

The gold price and second-round effects



Second-round effects are price increases in response to previous cost increases.

Second-round effects occur when, for example, inflation causes unions and employers to agree on higher wages. This entails the risk that companies will raise the prices of their goods because of higher wage costs. This can then push inflation up further. Today there are price increases, in purchasing and in raw materials. Therefore, there will be significant wage increases. This is true in this country and also in the US. That alone should make inflation our companion for quite a while.

This development is putting the central banks in a tight spot. However, it will be difficult to turn off the money printing machines. Because the debts of many countries and companies are enormously high. Even the president of the European Central Bank, Christine Lagarde, admitted that it will probably take longer for inflation to slow down again. So now experts and central bank chiefs like Lagarde are increasingly saying that the higher prices are probably not just temporary after all.

This should support the gold price. The industry experts at Commerzbank, for example, are convinced that the gold price is currently showing strength. The breakout above the USD 1,835 mark is the prelude to a rising gold price. "The close above \$1,835 is decisive in the longer term and targets the area around \$1,917 and \$1,922, the May 2021 high, the 61.8 percent retracement and the 2011 high," Commerzbank experts said in reference to price potentials for gold derived from Fibonacci figures. Gold companies such as Karora Resources or Fury Gold Mines should benefit.

Karora Resources - <https://www.youtube.com/watch?v=RSNKRxkqsXk> - produces gold at its Beta Hunt gold mine (recent drilling has returned up to just over 40 grams of gold per tonne of rock) and at its Higginsville property in Western Australia.

Fury Gold Mines - <https://www.youtube.com/watch?v=bfEJaSmPGxg> - owns gold properties in Nunavut, British Columbia and Quebec.

Current corporate information and press releases from Karora Resources (- <https://www.resource-capital.ch/en/companies/karora-resources-inc/> -) and Fury Gold Mines (- <https://www.resource-capital.ch/en/companies/fury-gold-mines-ltd/> -).

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