

Inflation, money growth and gold



Even though inflation in the U.S. has cooled in recent months, some expect inflation to rise again.

Inflation in the USA peaked at 9.1 percent in June 2022. In January, inflation was still at 6.4 percent. Now there are analysts and industry experts who expect U.S. inflation to reach eight to twelve percent later this year. The reason, they say, is that inflation has yet to catch up with M2 money growth. Since 2000, the money supply has increased by 40 percent. Never before has the money supply increased at these rates without strong inflation being the result. According to market participants, "price inflation always catches up with money supply inflation." The financial crisis of 2008 and the Corona pandemic had a causal effect on money growth.

To bring prices back down to a reasonable level, many industry insiders think the Fed is doing too little or too late. Interest rate hikes by the Fed are not expected to be high enough to bring prices down, they say. While the Fed, in an effort to control inflation, has raised the federal funds rate significantly and it has begun selling assets, this will not be enough. Inflation will prevail because the trade-off between lowering inflation and accepting a recession will be in favor of inflation. This is because it is the lesser of two evils in the government's mind. A winner then should be the precious metals, gold and silver. Investments in companies that own precious metals would not be bad, for example in Mawson Gold, Sibanye-Stillwater or Tier One Silver.

Tier One Silver - <https://www.commodity-tv.com/ondemand/companies/profil/tier-one-silver-inc/> - is targeting silver, gold and base metal properties in Peru. Flagship project is the Curibaya project.

Mawson Gold - <https://www.commodity-tv.com/ondemand/companies/profil/mawson-gold-ltd/> - has gold and cobalt in the ground at its Rajapalot project in Finland. It has interests in other gold projects in Sweden and Australia.

Sibanye-Stillwater - <https://www.commodity-tv.com/ondemand/companies/profil/sibanye-stillwater-ltd/> - is one of the big players in gold, platinum and palladium and has recently started focusing on battery metals.

Current corporate information and press releases from Mawson Gold (- <https://www.resource-capital.ch/en/companies/mawson-gold-ltd/> -) and Sibanye-Stillwater (- <https://www.resource-capital.ch/en/companies/sibanye-stillwater-ltd/> -) and Tier One Silver (- <https://www.resource-capital.ch/en/companies/tier-one-silver-inc/> -).

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