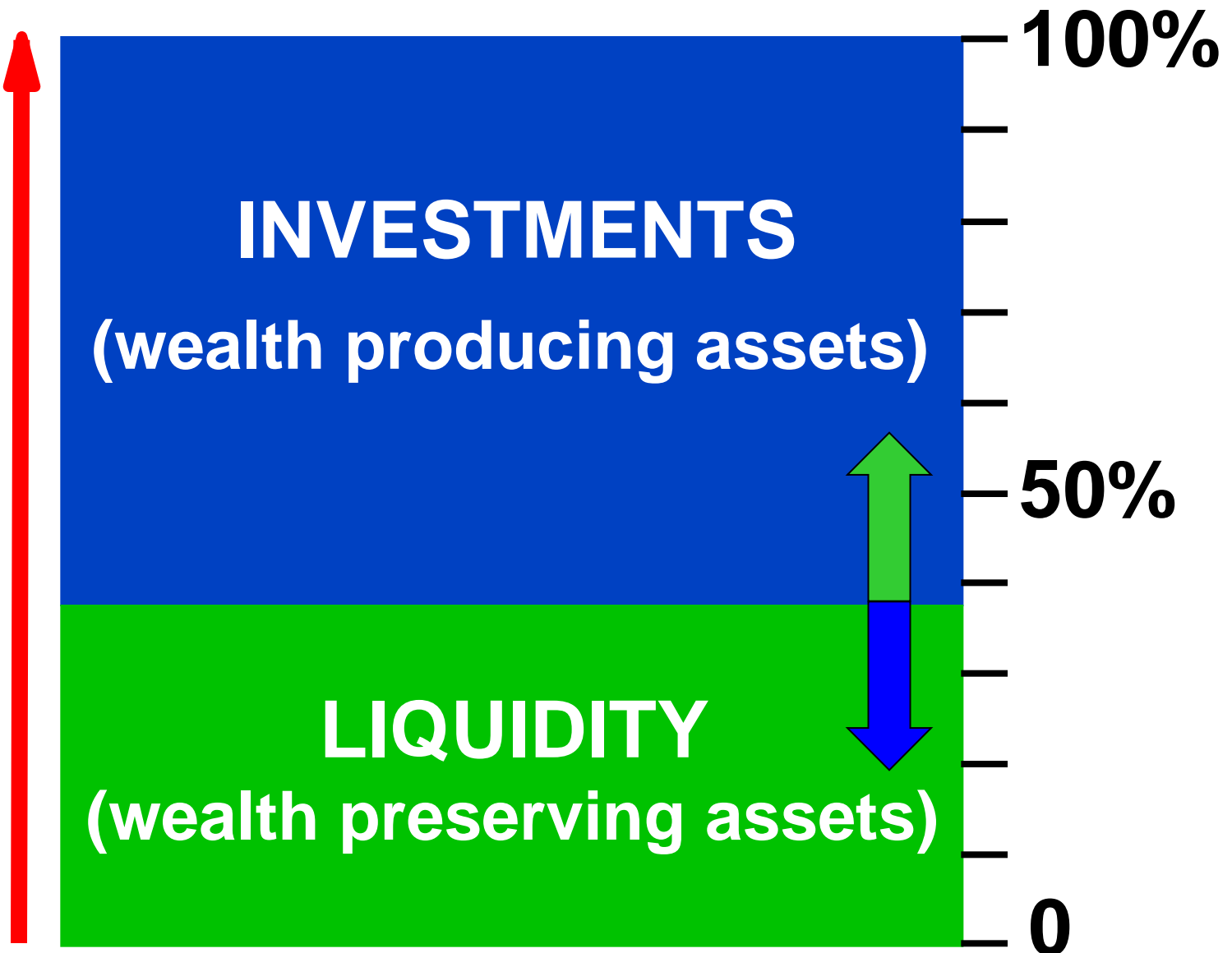




Portfolio composition

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Units of
Wealth



The best performing money

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Gold % Annual Change

	USD	AUD	CAD	CNY	EUR	INR	JPY	CHF	GBP
2001	2.5%	11.3%	8.8%	2.5%	8.1%	5.8%	17.4%	5.0%	5.4%
2002	24.7%	13.5%	23.7%	24.8%	5.9%	24.0%	13.0%	3.9%	12.7%
2003	19.6%	-10.5%	-2.2%	19.5%	-0.5%	13.5%	7.9%	7.0%	7.9%
2004	5.2%	1.4%	-2.0%	5.2%	-2.1%	-0.0%	0.9%	-3.0%	-2.0%
2005	18.2%	25.6%	14.5%	15.2%	35.1%	22.8%	35.7%	36.2%	31.8%
2006	22.8%	14.4%	22.8%	18.8%	10.2%	20.5%	24.0%	13.9%	7.8%
2007	31.4%	18.1%	11.5%	22.9%	18.8%	17.4%	23.4%	22.1%	29.7%
2008	5.8%	33.0%	31.1%	-1.0%	11.0%	30.5%	-14.0%	-0.3%	43.7%
2009	23.9%	-3.6%	5.9%	24.0%	20.4%	18.4%	27.1%	20.3%	12.1%
2010	29.8%	15.1%	24.2%	25.5%	40.2%	25.3%	13.9%	17.4%	36.3%
2011	10.2%	8.8%	11.9%	5.1%	12.7%	30.4%	3.9%	10.2%	9.2%
2012	7.0%	5.5%	4.8%	5.9%	5.2%	10.7%	20.4%	4.5%	2.2%
2013	-28.2%	-16.5%	-23.3%	-30.3%	-31.3%	-19.0%	-12.8%	-30.2%	-29.6%
Average	13.3%	8.9%	10.1%	10.6%	10.3%	15.4%	12.4%	8.2%	12.8%



Reasons to hold gold as liquidity

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1. Better returns than nat' l currencies



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Reasons to hold gold as liquidity

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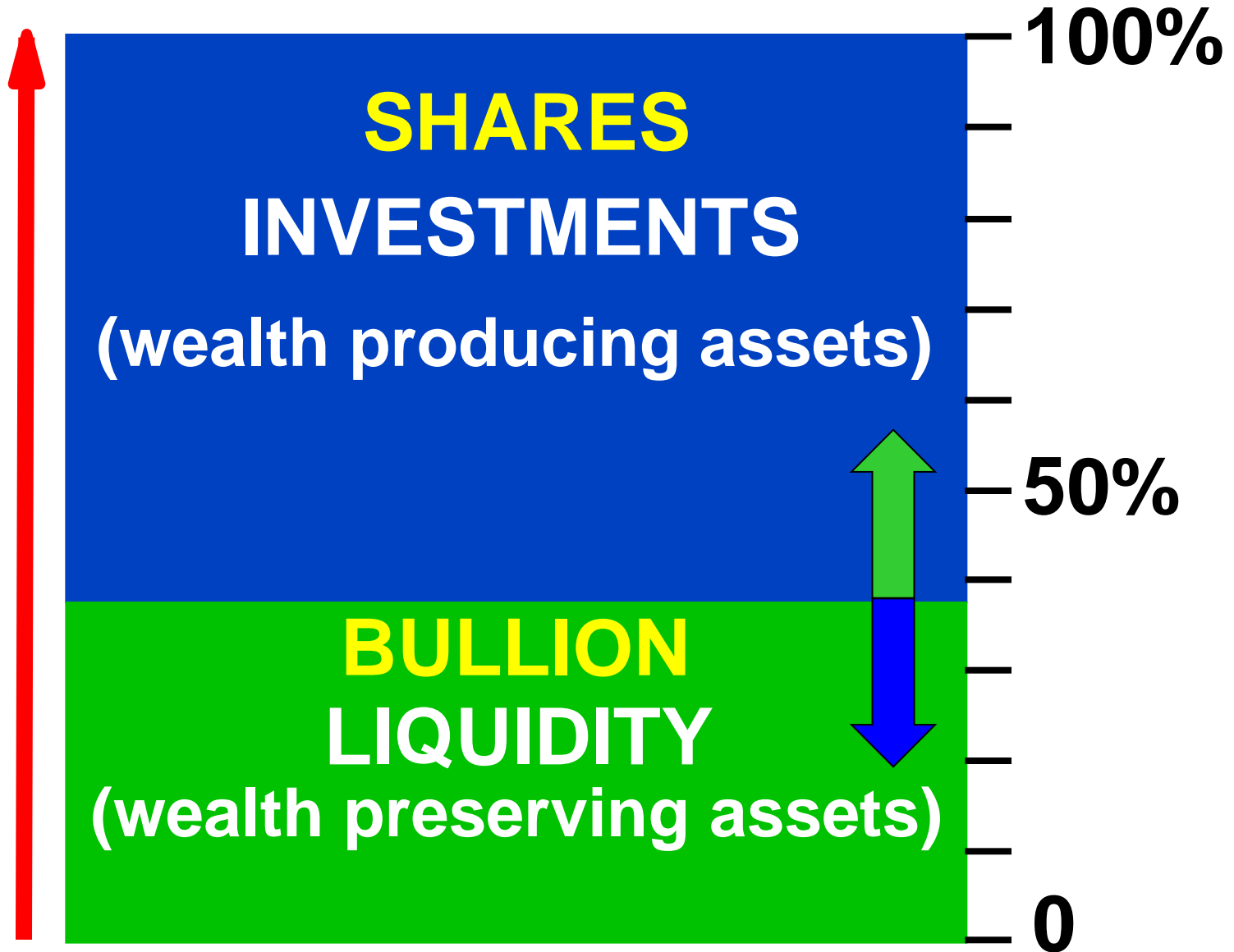
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- 5. Highlight your product in its most effective use - money**



Portfolio composition

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Units of
Wealth



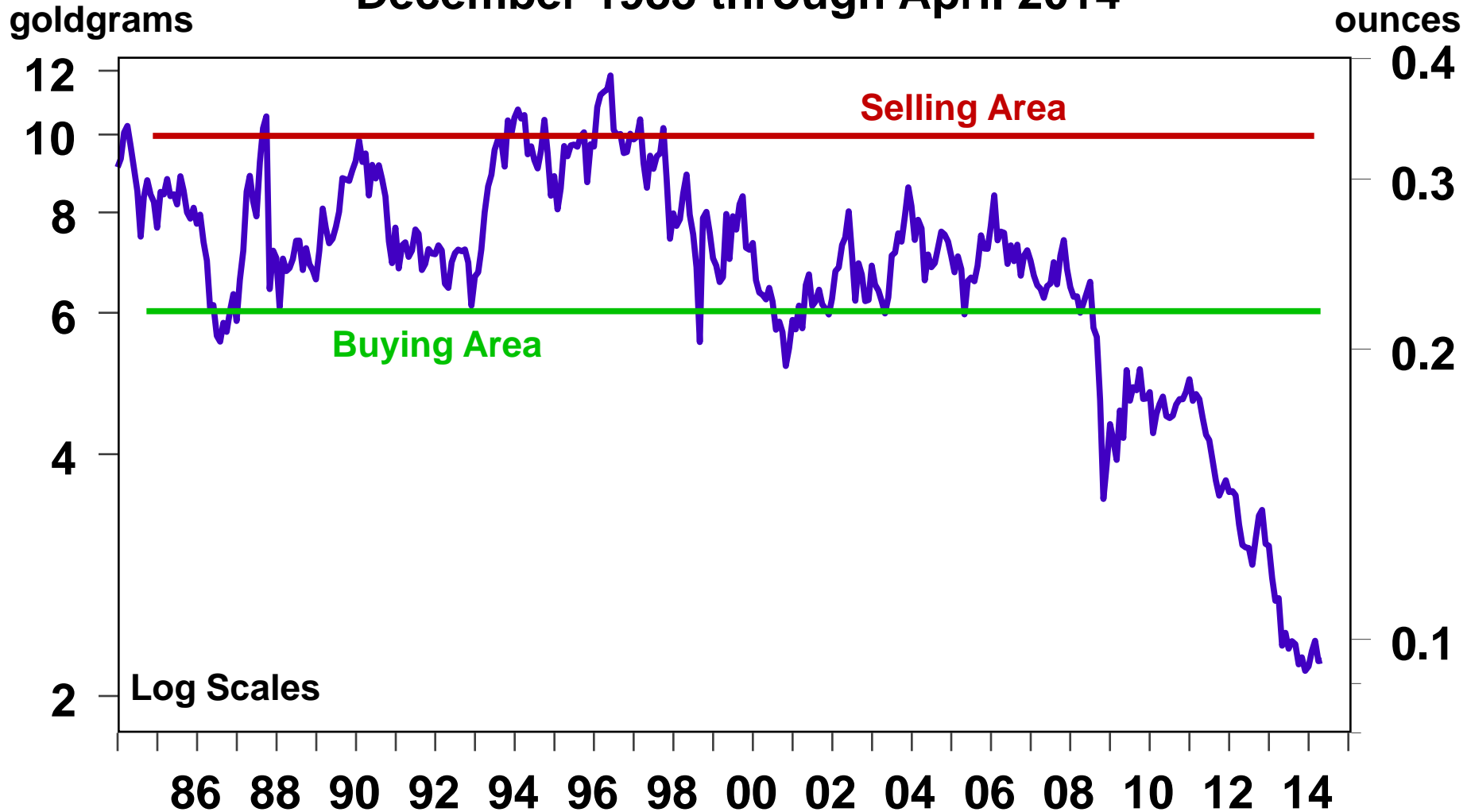


Historic undervaluation of mining shares

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XAU Mining Share Index Measured in Gold

December 1983 through April 2014



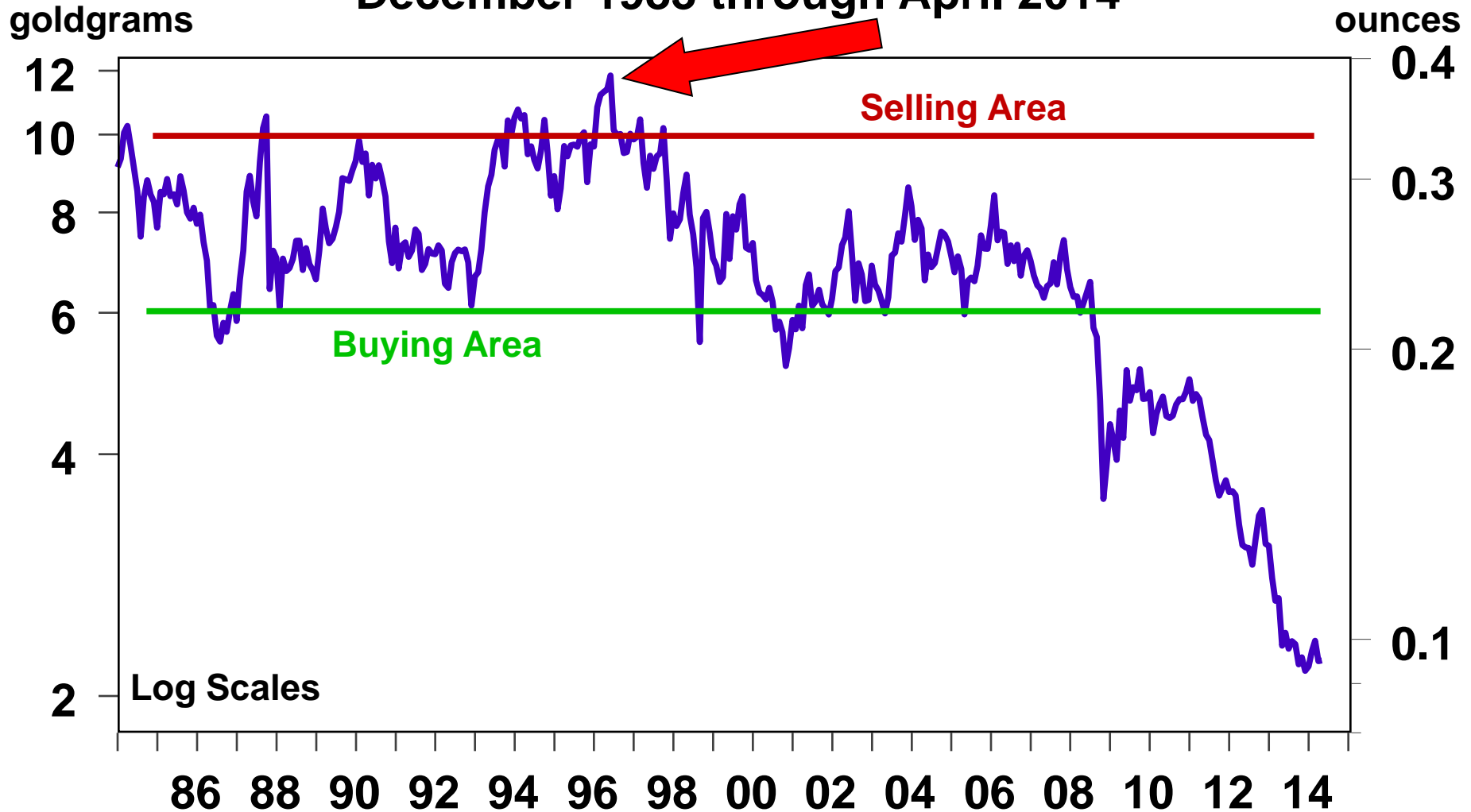


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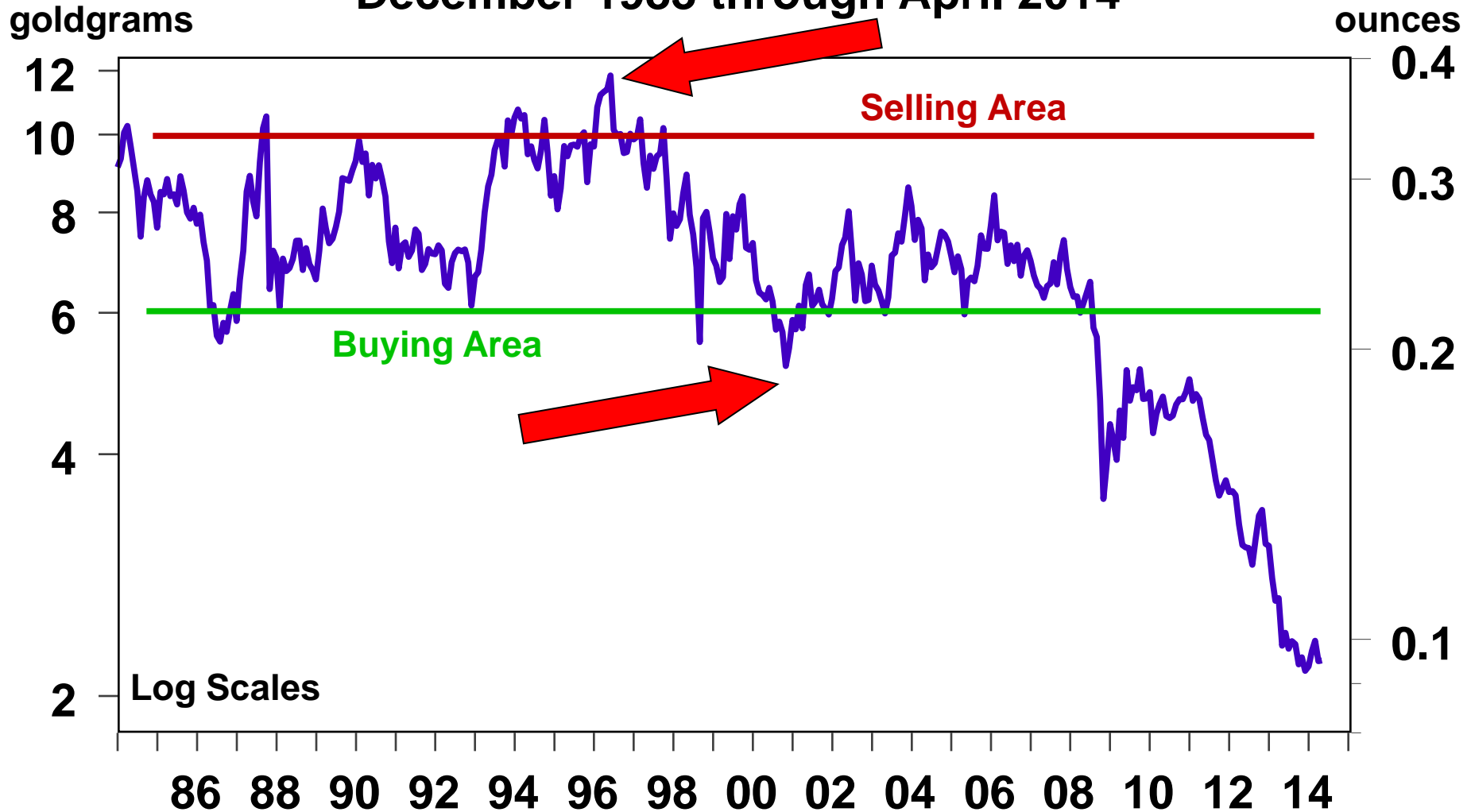


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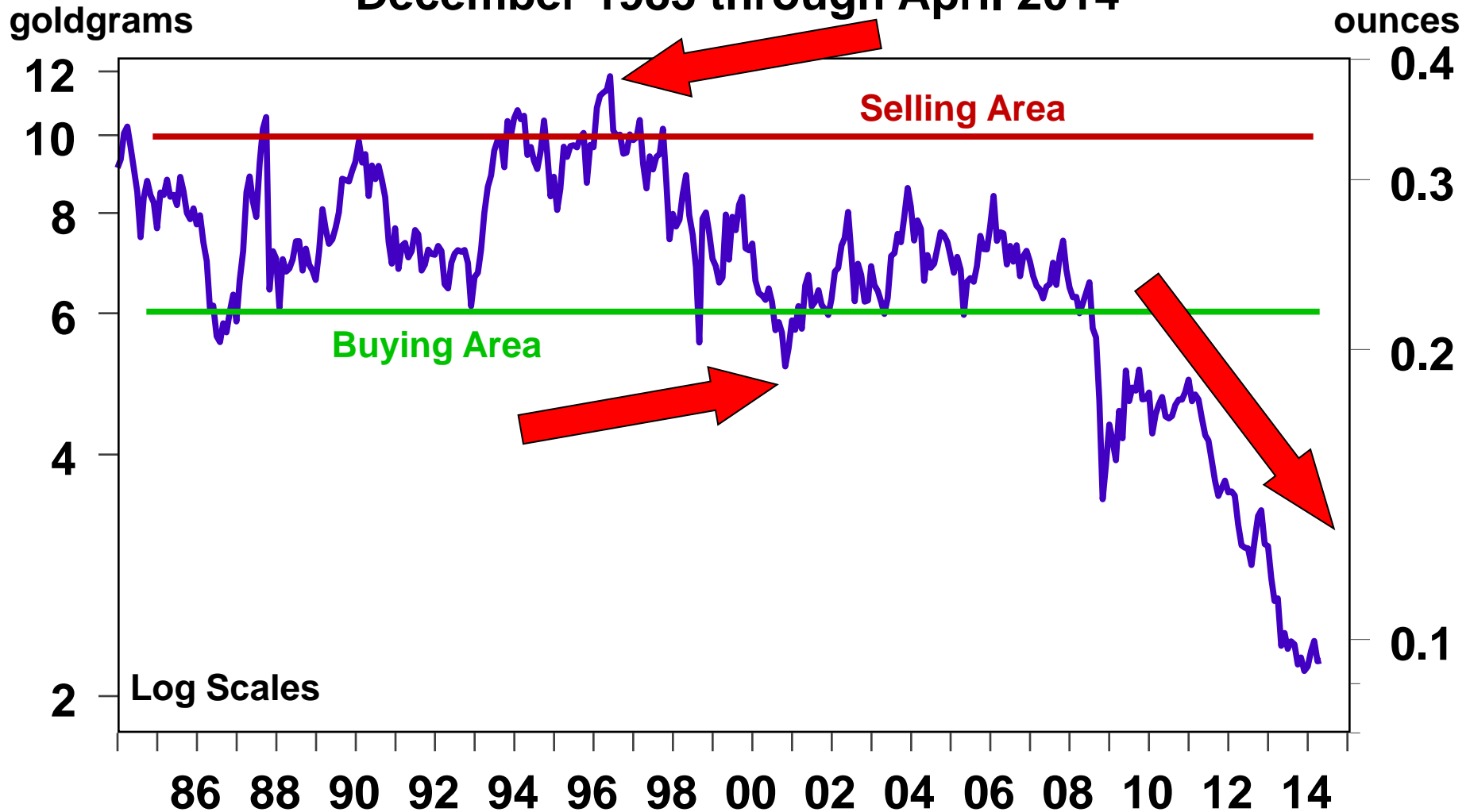


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Why the bear market in mining shares ?

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1. Worsening sentiment



Why the bear market in mining shares ?

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Why the bear market in mining shares ?

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- 1. Worsening sentiment**
 - the collapse of Bre-X
 - disastrous hedging programs
- 2. Launch of the bullion ETFs**
- 3. Input costs rising faster than the gold price, squeezing margins**



Why the bear market in mining shares ?

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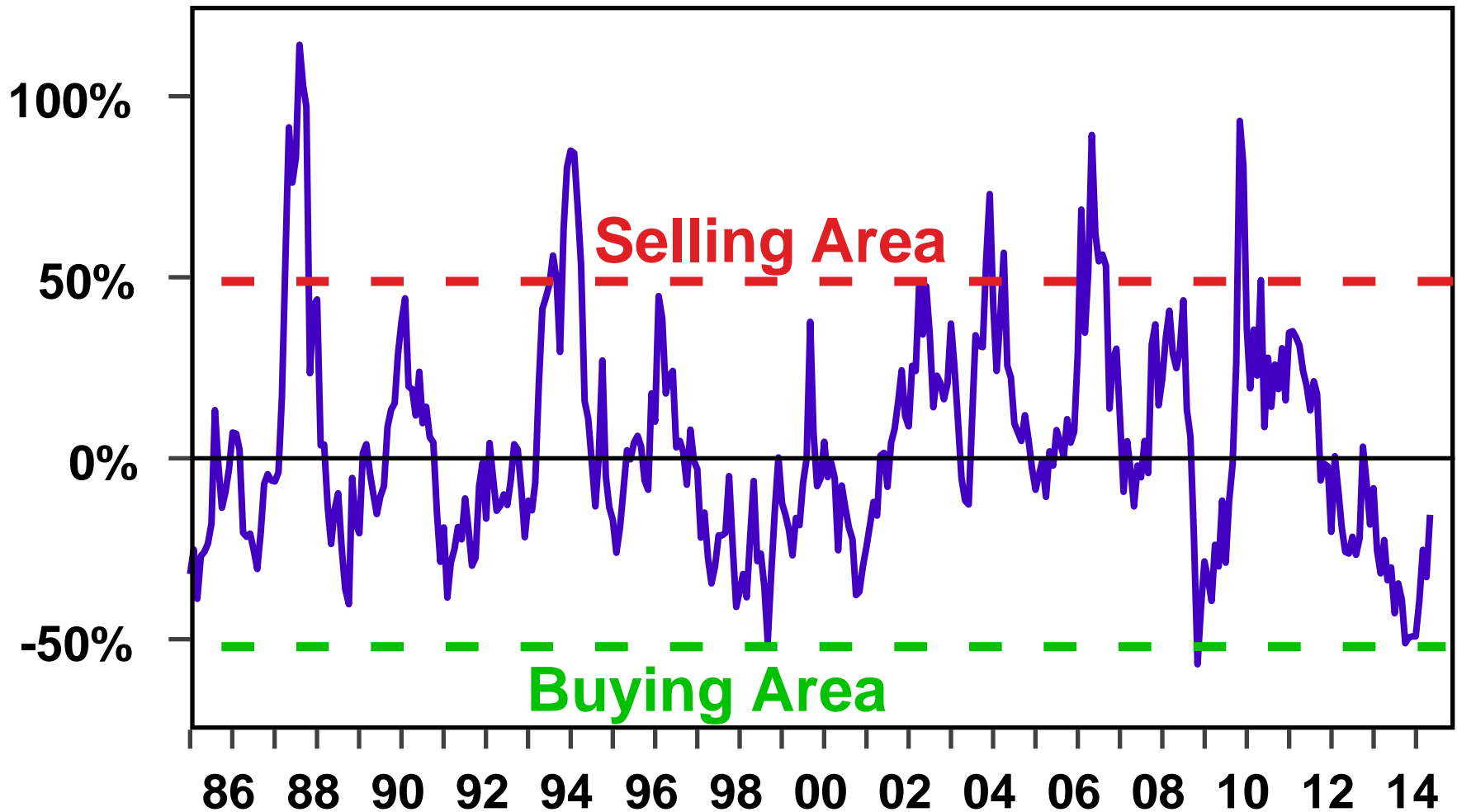
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 - the collapse of Bre-X
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- 2. Launch of the bullion ETFs**
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- 4. Political risk –asset confiscation, taxes, etc.**



Exceptional time to buy mining shares

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XAU 12-Month Rate of Change December 1984 through April 2014



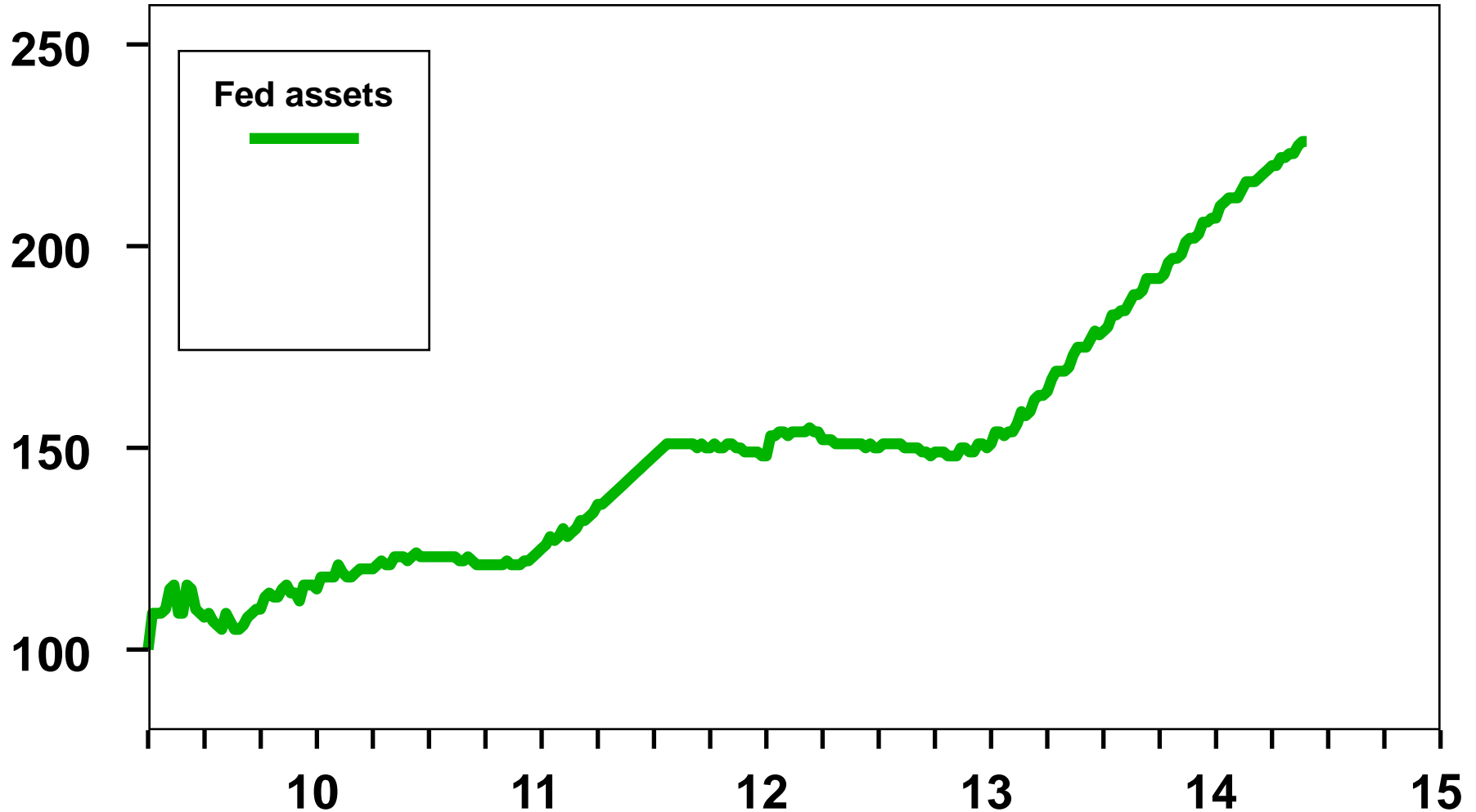


Federal Reserve 'money' printing

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Federal Reserve Assets (Base-100)

March 13, 2009 to May 2, 2014



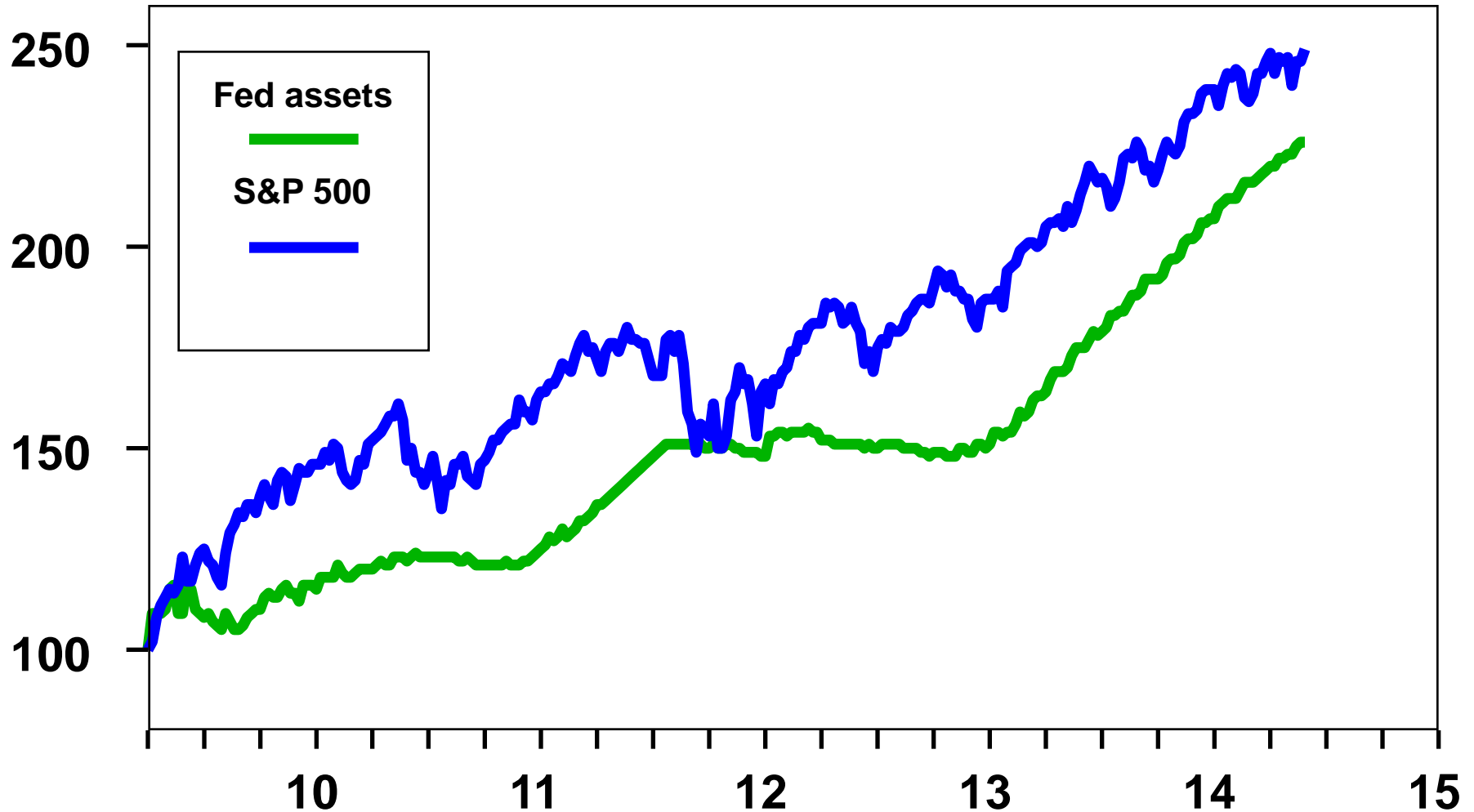


Federal Reserve 'money' printing

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Federal Reserve Assets & S&P 500 (Base-100)

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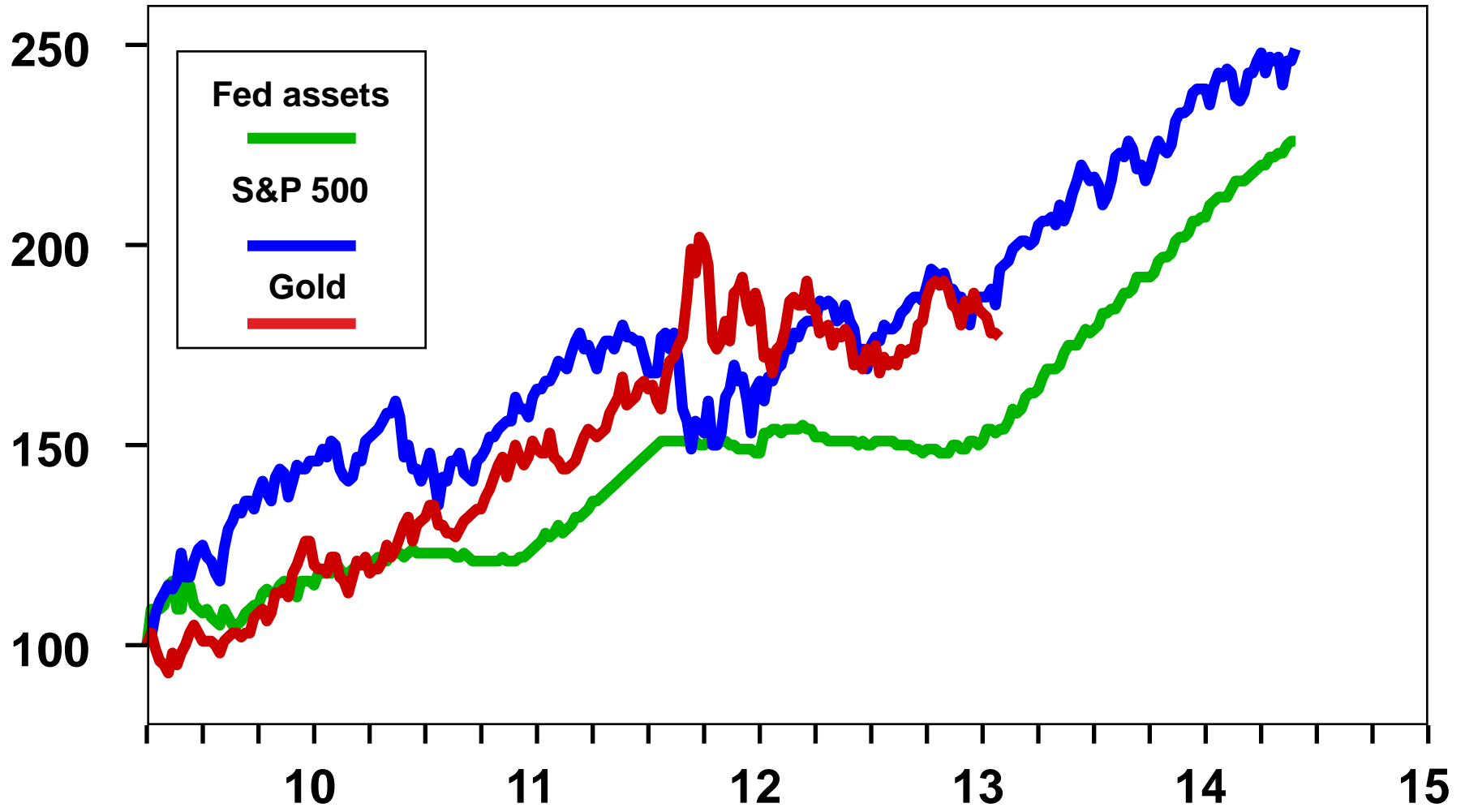


Federal Reserve 'money' printing

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Federal Reserve Assets, S&P 500 & Gold (Base-100)

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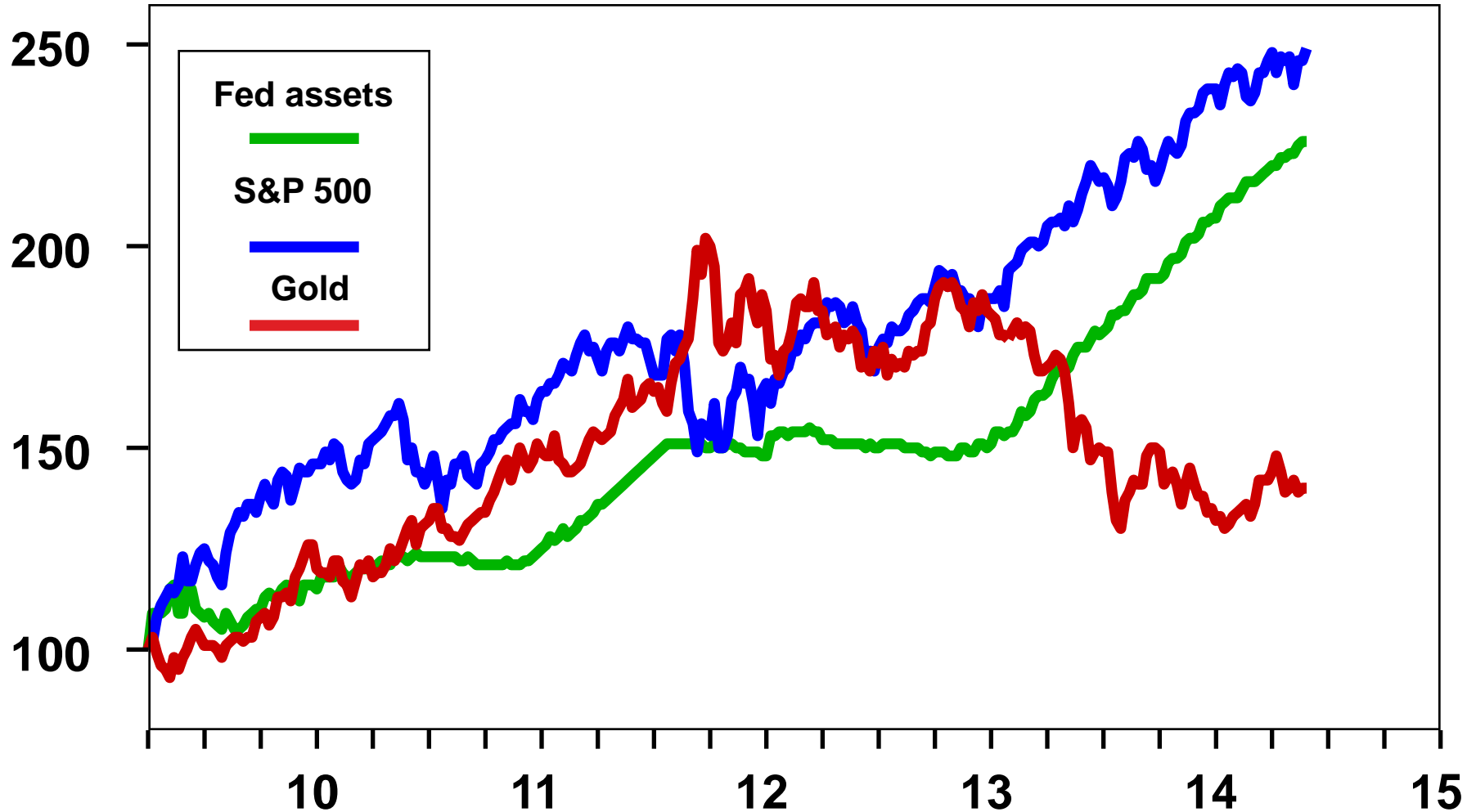


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Conclusion

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Fiat Currency Bubble

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The belief that national currencies are money, instead of what they really are –

Money Substitutes



1) Gold's utility has not changed



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- 2) Gold is money that is saved, not circulated (Gresham's Law)**



Conclusions

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- 3) Gold is undervalued**

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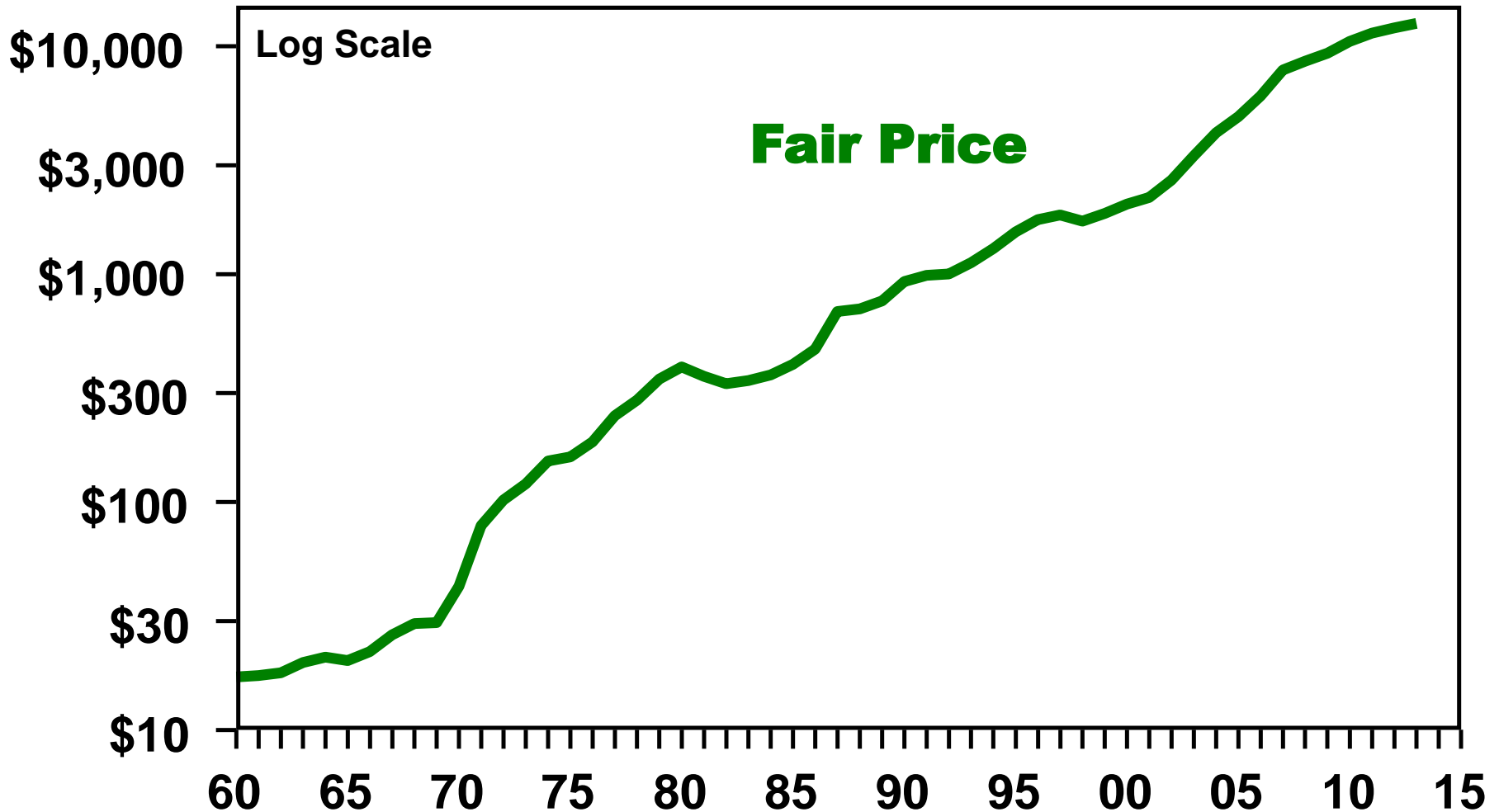
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- 5) Gold's fair price is \$12,000**



Gold is undervalued

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Gold Money Index 1960 - 2013 (yearly)

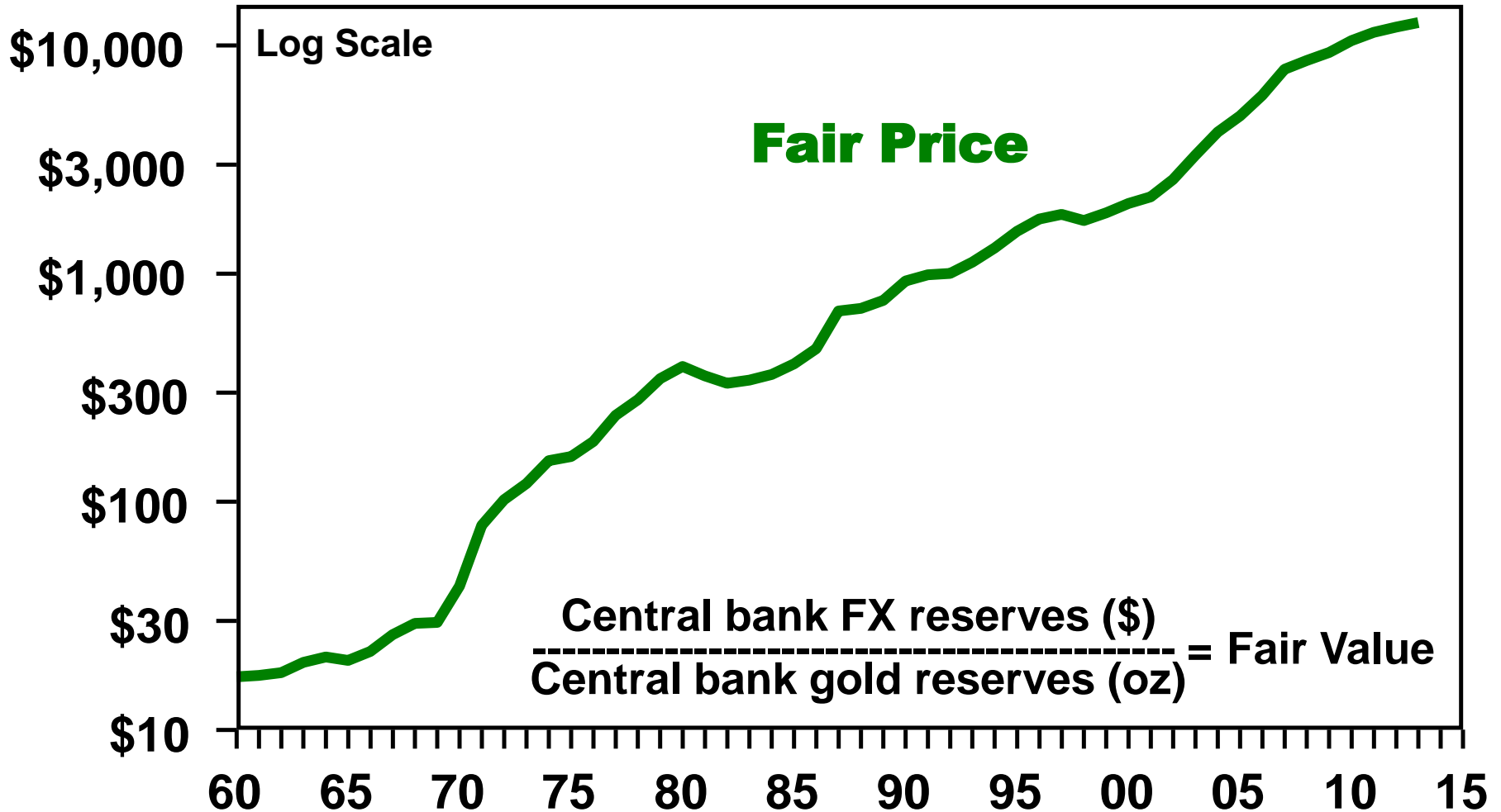




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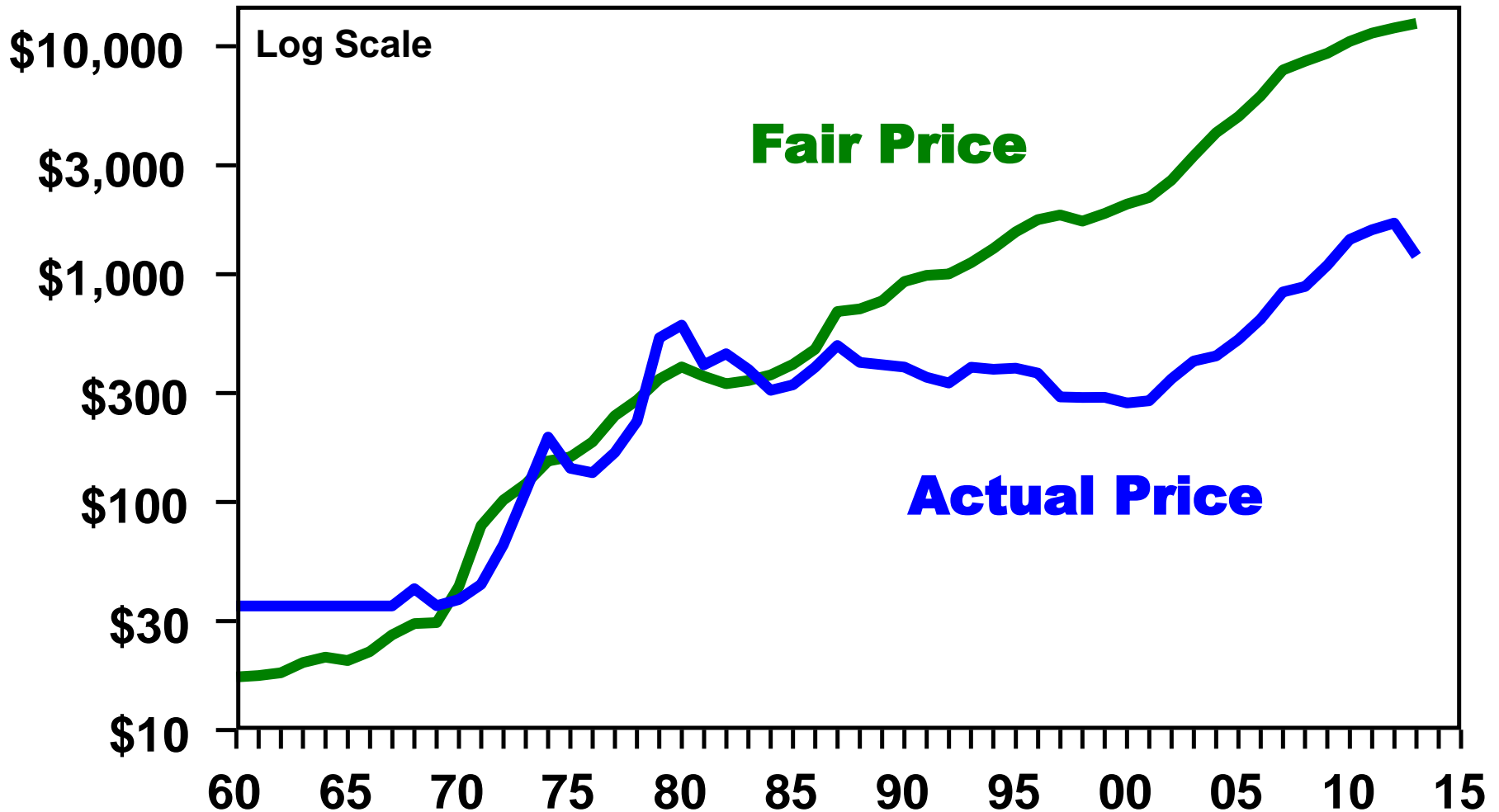




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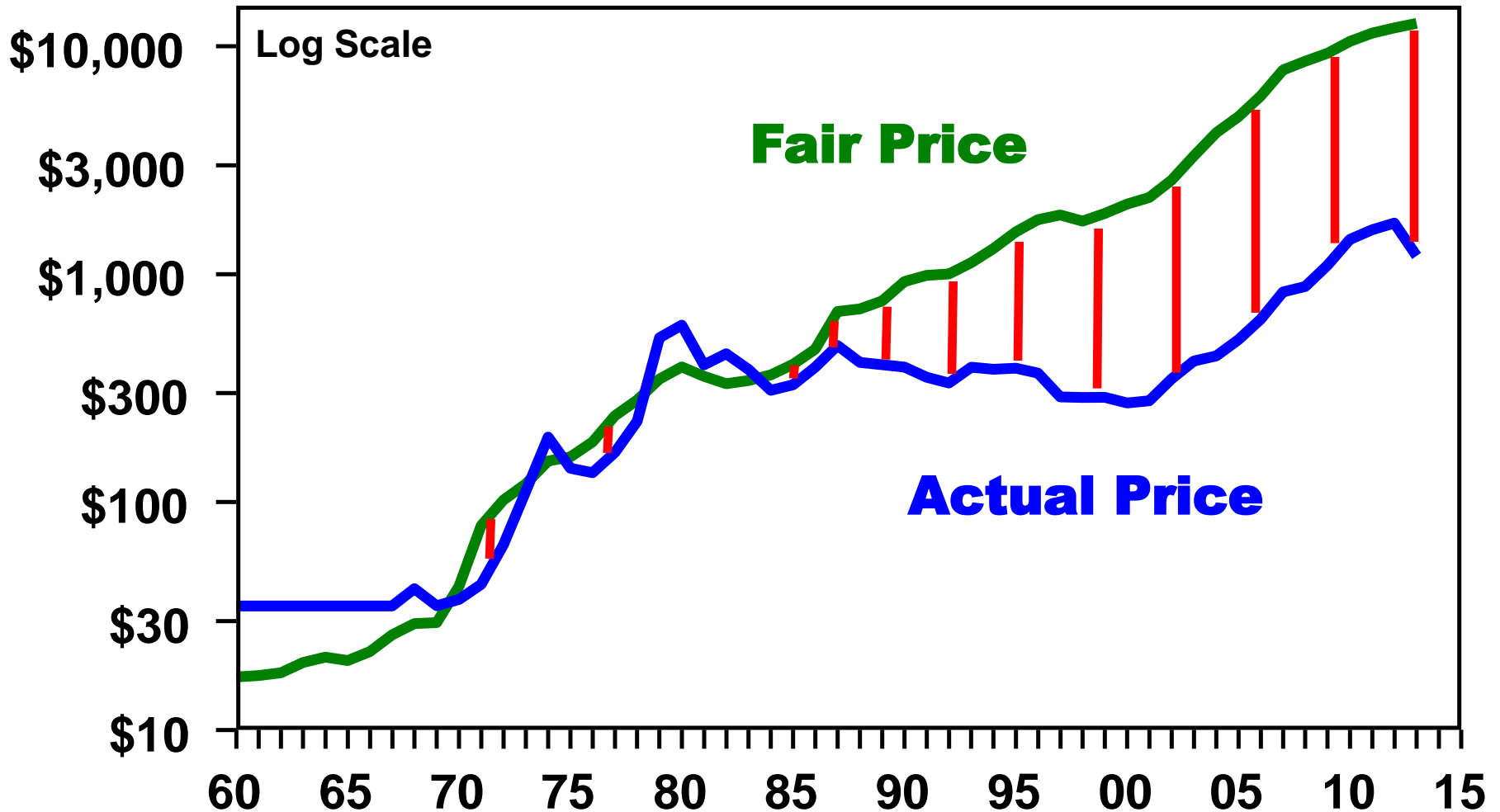




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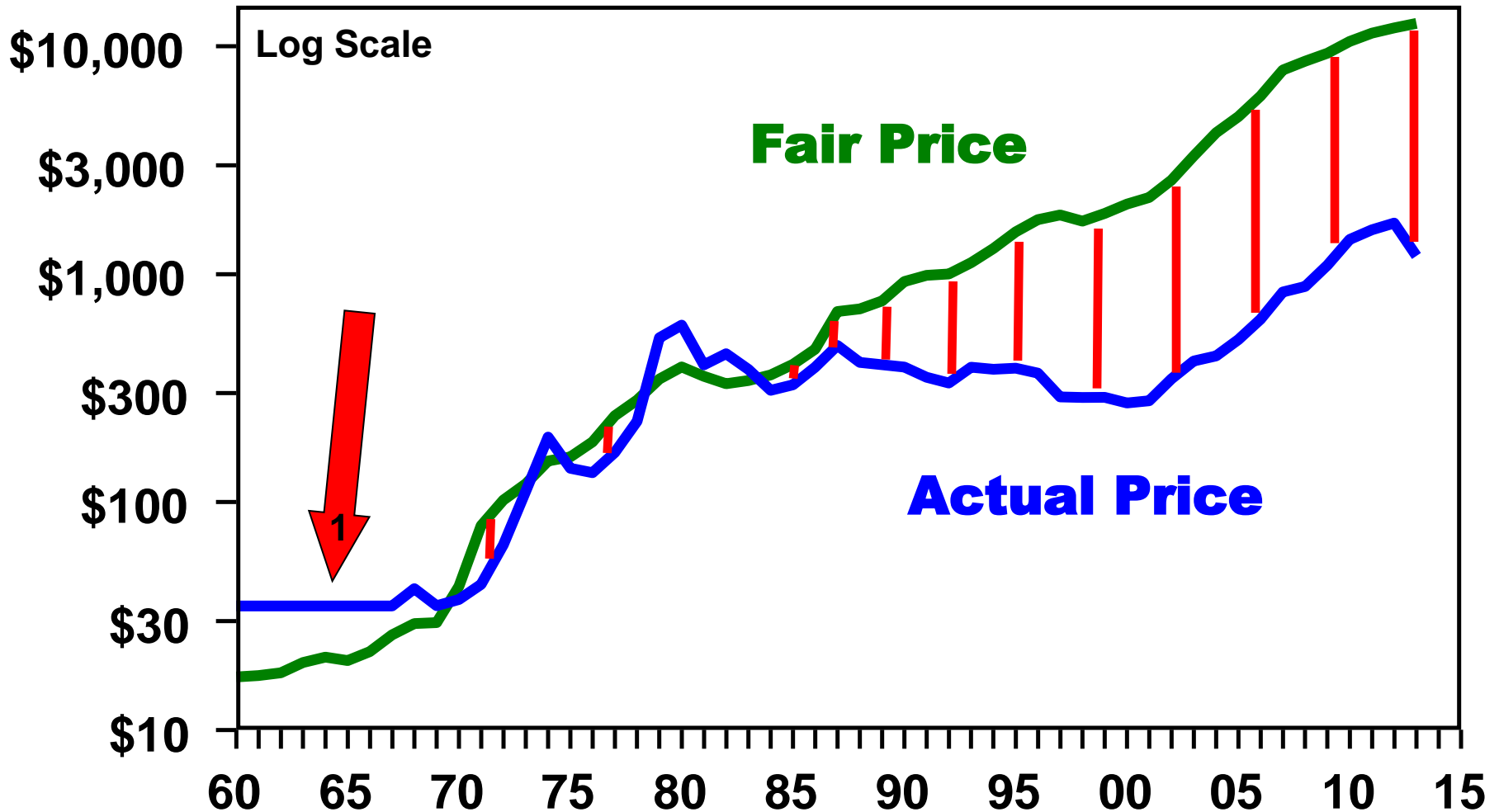




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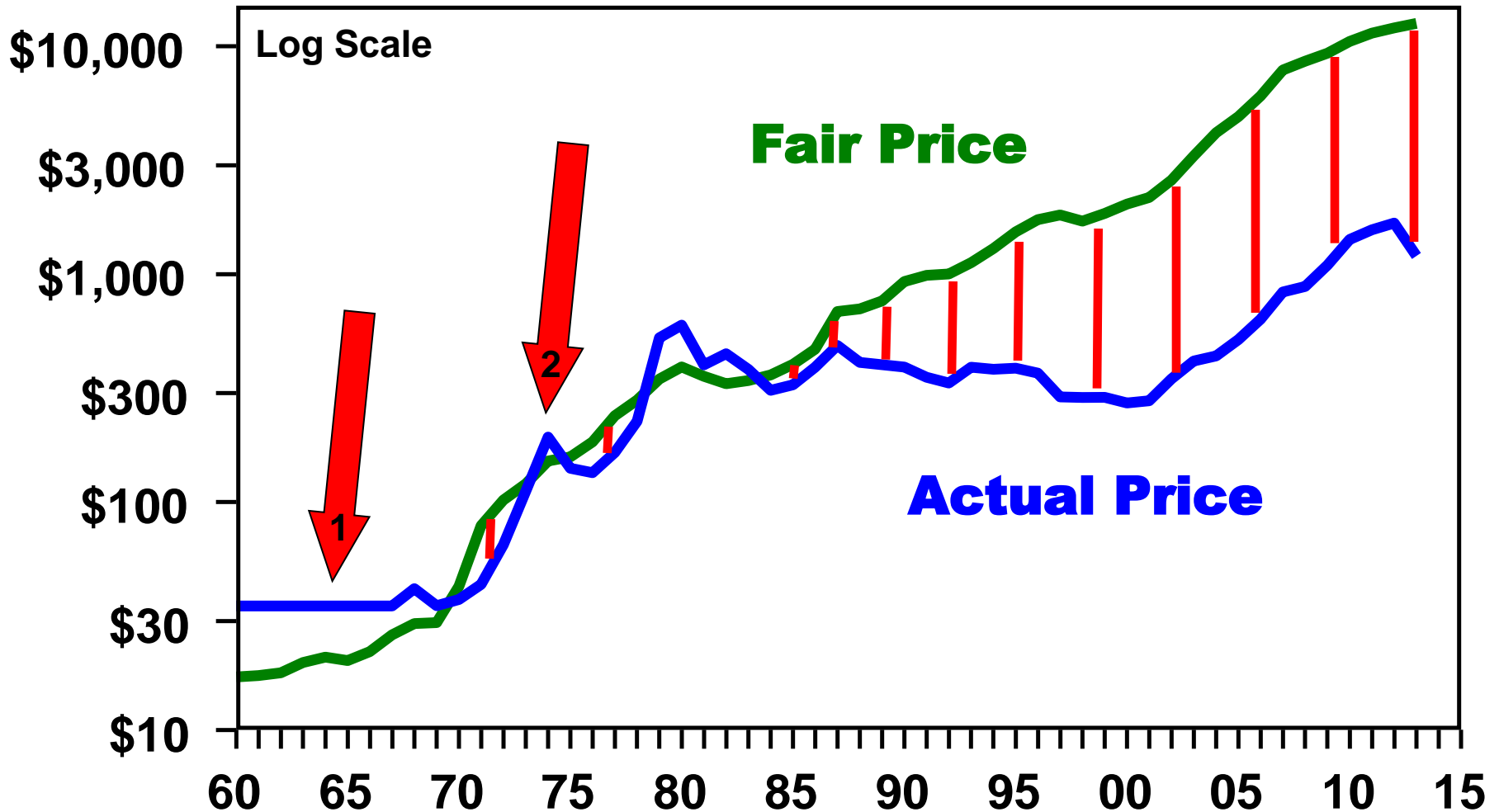




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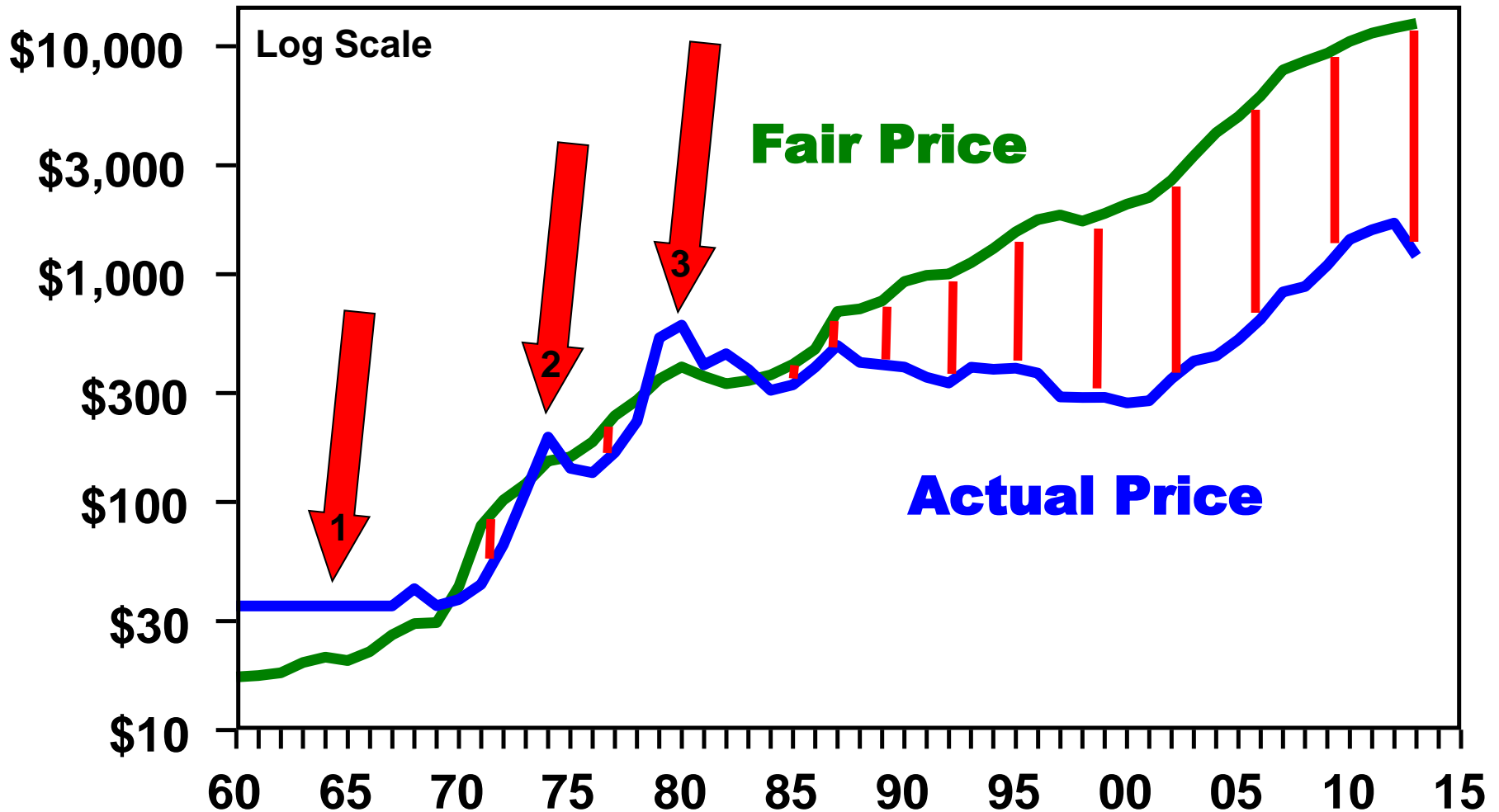




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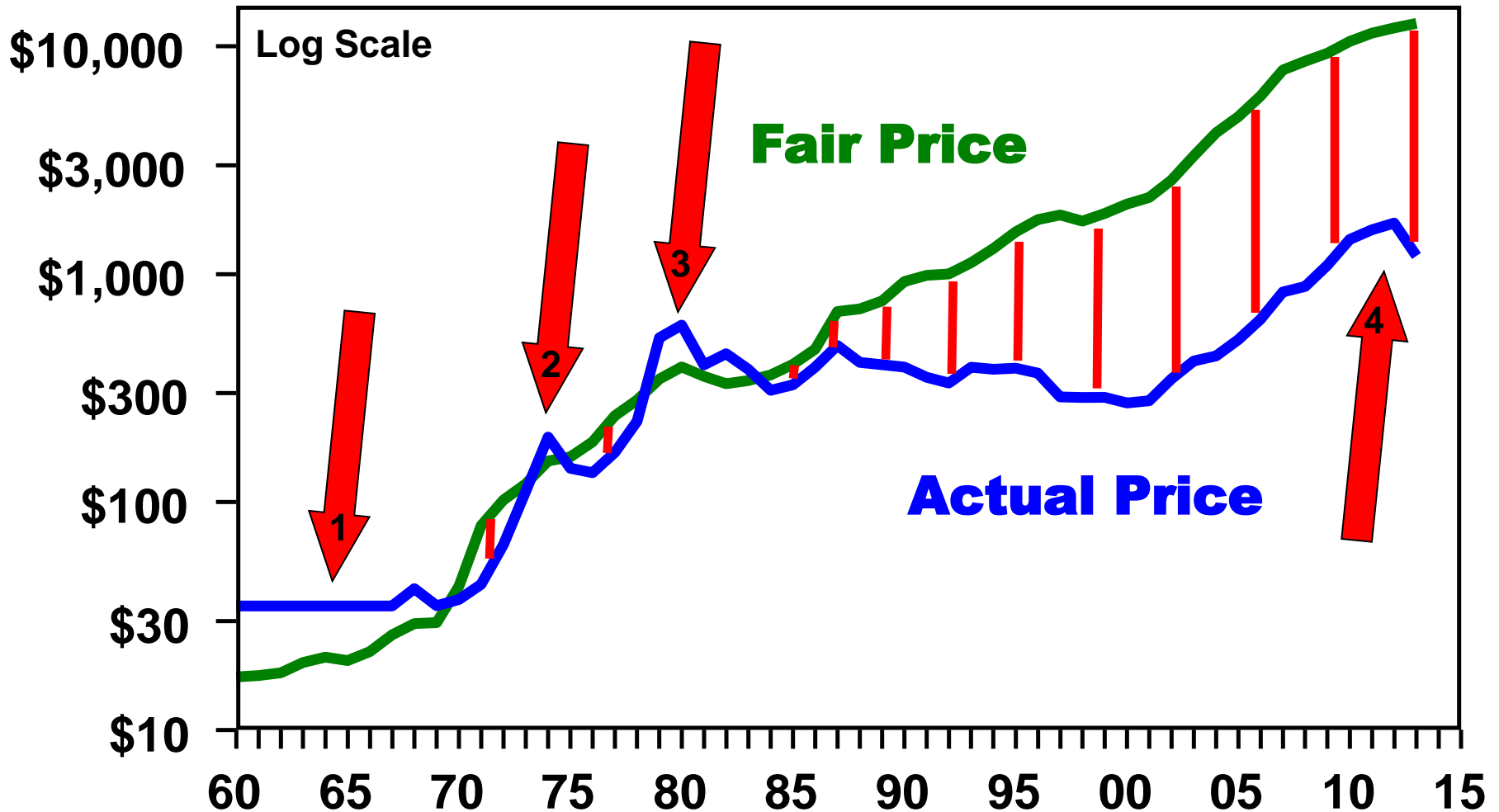




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James Turk
Founder, GoldMoney
www.goldmoney.com

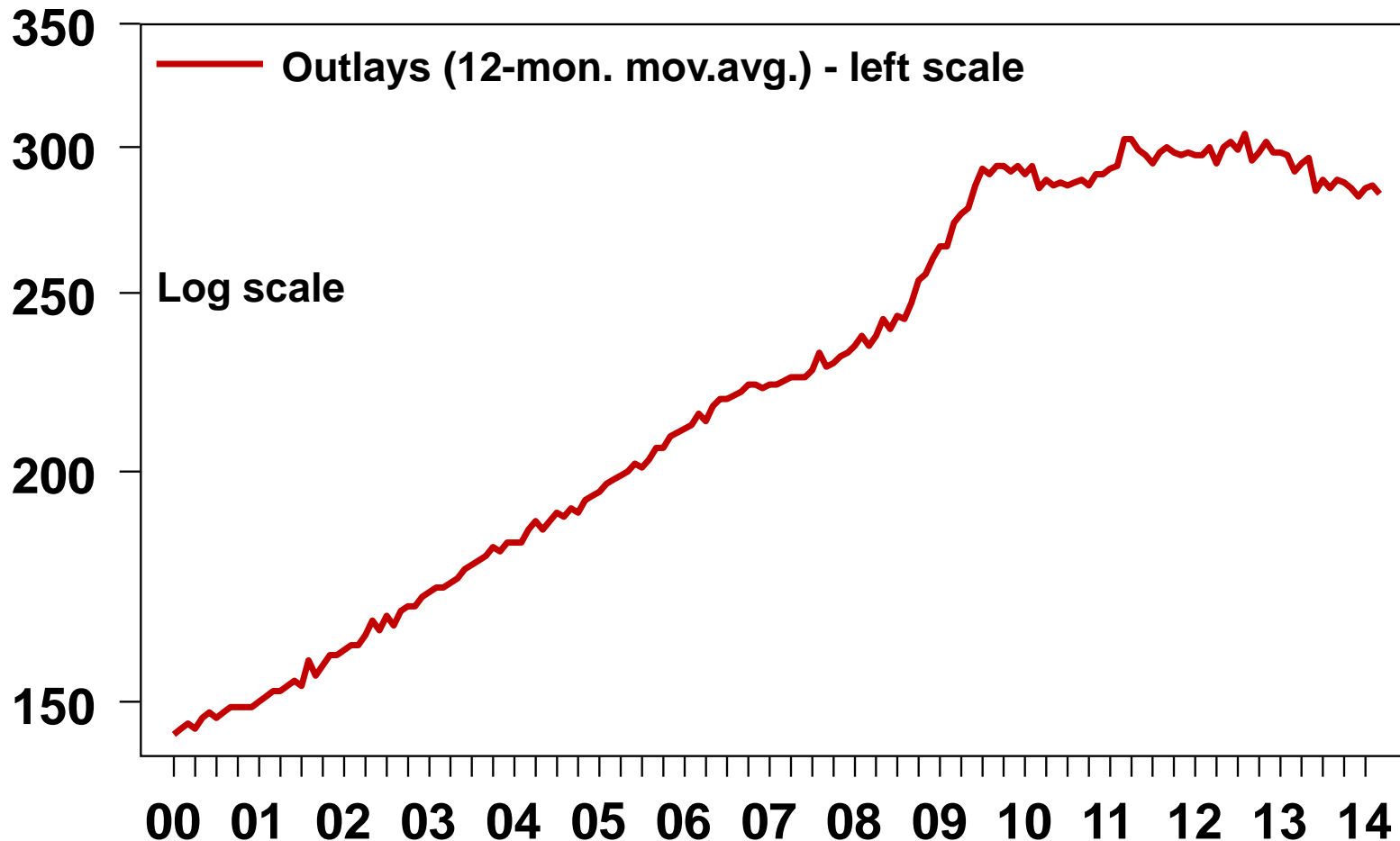
Author of
“The Money Bubble:
What To Do Before It Pops”



The road to currency debasement

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Federal Tax Receipts Tumble As Outlays & Debt Soar January 2000 - April 2014 (US dollars in billions)

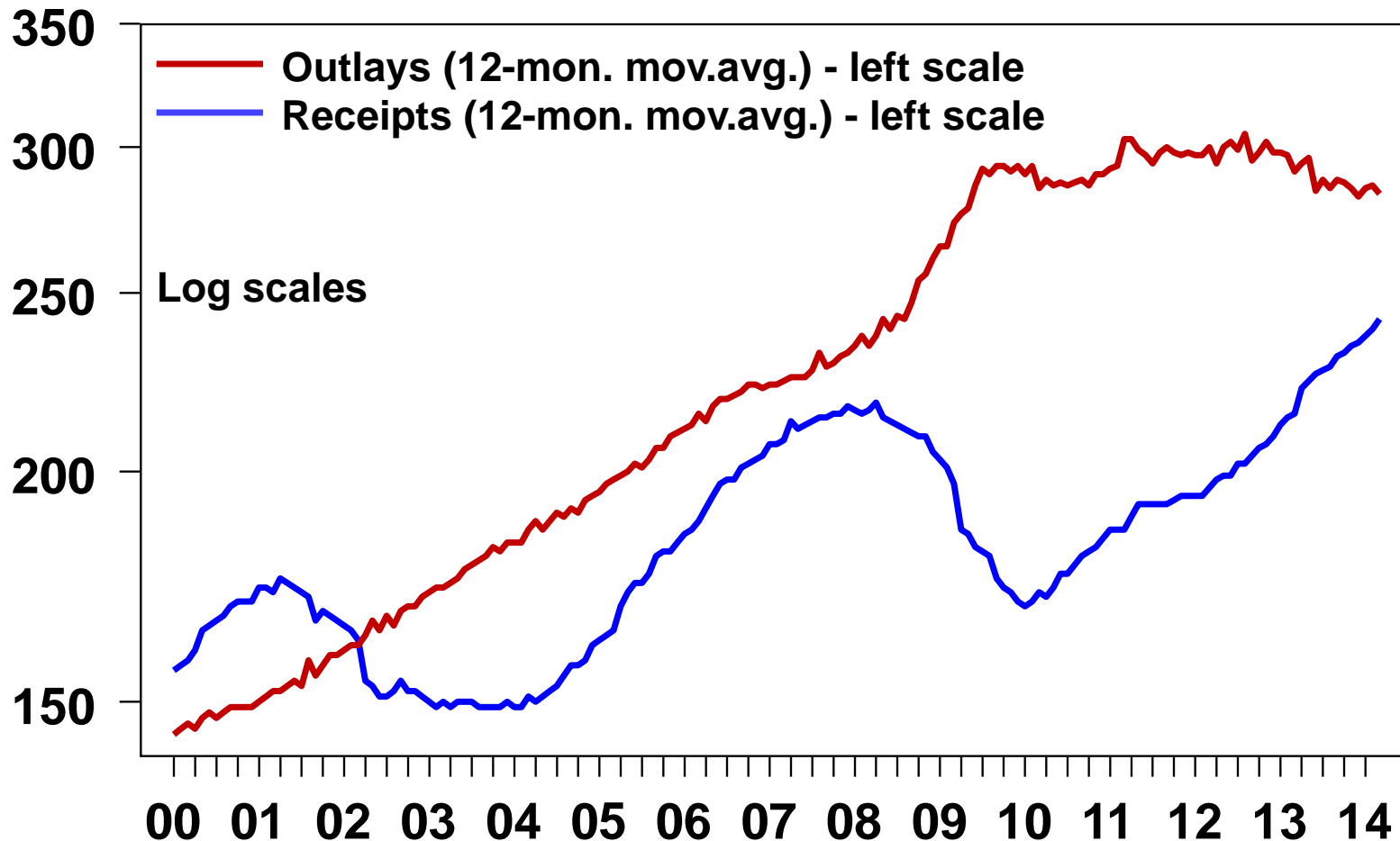




The road to currency debasement

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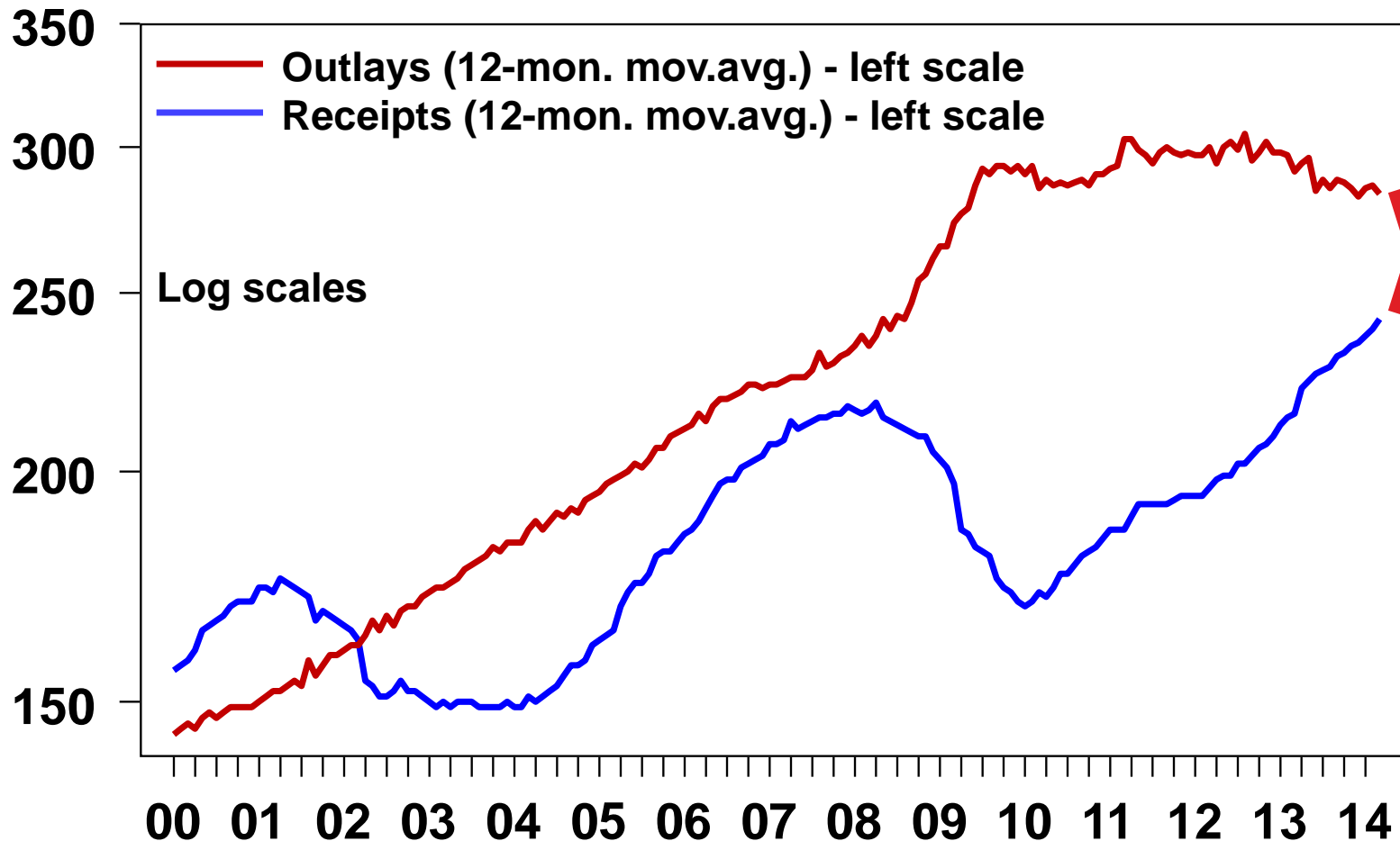




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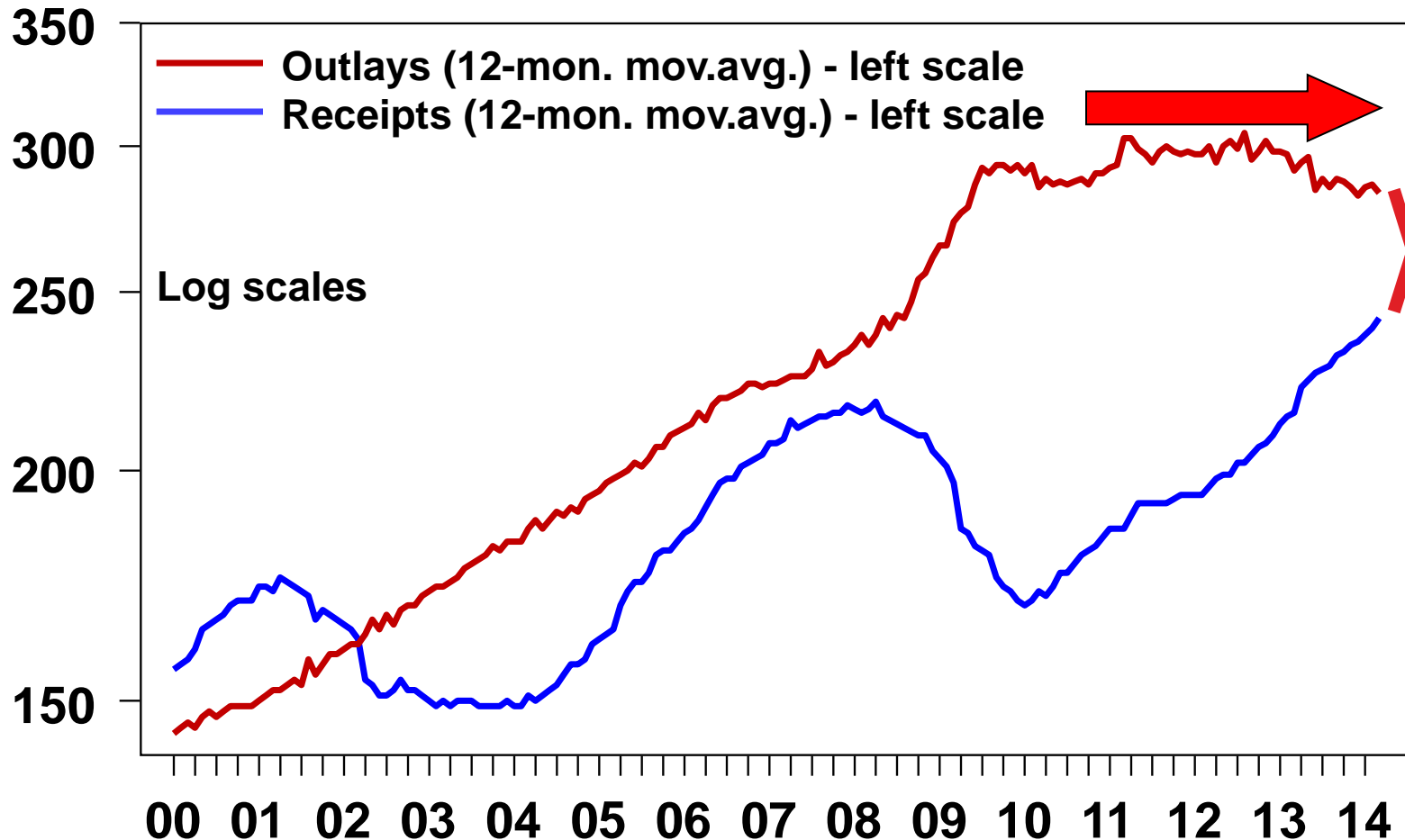




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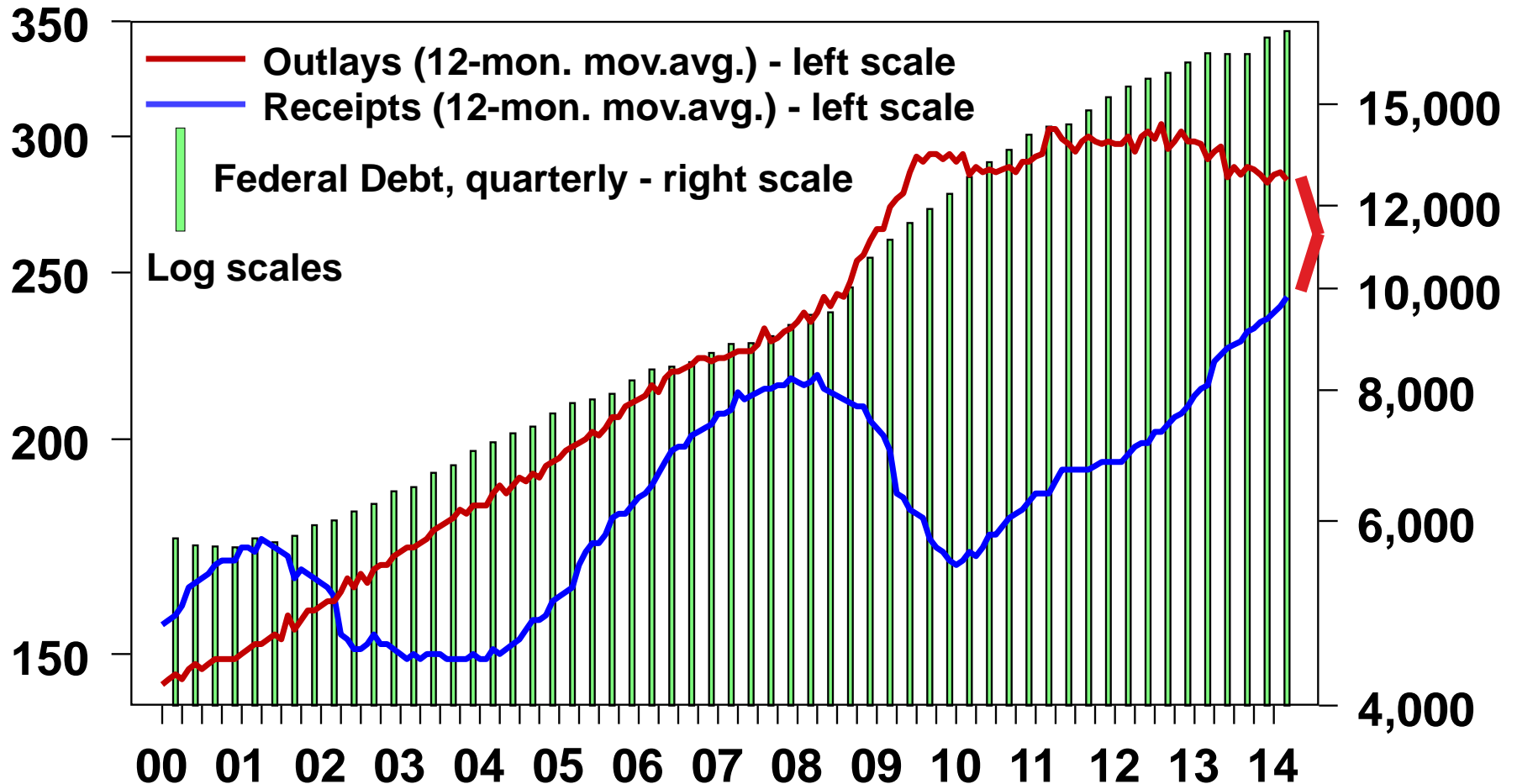




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