

Gold's Surge Has Been Disguised by the Strong Dollar

Excerpt from Barron's

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In The News



Gold seems to be out of favor, but that's only compared to the U.S. dollar.

Over the past two decades, the commodity has actually seen a widespread, strong, and sustained value appreciation around the globe against 72 currencies, according to Ross Norman, CEO of London-based bullion broker Sharps Pixley. That basket of currencies includes developed countries such as Canada, Australia, and Japan, as well as emerging markets including Brazil, India, and Iran. "Using the dollar gold price, as most

of us do, has disguised what is actually quite a powerful bull market," Norman wrote in a note last week.

Admittedly, the real return on gold over the past century has been much lower than other risk-free assets such as Treasury bills. But T-bills today may be less safe now, Fraser-Jenkins wrote.

Global government debt has risen to a near-record level since World War II, posing an increasing risk of inflation through additional capital in the market. The U.S., for example, has seen its national debt relative to gross domestic product grow 86% from 2000 to 2017, noted David Kotok of Cumberland Advisors. And that's not the highest compared to developing countries such as China at 109%, Mexico at 135%, and Iran at 233%.

Read the full article at [Barron's \(subscription required\)](#).