



Gold and Equities Long Term Comparative Performance



CPM Group

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Real Gold Price Increases Far Surpass Real Stock Prices

Gold prices have performed well in both nominal and real terms since they were freed to float, severed from a fixed U.S. dollar price, in March 1968. They have outpaced inflation.

Gold also has outpaced the rise in U.S. stock prices, both in nominal terms and adjusted for inflation.

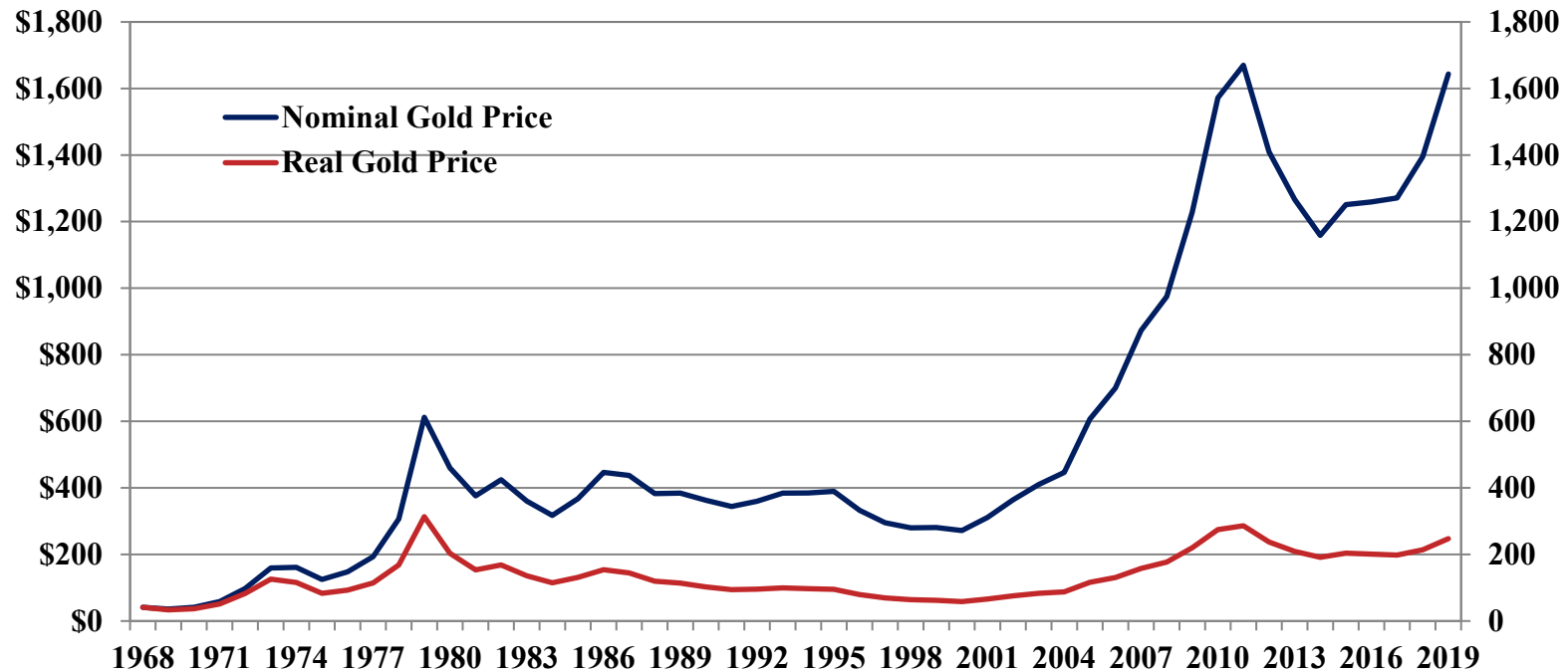
Yet many investors, including professional asset managers, are not aware of this.

Real and Nominal Gold Prices, Base Year 1968

Gold prices have risen sharply in nominal terms. Adjusted for inflation, gold prices have risen more than twice as rapidly as U.S. consumer price inflation.

Annual Real and Nominal Gold Prices

Base Year = 1968

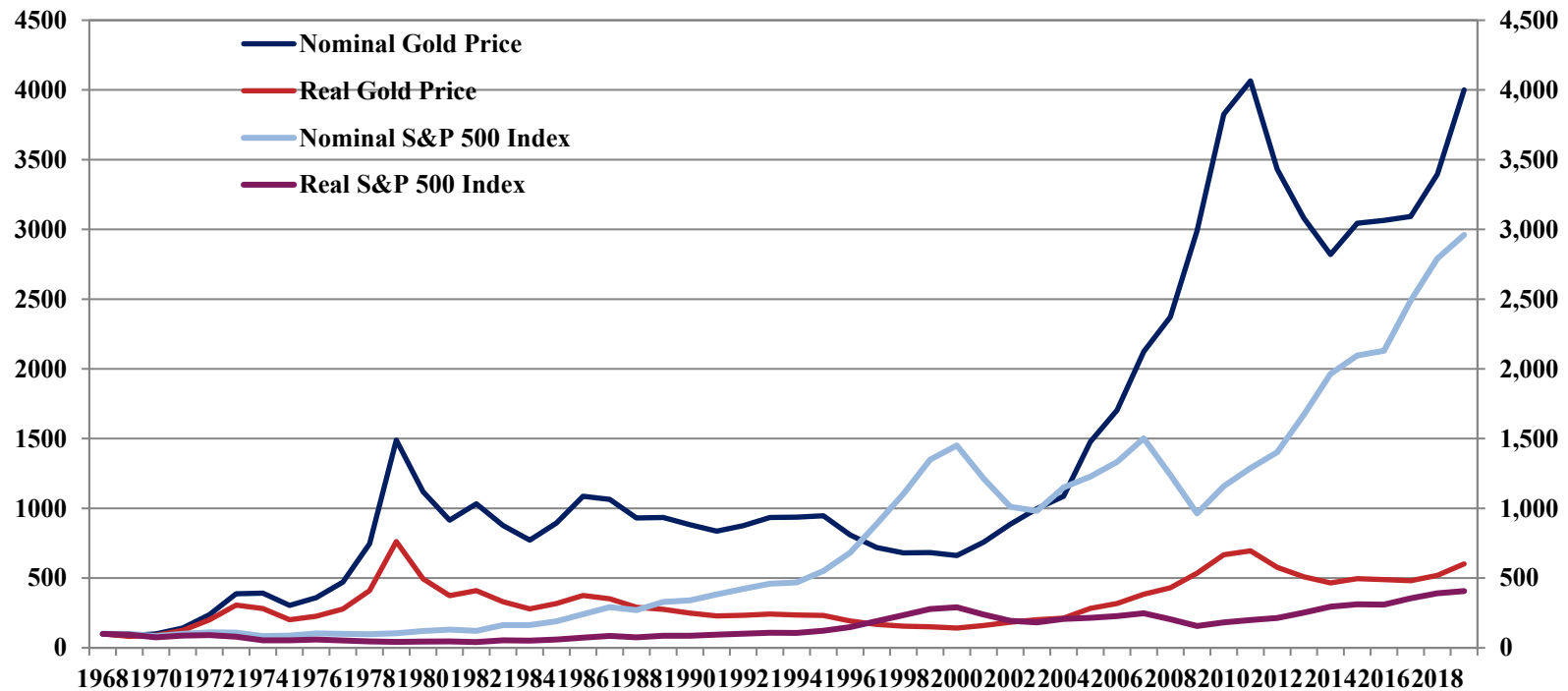


Direct Comparison of Gold and U.S. Equities

Gold has outpaced U.S. stocks both in nominal terms and adjusted for inflation.

Real and Nominal Gold Prices and S&P 500 Index, Indexed to 100

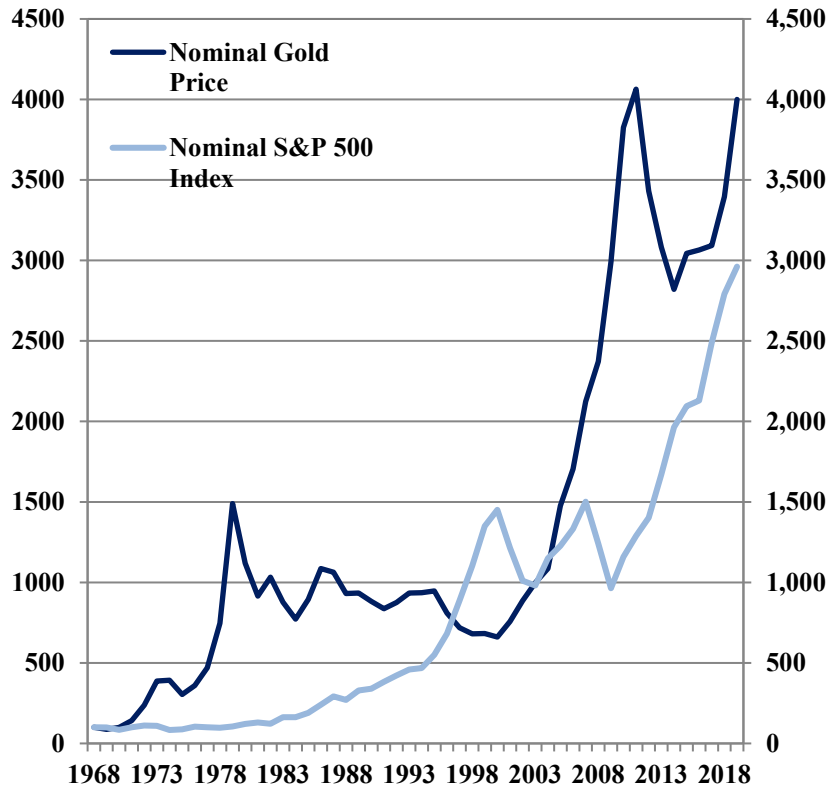
Base Year = 1968



Gold Beats Stocks In The Long Run

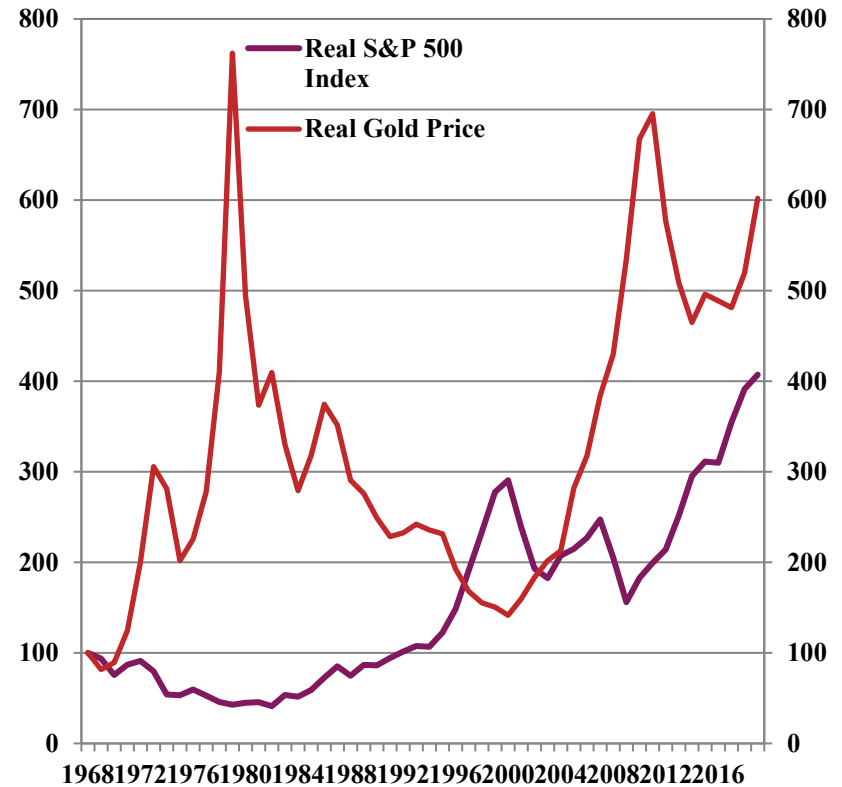
Nominal Gold Prices and S&P 500 Index, Indexed to 100

Base Year = 1968



Real Gold Prices and S&P 500 Index, Indexed to 100

Base Year = 1968

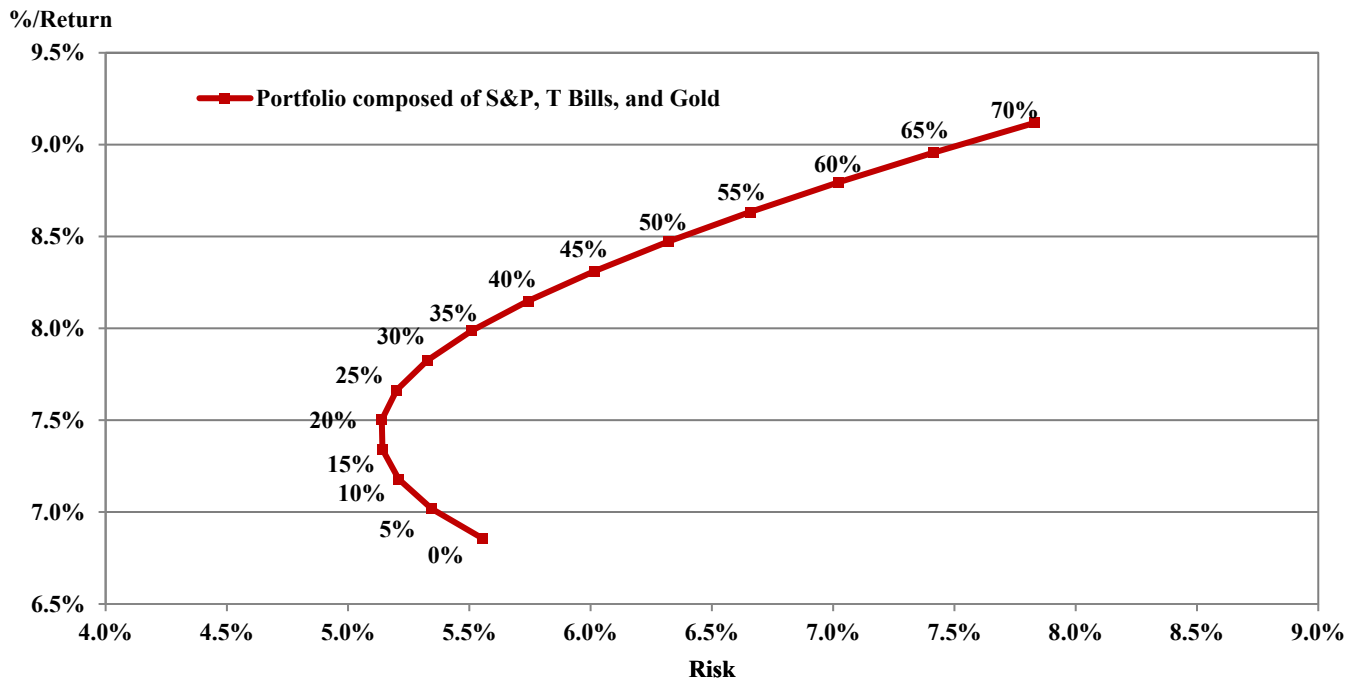


Investors Would Do Better With More Gold

Given the better gold performance than stocks in the long run, gold should play a larger role in investor portfolios.

An optimal portfolio should have held 25% - 30% of their assets in gold.

Efficient Frontier of Portfolio with Gold - 1968 - 2019 Sep

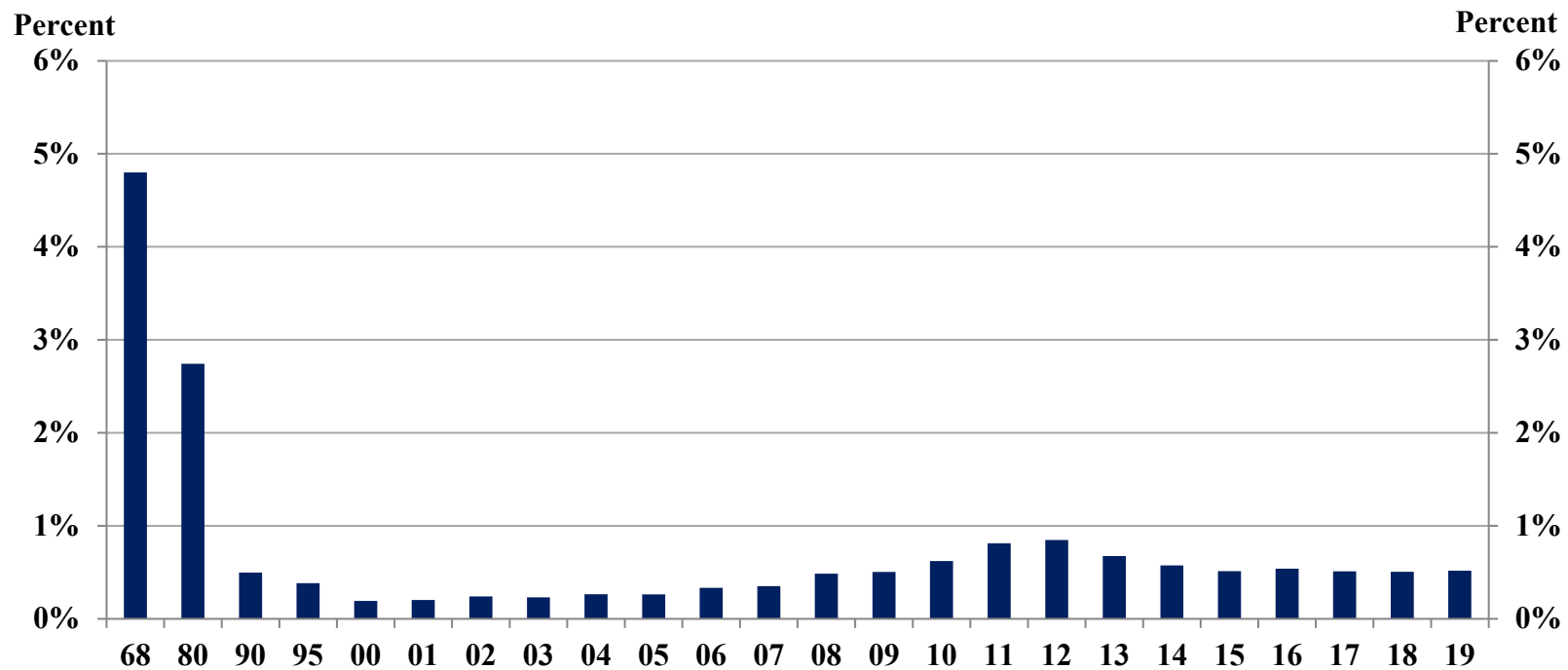


Private Wealth and Gold's Share of Private Wealth

And yet, most investors underplay gold's performance as a long-term asset, investment, store of value, capital preservation tool.

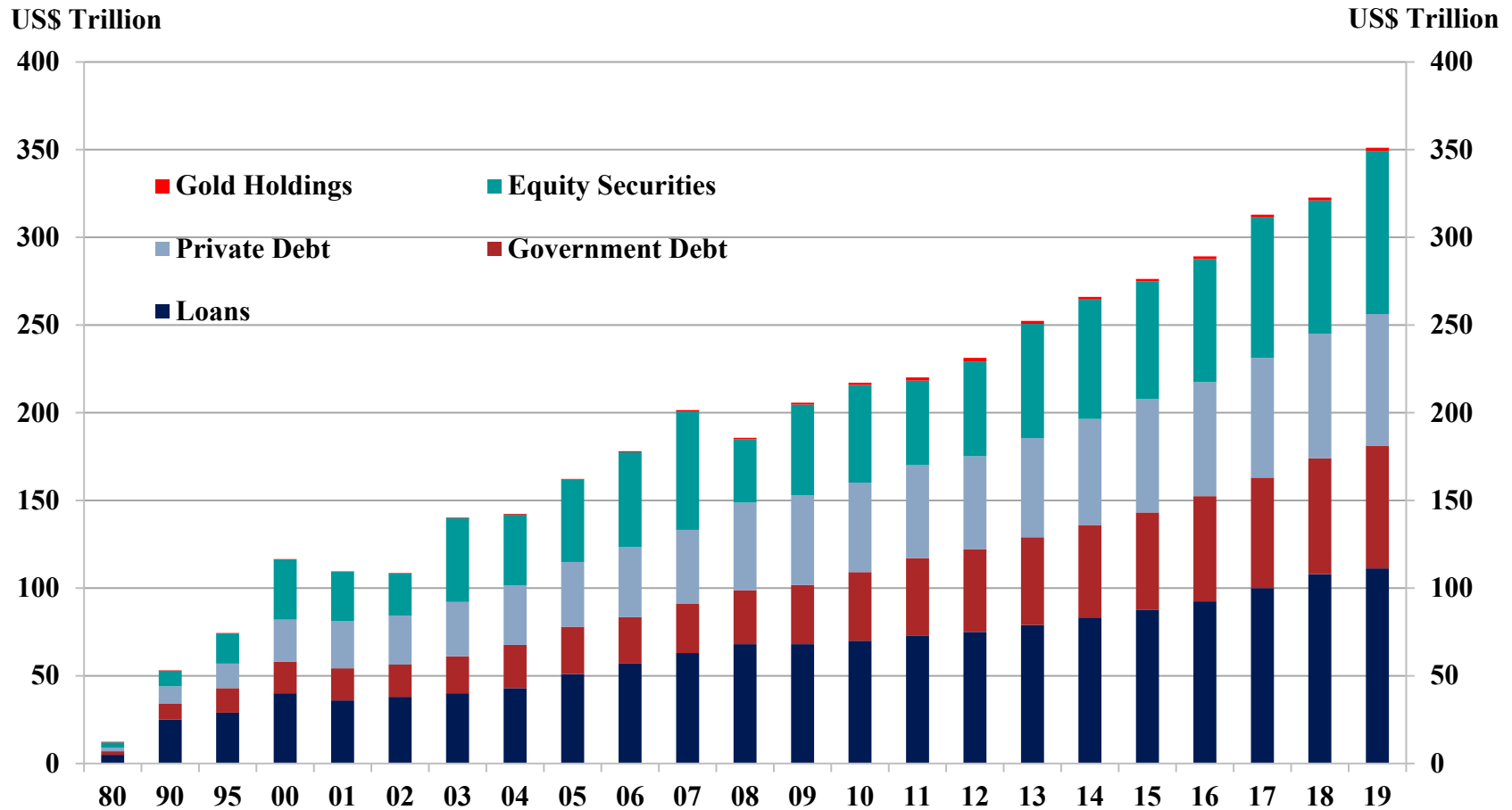
Gold represents less than 1% of investor financial holdings.

Gold as a Percent of Global Financial Assets



Global Financial Assets

Global Financial Assets
Annual



Buy Gold. Buy Gold Intelligently. Use CPM.

Research-Driven Research and Consulting

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Perspective Flies Out The Window

This month's report has two articles up front. The first concerns the volatility that has riled all financial markets, and some governments, over the past month. Much of the volatility originated in changes the Chinese government and People's Bank of China (PBOC) initiated, beginning in July but becoming more apparent in August. Many of these changes will bear long-term positive fruit. The shift to a new world paradigm for financial and monetary markets, caught a lot of investors by surprise, however. Furthermore, the changes and the market reactions spawned an obscure amount of study, propensities and over-sized fears in global commodities, equities, fixed income, and currency markets.

The first article deals with precious metals markets over the past month, and where they are likely to head.

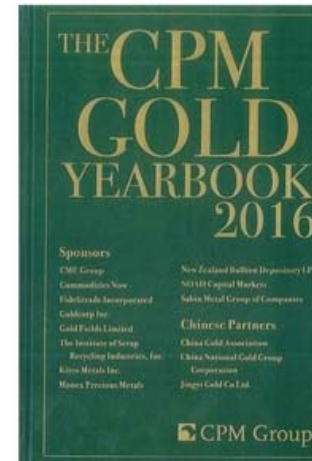
The second article focuses on the immediate and long-term implications for gold markets and prices of a major shift in the PBOC's posture toward gold.

After falling sharply in July and early August, precious metals prices recovered by the end of the month. Gold prices had the strongest recovery, finishing the month at \$1,125, up from \$1,085.50 on 5 August, the lowest settlement price since February 2010, and up from \$1,094.50 on 31 July 2015. Other precious metals prices were also up from the lows that they reached during the first few days of August, but silver and palladium remained below their settlement prices at the end of July while platinum rose 2.0% over the course of August to \$1,010.50 from the end of July.

The rebound in gold prices, primarily reflected investors covering previously established short positions. There was some increase in fresh long demand, but most of the buying seemed to be from investors buying back their short positions. Total open interest on the COMEX gold futures market dropped, -7.4% from the low of gold prices on 24 July to 1 September.

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