

Joe (00:00.974)

So obviously gold has just been on this crazy tear now north of \$4,000 per ounce. It it feels like we're talking about this every day. Like we recorded one a couple of weeks ago that was like, oh, it's \$3,500. That's a psychological. Yeah.

James (00:05.94)

I heard.

James (00:13.856)

3500, 3000, 2500. Yeah, exactly. We've been doing this. And all along the way though, what have we been saying? We've been, right, this is not the top. you know, I mean, like at \$3,000, people go, oh, this is crazy. Like, no, it's not crazy. As long as, and I say this, I always feel like I have to caveat like what I say by saying, I'm not a gold bug. I don't even like that term. I think.

Joe (00:20.238)

That's not the top.

James (00:39.329)

you know, to imply somebody's a bug about anything is to imply that they have some irrational emotional attachment to something. And I don't have an irrational emotional attachment to a hunk of metal, but I do understand rationally why the price of gold is going up. And at the end of the day, it's all about supply and demand. There's amount of supply of gold and there's demand for gold. And the thing you got to understand about, about gold and gold demand.

is that there's various components of it. One of those components is, for example, jewelry. It's a huge demand driver for gold. It has been for a really, really long time. You got some industrial demand. There's a little bit of, and everybody's cell phone has a little bit of gold in it. Different electronics, all that stuff has a little bit of gold in it because there's some interesting and unique chemical properties associated with gold. You do have, there's individual investor demand. People buy, for example, into these ETFs.

like the GLD and the GLD supposedly supposed to go out into the physical market and buy physical gold as a response to that signal. one of the, you know, the big wild card for years, frankly, has been central bank purchases. There have been years in which, you know, the famous, was, I can't talk about this without mentioning the Brown bottom, but you know, Gordon Brown being the chancellor exchequer.

sold all their gold at like \$200 an ounce. said, there's no future in gold. It's a barbarous relic. And this guy sold a bunch of Britain's gold at the bottom of the gold market at basically the turn of the century. And so there you have a bunch of sales. So you have a bunch of inventory going into the market, right? So an increase in supply and a decrease in demand. Over the past few years, it's been the opposite. And that's been the big wild card. There's some years at Central Bank

Purchases have been up, sometimes they've been down, sometimes they've been selling, sometimes they've been buying, sometimes they've been buying a lot. And so that's always been the big wild card in terms of gold demand. And what we've been seeing over the past couple of years, and just to give credit

where credit is due, we've been talking about this since this trend really emerged in 2023. In 2023, we were writing about this over, mean, back when we just.

James (02:55.127)

before I merged with my buddy Peter, we're still sovereign man and then became shift saw we were writing about this said like, hey, pay attention to this. This is a big deal. Central banks are starting to increase their gold purchases. And throughout 23, we saw the gold price rise and 24 rows even more. And this year has been absolutely insane. And you don't have to be a gold bug. There's no irrational, you know, fantastical fixation on a piece of metal just to understand the supply and demand fundamentals of that central banks.

been buying gold and they'd literally buy it by the metric ton. You've got to understand that and you've got to understand why they're doing that. And the reason why is because central banks own trillions upon trillions upon trillions of dollars, like minimum like eight and a half trillion dollars of US dollar strategic assets. And that eight and a half trillion is just what central banks own in US government bonds, right? Forget about all these other, you know,

you know, agency debt and all kinds of other US dollar official securities. I mean, there you can easily get into the tens of trillions of dollars of US dollar assets that are owned by foreign governments and central banks. And we've talked about why that is. The US dollar for right now and has been since 1944 has been the world's dominant reserve currency. So all international trade, all these things are settled in US dollars. And that's been the way of the world for a very, very long time.

when Brazil and China would trade with one another, they settled that trade in US dollars, making the US dollar the reserve currency. It meant that all these countries around the world have to own US dollars. And the best way to own US dollars is to buy US government bonds. Sometimes they buy other things. Maybe they buy Fannie Mae and Freddie Mac bonds. Maybe they might even own some US stocks. They own a little bit of Apple or something. But US government bonds, I that alone, they own almost \$10 trillion. And what have we seen over the past

several years, a decrease in confidence with people saying, don't know about these guys. I don't know about these US government bonds. Now, why would somebody say that? Well, it's not that hard to see like they run two trillion US government, two trillion dollar deficits every year. And that's not going away anytime soon. Now we see you got a government that shut down because Congress can't even manage to pass a budget. They can't, they can't muster together a handful of Democrats in the Senate.

James (05:16.193)

to pass a budget to keep the government open because the ideological differences are so extreme that people would rather blast each other on social media than actually pass a budget and keep the government open. And foreigners see this and they go, how do I have confidence in these people? Then you've got the national debt that just keeps rising again, \$2 trillion deficits every year, all that keeps adding onto the debt. You've got social security's looming insolvency, which is gonna add trillions of dollars more. And probably one of the biggest one is the weaponization of the dollar.

this is something we've covered before many, many times where we said, you know, it started after 9-11. They passed the USA Patriot Act and basically gave the Treasury Department the authority to go and freeze certain assets if we thought, well, there's some, if you're a state sponsor of terror, then like we're going to freeze your assets. The Obama administration took that to a higher level when they passed the Foreign Account Tax Compliance Act. And they went to all these foreign companies and foreign governments and said, if you don't

sign up for this. If you don't follow us, if you don't do what we say, we're going to freeze your assets. We're going to freeze you out of the US dollar banking system and treasury system. The Biden administration took that, elevated that to an art form where they actually ended up passing a law and said, if you don't do what we like, we're going to freeze your accounts. We're going to freeze your treasury assets. We're going to freeze all, you know, you've loaned us money and we're going to freeze that money that we owe you and not going to pay you back. And so at a certain point, foreign governments and central banks said,

Joe (06:20.686)

Thank

James (06:42.605)

I don't trust you anymore. I don't trust the US government. So they're sitting on \$10 trillion almost in US government bonds, just US government bonds before you get to Fannie Mae, Freddie Mac, other US dollar assets. That's just the government bonds. And then they look at it and say, OK, I got to get out of these bonds. Well, how do you unload trillions of dollars of US government bonds? And what do you do with that money, right?

Now you said you got hundreds of, let's say you sell a couple hundred billion dollars worth. What do you do with that money? Right? You sell your US government bonds. You go out to the bond market, the bond market says, okay, I'll buy your bonds. And what do you get in exchange? You get dollars. You US dollars. The whole point of the exercise is to get out of the dollar. So what do you do? You know, what do you do with those dollars? Like, you go, let me go and buy euros so I can get in bed with the Greeks.

and the Germans and the Italians and the, know, like, no, no, no. I mean, that's, that's not a good idea. So what else do you buy? mean, and it turns out that the only thing where there's actually enough of a, a sizable enough market is gold. You know, and gold is the thing that takes all the boxes and that's what's been driving the price higher.

Joe (07:56.916)

And it also ticks the box of being in control of your own money, because when they buy the gold, they're buying physical gold. Is that correct? Because in keeping it in vaults and that way nobody can freeze their gold reserves like they could with U.S. government securities.

James (08:11.597)

Right, exactly. buy these things. We talked about this before about how gold is a very dense form of wealth. mean, you can have, if you ever picked up one of those bars, those things are super heavy. But you have a bar, it's like this big, basically, and it's worth so much money. And we did this analysis, I think, with oil. And we said, if you have an oil drum, it's filled with oil, you've got about \$70, \$80 worth of wealth.

If you have an oil drum that instead is filled with gold, right? The same volume of gold is worth, it was like a hundred million dollars or something like that. mean.

Joe (08:48.846)

I think we did that math when gold was like \$2,500. So I think it's worth like 200. Yeah.

James (08:53.101)

Yeah, exactly. mean, yeah, it's worth so much more. So the point is, is that like with a very small surface area, you can store an incredible amount of wealth. And the gold market is big enough that if you're a central bank, like, yeah, you can't, like if you're a central bank and you say, oh, I want to buy, you know, whatever, some like shitcoin token, whatever, like, you know, the market cap of that token is like so small.

You just cannot invest hundreds of billions of dollars. There's not a lot of assets out there that can actually absorb hundreds of billions of dollars of capital, right? So you need a really large market. Oil can absorb that, right? You could invest hundreds of billions of dollars in oil. The oil price is gonna go up a lot, but you can invest hundreds of billions of dollars in oil. But again, like how many oil tankers would you have to own? How big would your strategic petroleum reserve?

your big hole underground need to be to store all of that hundreds of billions of dollars. Well, it'd be, you know, a lot. The investments that she would.

Joe (09:55.598)

But you did mention crypto. Do you think they would start storing it in Bitcoin at some point?

James (10:02.221)

I don't think so. mean, maybe at some point down the road, but I think for now, I think there'd be a lot of central banks that would be concerned about holding like lots and lots of hundreds of billions of dollars of crypto. I mean, that's a lot. Because of security, I think they'd also be concerned about losing the moral high ground. I mean, for a central bank to buy a decentralized digital currency, buy decentralized crypto is kind of like, sort of like, what is the point of your existence then?

Joe (10:14.555)

Because of security like they're afraid they're gonna lose the password or

James (10:32.461)

You know, if you're taking strategic, if you're a central authority, who's taking your centralized reserves and putting in a decentralized asset, why do you even exist? know, it kind of, it sort of lays to bear like the lack of purpose of these guys. So I think for that alone, I don't see these guys buying hundreds of billions of dollars of crypto. I think when you look at different asset classes, there are certain commodities, right? They would go out and maybe they would buy, you I mean, you could buy

Joe (10:32.718)

Hmm.

James (11:01.779)

mean, if you spread it out and say, let's buy some coffee here and some lumber there and some iron ore and you know, but man, I mean, this like little bar of gold, it's very heavy. But I mean, in terms of its volume and surface area doesn't take that much space to be worth so much money. You know, to have a relatively small I mean, you you could put hundreds of millions of dollars in a relatively small area.

in a very, very, very small area. You could put hundreds of billions of dollars in a relatively small area. Like there's just no other asset class that gives you that kind of benefit. And so that's just what it comes down to. Central banks are looking around every single time. They saw Joe Biden turn and shake hands with thin air or fall down a flight of stairs or fall up a flight of stairs. I was just watching some clip the other day of him. I think it was like at the Air Force Academy graduation. It just like spontaneously fell over. It's just spontaneous falling.

And every time people saw that and they're just like, my God, this guy, you know, and they, they just, it's just all this stuff is just losing confidence. They just lose confidence. And so they start saying a couple of trillion dollars here in deficits that, know, they're going to, the treasury department is going to have to issue more and more bonds. We got to stop with this. We got to get out. And so where can we go and park hundreds of billions of dollars? Well, the easy place is gold. And the thing to keep in mind is that maybe

know, maybe there's a greater plan for that at some point down the road. China, for example, has been, you know, they've taken a lot of their strategic reserves. They had a bunch of dollars and yeah, they bought a lot of gold with their US dollars, but they also bought other productive assets, right? They bought mines, they bought farmland, they bought all the, you know, they bought water rights, they bought all these other things, they bought a freaking half of Africa. mean, Victoria was just at our, she runs our total access group at Shift Sovereign, they just did this

an incredible trip to Africa. went on a safari. They went to Zanzibar. They met with a bunch of local business leaders in Dar es Salaam in Tanzania. And she was telling me like, man, like the Chinese, go in half of this country now. It's crazy. They own the mines. They own the ports. They own the roads. They build all this stuff. And so this is what China does is they actually go and create, invest in, and build productive assets for the US dollars. And so there's a possibility that maybe some of these foreign central banks, they're saying,

James (13:21.685)

let's just park the money in gold for now until we figure out with it. And then maybe later on, we'll sell the gold and go buy some other productive asset. Maybe we decide down the road, we need more fresh water. Maybe we decide we need more arable farmland. Maybe we decide we need some other thing, gold for that at some point down the road. But for now, this is just a temporary stepping stone to get out of US government bonds, which then gives us dollars. Then we get out of the dollars, we get gold. And maybe the plan is

Five, 10 years from now, they get out of the gold and they go and they invest in some kind of productive asset. you know, we don't really know.

Joe (13:56.696)

it seems like it would be a lot longer of a path diversifying out of gold versus into it because this is a pretty clear like sell dollars buy gold both of those markets are large enough to both sell into and to buy into whereas if you were going to try to shop around and start creating some sort of fund almost of different assets seems like it's going to be a very slow burn on converting that gold into those assets unless what some new reserve currency comes out.

James (14:21.259)

No, I don't. I don't think so at all. I don't think it would actually take. I think the conversion of gold into some production, productive asset, I think that's actually a very fast process. think especially if you're thinking about it five years from now, I think that's a very fast process. The slow process is if you're China and you've got a couple trillion dollars of strategic reserves, what do you do with that money? You know, it's one thing to have a couple trillion dollars. It's another thing to actually allocate, invest that wisely and to find, you know,

Pete Buttigieg said it best, you have a trillion dollars, how do we get a trillion dollars worth of value on this trillion dollars? How does the Chinese Communist Party get trillions of dollars worth of value, you know, with the strategic reserve assets? Like they're going to have to identify what are the things strategically that we, you know, China feel like we need 10, 20, 30 years from now. And, you know, we've got a huge population and our land is shit. So yeah, we probably want to buy some farmland. We want to maybe we want to buy some water. We want to buy some of these things and have

right to this, maybe we want to try and invest in certain types of technology. mean, who knows? So they got to think through that stuff. And I mean, it will take them years to figure out what are the things that we need strategically to be able to invest in for the benefit of our country down the road. It'll take them a very, very long time to figure that out. And that's going to be the slow burn. When they figure it out and they, you know, they go and they say, hey, we want to buy a bunch of land. I don't think it's going to be a big deal for them to trade gold for farmland five years from now.

in Africa or whatever else, I don't think it's going to be problem at all. I don't think it's going to be a problem. So that's not going to be the issue for them.

Joe (15:52.054)

And is that where the new gold standard comes from? Are they going to have to create some sort of method of distributing this gold? they going to send a truckload of gold to the farmers? mean, I guess I don't know how that would work out.

James (16:05.069)

No, I think what China would try and position itself as is like, you can trust us with being the custodian of your gold. So basically, you'd imagine like China sitting on this like giant stack of gold. And they say, they go, hey, Tanzania, this portion of the stack now belongs to you. We're going to take our forklift, we're going to move it aside in this little cage that says Tanzania on it. We're just going to store it for you and let us know if you ever want us to ship it to you. in the meantime, we're

Joe (16:32.987)

So wouldn't the receipt be a gold backed currency?

James (16:36.109)

Essentially, yeah, it would. If that sounds crazy, somebody say like, why would any country trust another country where they're gold? That's been the US's role for decades. If you go actually in the Federal Reserve, I don't know if they still do, but the Federal Reserve Bank of New York used to give tours. And when I was actually a cadet at West Point, we actually went and toured this. And I remember being down like in the basement in the Federal Reserve Bank of New York, and we actually went and they had these like vaults.

you have like the it's like the names of the countries some of the stuff was was taken out for like security purposes whatever but you have countries actually had like a cage in the Federal Reserve Bank of New York with their stack of gold and so as a courtesy the US would actually store gold for foreign countries and I could actually foresee a scenario at some point down the road where like China's

trying to provide this service. I don't know if anybody would trust them. Maybe if you're some little African country and you're fairly poor, maybe you trust the Chinese, I don't know. But the point is, I think there's definitely a scenario in terms of, because now you get into an argument or discussion at least of what does that new financial system look like? Since 1944, it's been the US dollar. That lastly, the initial Bretton Woods system where the dollar was pegged to gold at \$35 an ounce.

then every other currency was pegged to the US dollar. That lasted until 1971, right? You had a lot of, you had some problems within the 60s. mean, that, you know, 1944, first 10 years, 1954, okay, fine, 1964, fine. 20 years into it, there started being problems though. And we read about this the other day, it was actually this guy, Charles de Gaulle, you know, one of the most ungrateful, one of the most ungrateful human beings ever. mean, this guy's entire

political career, being named head of the provisional French government after World War II, eventually becoming president of France, having a political comeback, all the power and proceeds, the fact that, I mean, all that was because of the United States. Dwight Eisenhower, the gracious man that he was, allowed Charles de Gaulle, who never had to fire a single shot for the liberation of Paris. Charles de Gaulle, he let...

James (18:51.263)

Eisenhower let Charles de Gaulle basically march at the head of the column and let the French, i.e. Charles de Gaulle, be the first guys into a liberated Paris. After the Americans did all the fighting and all the dying in the Normandy invasion and the liberation of Paris, and then even then, the Nazis were pissed off about it and tried to bombard Paris. And so he had to call Eisenhower and be like, hey, can you bail me out of this situation? mean, Charles de Gaulle was handed the keys to the castle and he was always bitching and moaning.

Roosevelt's not supporting me enough. I should be getting more, blah, blah, blah. And so this guy got everything handed to him. Then after World War II was over, then they said, here's billions of dollars more, which was a lot of money back then under the Marshall Plan to help rebuild your country. This

guy had just had everything handed to him. And in 1965, I think it was, he's just, you know, he's an older guy now. He's back. He had made a political comeback. He's president again. He gives this speech.

he's all pissed off and he's jealous that the US dollar is the world's reserve currency. And he says, America has an exorbitant privilege because you never have to worry about budget deficit. You can just print as much money as you want and the rest of the world is just going to keep using your dollars and buying your debt. And I'm pissed off about that. So Charles DeGaulle demanded a return to the gold standard. And, you know, yeah, you kind of look at this and be like, talk about it. Talk about ingratitude, man. I mean, like, mean, for all intents and purposes, like that guy should have died.

know, in Tunisia and nobody knew his name. And yet, for all the sacrifice of the United States, of the taxpayers, of the soldiers, of the government, of everybody, you know, this guy was able to preside over a France that was able to come back to power in life. Obviously, know, mean, French people worked really hard and, you know, played a prominent role in that. But I mean, America, like, was at this guy's side backing him and he was just bashing the dollar and trying to get

trying to get the dollar to be ousted as the reserve currency and go back to a classical gold standard. And he started a trend that little by little, because back in the mid-60s, you could actually redeem your dollars for gold. a lot of foreign speculators, foreign investors, foreign governments, and central banks started actually saying, well, I got these dollars. Give me my gold. And they went and actually demanded redemption. And Charles De Gaulle was actually one of the first guys to start that trend.

James (21:09.451)

Now Nixon got tired of it and towards the end of his term, I think it was 1968, he pushed Congress to pass this law basically saying, well, giving the president the authority to end that relationship, that convertibility, the redemption. It was LBJ. It was LBJ was the guy that passed the law. I think it was in 68 when he was still president towards the end of his term.

Joe (21:22.102)

Or it was LBJ, right, that did it in the 60s? Yeah.

James (21:34.509)

that passed the law basically giving the president the authority to end the linkage between the US dollar and gold. LBJ ended up not being the guy to exercise that because he left office very shortly thereafter. Nixon was the guy that won the election in 68. Then Nixon comes to power in 1971. He actually used the authority that LBJ pushed for. was LBJ was actually during one of his State of the Union addresses was, you he was the guy that saying, gotta, I mean, and they actually had this argument where they said,

The dollar is constrained by gold. We must liberate the dollar from the gold standard. You know, this is crazy. Like gold is holding the dollar back. And they actually...

Joe (22:13.006)

Were they saying that they can't print all the money that they want to print because they would have to back it by more gold?

James (22:18.113)

They made that argument. They said the world is, their argument was that in the 1960s, the world was growing very rapidly. Countries, outside the United States, their economic growth is growing rapidly. And since the world's reserve currency is the US dollar, these countries whose economies are growing rapidly need more dollars to keep up with their economic growth. But we can't give them more dollars because we only have a finite amount of gold. And so our money supply is fixed. And so we owe it to the world.

to liberate the dollar from gold. And there were a handful of people who said, you guys are out of your minds. Gold's the only thing that's holding the US dollar up. And if you eliminate the convertibility of dollar into gold, then you're gonna have crazy inflation. And one of the guys who said that, who actually went and testified in front of Congress, was the father of my very dear friend and partner, Peter Schiff. His name was Erwin Schiff, and Erwin was one of the guys that went to Congress and testified and said, you guys are insane.

This is, gold is the only thing that's propping up the US dollar. You get rid of it, you're going to have crazy inflation. And of course, he was right. So in 1971, under pressure from all these foreign governments and central banks and speculators, they were saying, give me, want, here's your dollars back. You can have your dollars. Give me my gold. Nixon finally said, you know what? We're not doing this anymore. We're not doing this anymore. So Nixon, in August, 1971, he closes, they call it the Nixon shock. He closes the gold window and says,

The US dollar henceforth will no longer be convertible to gold. And he gave this speech to the American public on Sunday night. he said, nothing's going to happen. Your dollar is going to be just as valuable tomorrow as it is today. And technically, was right. Because the next day, there wasn't really any difference. It was the next year and the year after that and the year after that. The dollar lost like 80 % of its value in the 1970s.

know, it didn't happen overnight. It happened over a decade. So Nixon was technically, technically accurate when he says your dollar is going to be worth just as much tomorrow. And he was right. And that, you know, the next day wasn't that the sky wasn't going to fall. But over the course of next 10 years, the dollar lost virtually all of its value because of what happened. Right. So Nixon closed the gold window. He also says like, you might notice some things. So maybe some imports will get a little bit more expensive. He simultaneously, lot of people forget this.

James (24:43.521)

He imposed capital controls, price controls, all sorts of things in closing the gold window. So now that he eliminates the link between the US dollar and gold, now the price of gold basically floats freely. It already had been in foreign markets. So like in the London exchange, the gold price was well beyond that \$35 official value. But then it just went through the roof.

similar, like a similar trend as the 1970s from 71, 72, 73, 74. mean, from 1971, August 1971 through 1974, you're talking about the dollar going from \$35 an ounce to like almost 200. It was like \$180, \$185 an ounce in 1974. So, I mean, that's a, what's that like a 4X return in that basically like kind of three and a half year period.

you know, 40 month period, a 4X return. That's significant. That's really, really significant.

Joe (25:48.334)

Was that also central banks buying it? Well, at first you didn't even have the middlemen. The central banks were just turning in their dollars for gold. And then after that, did the central banks continue to just take their dollars and buy gold? And that was driving up the price.

James (26:02.477)

Yeah, in the 60s, the central banks were redeeming their dollars for gold. So they could go back to the Federal Reserve, to the Treasury Department, say, here's my dollars, give me gold. In a way, were selling, you know, they were exchanging the dollars for gold, or essentially, they were buying gold. They were buying gold for \$35 an ounce. saying, here's \$35, or \$35 million, or \$35 billion, or whatever, and give me the equivalent amount of gold. By the 70s, then the link was broken.

but you had still foreign governments and central banks as well as speculators and funds, most of these guys all overseas that were saying the dollar is toast, the US government is toast. And of course it was easy to see because it was the same trend, right? What was going on in the 60s and the 70s? US government deficits are going through the roof. Why? Because Lyndon Johnson had single-handedly escalated the war in Vietnam.

and simultaneously built the great society. So he was doing both these at same time. He was waging a very, very expensive war. 600,000 people in a theater overseas is very, very expensive. The helicopters, the arsenal, all the artillery, mean, the bombing campaigns, all this stuff, it's very, very expensive. That war was very expensive, not only in lives, obviously, but in terms of dollars. Simultaneously said,

Let's have welfare program. Let's have this. Let's have that. Let's have all food stamps. All these programs that got their start in the 70s that simultaneously in the 60s, I'm sorry, became very, very expensive. And so the government was running these super, super, super expensive. And then you had to pay for everything else in the budget. You you have pay for the national parks and the light bill at the White House and all these other things. Social security, all these things that they were doing. also went to that's a whole other story. We can talk about the fraud of the government going to a unified budget.

used to keep Social Security in like its own separate books. And so was like Social Security, the payroll tax revenue was like its own, it wasn't even counted in the government, in the federal government's books. And then all of a they decided, no, let's just combine everything together into a single unified budget, which is a fraud, by the way. That was a fraudulent thing to do, but they did it. And so it basically goose the tax revenue and that put them in a position where they could start actually taking from the Social Security surplus. We'll save that for another time.

James (28:18.125)

But there are lot of very dishonest, the kind of the foundations of frankly, modern fiscal folly in the US government are actually founded in the 1960s. And they thought we're gonna do all of these things. You had Johnson, who actually went to the Federal Reserve Chairman, I think it was Billy Martin, supposedly, know, pushing his finger in his chest, slamming up against the

wall saying, you my boys are dying in Vietnam and you're not printing the money that I need. He wanted lower interest rates.

didn't give a damn about inflation, but he also wanted to give everybody all this free money in the great society, have domestic welfare. I mean, it's just a disaster. And people looked at it and said, the US is toast, the government's toast, your debt's gonna go through the roof, your deficit's going through the roof, you're gonna deal with it by printing all this money, so you're gonna suffer a lot of inflation. I'm not gonna own your dollars, I'm not gonna own your assets, so people were buying gold. And it was a very, very, very similar situation.

in the 1970s and frankly that started in the 60s. And it's a very, very similar situation to what we're seeing today.

Joe (29:23.118)

And what you had mentioned earlier was that you said you could redeem your dollars for gold, but you couldn't, not individuals. This was foreign governments that could, because it was actually, it was still illegal to own gold as a, right. From 1933 until 1974, it was illegal to own gold as an American.

James (29:30.381)

Americans, yeah, not Americans, right. Yeah, Americans could not.

James (29:42.189)

Yeah, Franklin Roosevelt in 1933 issued an executive order. He froze all the banks. Basically everybody went on a bank holiday, froze all the banks, and then he went around and said, everybody who has gold in America has to turn your gold over to a federal agent. And if you don't do so, then here's all the fines and penalties and imprisonment and whatever. And so everybody in America that owned gold privately had to go to a federal agent and hand over their gold. And the federal agent gave them, you know,

It was like \$20, \$22 for West back then. Yeah, exactly. Which was based on the mint and coinage act from the 1790s, basically. So that was the original sort of value of the US dollar and the dollar was redeemable for gold. There was a link between the two. And Franklin Roosevelt said, everybody's got to give us their gold. Nobody's allowed to own physical gold. So he took everybody's gold. He gave them pieces of paper.

Joe (30:14.254)

Yeah, it's like \$20.67 or something.

James (30:37.965)

And then after he felt like, okay, we've safely confiscated everybody's gold, then he raised the gold price to \$35, essentially devaluing the US dollar. So he robbed everybody of their purchasing power, practically at gunpoint under penalty of threats of fines and imprisonment. And which is a pretty shitty thing to do. A lot of people forget about that. mean, Roosevelt is exalted in history, especially among like liberal historians.

But mean, he robbed people straight up practically at gunpoint of their purchasing power and had no shame about it whatsoever. And ever since then, the gold price was fixed at \$35 and it was still illegal for individual citizens to own gold. So that didn't end until 1974. So imagine you're an American and you're watching the gold price in 1971 at \$35 an ounce.

rise over the next couple of years to \$185. And you're sitting on the sideline, it's literally illegal for you to own it and invest it and participate in this upside. You're like, man, what the hell? So imagine what happens in 1974, Congress says, all right, we're gonna liberate people and allow you to buy gold now. So now private ownership of gold is decriminalized. Now it's legal once again, the United States. just imagine like consumers, investor psychology, all these people watching gold on the sidelines go,

higher and higher and higher and higher. Now suddenly overnight, it's legal for them to buy gold. So what do they do? Everybody piles into the gold market. So you have this massive flood of retail investment capital into the gold market, right? And which is in some respects also similar to what we're seeing now. You know, we were talking about this before.

Joe (32:22.03)

They didn't have ETFs back then though, right? So people were buying physical gold.

James (32:25.079)

They didn't have ETFs. They were buying physical gold. They were buying coins. I actually made a mistake when I wrote about this yesterday or the day before when I was writing that in the 70s, people went out and they bought, you know, Eagles and Cougarans. Cougarans, yes, Eagles actually didn't exist until 1986. And Rich Chequen actually shot us a note and said, hey, Eagles weren't around until 86. And I went back and looked at it and it was actually one of things they bought. I think it was like the gold Mexican peso coin.

Joe (32:46.19)

Hahaha.

James (32:52.869)

one of the other popular ones like back in the 70s. But Cougarans for sure, the South African Cougarand gold coins. And so people were buying this stuff up, physical coins, people going down to the coin dealers and buying up gold coins. And today, it's not really gold coins. People just go and they buy ETFs. And we wrote about this how the GLD, the largest ETF, certainly in the US and among Western investors, has been seeing record inflows.

I mean, they track this and this is all public information. They report to the regulators the inflows and outflows of investors moving money into their ETF and out of the ETF because it's basically just a publicly traded mutual fund. And the flows are basically net negative outflows as recently as kind of like early to midsummer. It was really only in August that the ETF started seeing more and more inflows, significant inflows. And then September was like,

There was ridiculous inflows into the ETF, which happens to coincide with, you know, last month, September of 2025, when gold prices just really just started shooting up. got, you know, \$3,300, \$3,400, \$3,500. Then it's like, bam, \$4,000. I mean, that gap from \$3,500 to \$4,000, I they just shot through that so fast. And a big part of that was because there was a flood of retail capital going into the gold market. This is what happened in the 1970s.

into 1975, there was a flood of individual retail investor capital going into the gold market. And at that point, gold had gone up 4 5X over that period of

time, 6X almost over that period of time. And so you can imagine at a certain point, the foreign governments and central banks started going, maybe we should back off of our gold purchases a little bit. So that amount of demand fell. People that were buying jewelry,

Now, all of sudden, jewelry prices went through the roof because people have to pay six times more for the gold. mean, everything, wedding rings and necklaces, all that became really expensive. So jewelry demand fell. The only thing that really had going for you in the gold market was all of all these retail, these individual investors piling into the gold market. But that's hot money. It's hot money. Small individual investors, they go piling to something and they'll

James (35:13.537)

they'll jump right out of it just as fast as they got in. They I made 10 % and they get out. And all that money, it's not patient capital. It's not long-term capital. It's very fickle, short-term capital. It's in and it's out. And that's what happened.

Joe (35:27.918)

Which is probably why they were pulling money out of the ETFs earlier this year because the gold price had already gone up by so much so they cash out. Maybe they got in at \$1,500 gold a couple of years ago.

James (35:38.269)

Sure. Right. And so this is what happened in the 70s. You had a bunch of investors get in all of a sudden, 1974, 1975, you had a bunch of investors piling in. all of a sudden, the central bank money is at the patient money kind of says, we're going to take a pause. They stop buying. Jewelry demand is down. Investment funds start selling. go, oh, look, all the little guys are getting in. Let's sell to them. This is the top. Let's sell to them. And the reality is, whenever small individual investors

start piling into something that is oftentimes a signal at the top. Not necessarily the, you know, it's never going to go up again, but at least a short term top, like it's peaked for now, then it might go down. There's a correction and then eventually goes back up. We've seen this so many times with crypto, right? I mean, you remember in 2017, was 2017, 2018, it was 2018. I think it was 18. Yeah. That like, was like that. It's like crypto is going through the roof. Bitcoin is going up, up higher every day. was like Thanksgiving.

That year, everybody around their Thanksgiving table was like talking about Bitcoin and opening up Coinbase accounts. And that was the top at that particular time. And then all throughout like the next year, whatever price kind of went down, went down, you know, \$1,000, \$2,000, whatever. And then it made its way back up. And so this is what happened with gold is that in the 70s, you had this peak at 74, 75, retail investors are piling in, but the central banks step back. The foreign governments step back. The hedge funds,

investment funds that have been buying gold, they started selling to the retail investors to take profits. Jewelry demand plummeted and all of didn't take very long, the gold price fell. But it didn't fall forever. A lot of people thought like, this is it. The gold price is down forever and that was it. We missed it. And they also looked around, they said, well, I mean, all these kind of shocks and scandals, right? You had the Nixon scandal. mean, the President of United States had to resign in disgrace. You had

problems in various, you know, spots around the world, geopolitical discord, you had a lot of inflation in the US and, you know, people were looking and say, hey, the inflation is coming down a little bit. And, you know, we had a new election, you know, Nixon's resigned and now we have a new administration and everything's okay. And all the geopolitical chaos is kind of tamed a little bit. And so people felt like, yeah, gold, we don't really need to own gold anymore. But the fundamental issues were still there.

James (37:58.093)

The fundamental issues behind that initial surge in gold was basically a disastrous US government financial, US government balance sheet, disastrous US government finances. The deficits were still high. The central bank was still printing money. They got kind of tough. They didn't live a little period of said, no, we're going to raise interest rates. But for the most part, they were very soft on inflation. didn't really care. Let inflation rise. The government had no spending restraint whatsoever. They're still spending money in Vietnam. Still a lot of money. So nothing fundamentally changed.

So, what happened after a period of consolidation and correction, gold went back up. The gold price fell 40%, basically from like 185 almost \$200 down to \$100. So, almost by half, it hit right around like \$100, \$105 was kind of the low and it started to pick back up again in 1976. From that period, from like 100 bucks, it went over the next four years to \$850. The reason why is because that fundamental went up 8X.

because the fundamental story did not change. The US government was still in a world of hurt. The financial, the balance sheet was a disaster. The annual deficit was a disaster. Inflation was a disaster. The fundamental story did not change. And because of that, the price of gold still went through the roof. And things really only started to change when they elected Ronald Reagan and Reagan comes to power.

and basically says, yeah, hey, we got to stop the spending. We got to get the balance sheet under control. We got to get the debt under control. We got to stop with the deficits. And they had somebody that was at least willing to talk about it and say, we want to solve this problem. And that started giving people confidence. The economy started growing again. Volcker comes into the Fed. He jacks interest rates up to the roof. Inflation starts coming down. And it was a fundamental shift in the macroeconomic fundamentals of the United States and the dollar inflation.

the debt and the balance sheet and so forth. It was that fundamental shift. That's what actually caused gold to finally come off of its all-time high and gold actually spent the 80s and the 90s where by the time you got to the 90s, the debt level was relatively small. They actually started running budget surpluses, all that. of course, gold at that point had collapsed 75 % and went all the way down to \$200 at that point.

James (40:16.237)

So the story of gold basically is just fundamentally driven by what's going on in United States? What are the macroeconomic fundamentals? And you look at through the 80s and the 90s, yeah, there were recessions and there were some wars and there are these things. But the general trend was a healthier government balance sheet leading to culminating in budget surpluses by the end of the 90s, low and stable inflation, declining inflation. And so yeah,

the gold price fell as a result of that. We are not in that situation right now.

Joe (40:45.698)

I was going to say all you're saying is that we need another Reagan to balance the budget, to have a federal reserve that's willing to raise interest rates and to restore the entire competence of the U.S. government across the entire world. And in that case.

James (40:57.717)

No, no big deal. No big deal. Right. Yeah, I'll be the first guy to say that if you had all of those things, if you had and I'm not just saying like, Reagan, I'm saying a government in general, you had two houses of Congress that were actually willing to work together civilly, discuss problems and rational solutions. You know, and you you had just a government in general that had credibility. If you had

central bank that took its inflation responsibilities seriously. mean, you look at the Fed's track record over the past several years, they printed trillions of dollars, they expanded the money supply by trillions of dollars. They went from a \$4 trillion balance sheet to a \$9 trillion balance sheet during the pandemic and anticipated zero problems with that whatsoever. They did not think at all that there was going to be any problems to more than doubling the size of the balance sheet in about 18 months and said, what could possibly go wrong? And they didn't see any of that.

And then inflation actually started to come around. They totally missed it. They missed all the signs of inflation. They gaslit people said, there's no inflation. What are you talking about? And they finally said, no, no, it's transitory. And all of it, I mean, it was, they were completely asleep with the wheel. They got it totally wrong. And, you know, even then when they finally started raising rates, then they failed to anticipate that there would be problems from the rapid rate hikes. And even as I, I always point this out two days before Silicon Valley banquet.

the chairman of Federal Reserve testified in front of Congress and said, nothing that we've seen in the data suggests to us that we've tightened too much. In other words, the fact that we've raised interest rates so quickly, I don't think there's any problem here. And yet the Fed is a banking supervisor. They had all the data. They had the data from Silicon Valley Bank going, we're insolvent because of these interest rate hikes. And they said,

Joe (42:40.536)

They had the data, yeah.

Joe (42:46.51)

The public had the data too because Silicon Valley Bank had to put these things out publicly and they said we're insolvent and people bought more stock.

James (42:53.665)

Yeah, I really gave the investment, it's a hard time on this. mean, look, everybody's human, everybody makes mistakes. But I mean, these hot shot Wall Street analysts, the day that Silicon Valley Bank announced its earnings, they put out their quarterly report and their balance sheet showing that on a mark to market basis, they were insolvent, their stock price went up. And all the analysts said, buy, buy, buy. They put buy recommendations on this. It's

like, the numbers were right there and everybody just chose to ignore it, including the Federal Reserve.

And so these guys have been asleep at the wheel and now you've got, you know, you've had scandals, you've got all these things, you know, the Fed. And so, I mean, the Fed has very limited credibility. The U.S. government has almost no credibility. And so, you know, these are fixable, right? If you make it a priority to restore credibility and actually try and create an environment where, you know, parties can get together and actually talk and work out rational solutions. We talked about this before. I mean, there should be, there's some of these things. Everybody in Washington agrees.

that the immigration system in United States is broken. So fix it, fix it. Like, why isn't there any discussion about how to reform the immigration system? I think most people generally agree that it should be relatively easy and straightforward for extremely talented, productive foreigners to be able to legally come into the United States. So I don't think either party disagrees with that. So why haven't they fixed it? Go and fix it, you know?

Joe (44:12.888)

So a bipartisan bill is a sign that gold's at the top. So don't worry about gold being at the top until you get a Democrat and a Republican shaking hands.

James (44:23.117)

Well, I mean, that's kind of the thing, though. It's like you have the Democrats that won't do anything that the Republicans want to do because they would see it as like siding with Trump. And they're so deranged that they're willing to sacrifice the greater good of the country just that they can virtue signal on social media that they're not siding with orange man. It's completely nuts. It's completely nuts. And, you know, that this is why the government shut down. I mean, there are a handful of Democrats that went along with it said, yeah, we'll keep the government open.

Congress passed the House of Representatives passed the bill to keep the government open. And there were at least a handful of Democrats in the Senate that said, yeah, okay, we'll go along with this to keep the government open. But they just need a few more people. And they go, no, we're gonna keep the government shut down because we don't wanna be seen as having sided with orange man. And they're so concerned about being reelected and all this stuff. It's just atrocious. It's atrocious.

Joe (45:13.166)

It was kind of funny watching some of their interviews because they decided they were going to, you know, stake their claims on these subsidies that are expiring from Obamacare. even some of the, you know, obviously biased news was like, well, but these subsidies don't expire until later in the year. And then it played clips of all of them saying during the government shutdowns that were during democratic administrations, like first you fund the government, then you negotiate. It's like, somehow that's changed now.

James (45:39.403)

Yeah, you gotta fund the government, right?

Yeah, just to be clear, I'm not losing any sleep over the fact that the federal government is shut down. know, I mean, my God, we've talked about this before, you know, they say, we're going to keep the essential workers

great. And why do we have non-essential workers in the government at all anyways? I think this does provide a lot of opportunity to trim the government down. But again, the point is none of that stuff is happening. So the trajectory is just it's there. It's like, there's nothing's happening here. Like, there's no real appetite to cut spending. There's no real appetite for, you know, Congress

different political parties to work together. There's no real appetite for the Fed is not demonstrating that they've got anything under control. Until that happens, I think the end result is foreign governments and central banks are still very concerned about the dollar. You know, until the other one is the weaponization, you know, until the US government says, we're not going to weaponize the dollar anymore. You can trust us with your money and your savings and thank you for buying our bonds, by the way. I don't see any of that happening. And so until that happens,

Joe (46:40.174)

Well, the tariffs themselves are form of that weaponization as well, because that was kind of the entire plan was to threaten these other countries into buying those long-term bonds. And that sort of fell through. The writing's on the wall that the US wants to strong arm them into supporting the reserve currency as opposed to working with them.

James (46:50.155)

Right. Right.

James (46:58.537)

Liberation Day did end up being seen as more further weaponization of the dollar. So until all that stuff goes away, I don't think foreign governments and central banks are changing their mind on the dollar. I don't see them changing their mind and saying, yeah, let's go back and pile into dollars again. No, forget it. Like, they still want to own something else. And the only thing they can own is gold. And so I just I feel like we're in a similar situation. In the 70s, you had foreign governments and central banks trying to diversify away from US dollars. In the 2020s,

have foreign governments and central banks trying to diversify away from the US dollar. In 1974, 1975, you had this just massive surge of individual small retail investors piling into the gold market, buying up gold left and right. And now we see September 2025, individual investors piling into the gold market. Instead of buying physical coins, they're buying ETFs. We're starting to see a lot of the other very topsy signs. like

always on the front page of the Wall Street Journal now. It's sort of out there kind of in the mainstream. I think that's going to continue. By the way, I'm not saying there's going to be a correction at all. I mean, for all I know, I mean, we could see \$5,000 gold, \$6,000 gold before it goes down. But what we do know is that all financial markets, every asset class, everything is cyclical. Nothing goes up in a straight line forever. At a certain point, it's going to have to plateau. Maybe there's going to be a correction. You know, who knows? What we do know is

Also similar to 1970s jewelry demand, which is a significant component of overall gold demand. Jewelry demand is down a lot. And of course it is because gold is now really expensive. Plus you have inflation, the craftsmanship and the jewelry. So like a gold and some intricate gold necklace is like five or six times more expensive than it was a couple of

years ago because of the high gold price and inflation. So that demand is down.

I think we could probably see at \$4,000 central banks are not completely insane. And so they might go, you know what, let's, hang back a little bit and see what happens in the gold market. It's gone up a lot. Maybe there'll be a pullback. So I think you could probably see some slowing of central bank purchases. And my guess is by the time we get Q3 and Q4 data on central bank purchases, we'll probably see that there's some slowing in some of that. And so basically what you're left is like these retail investors that are kind of driving the gold price higher now.

James (49:17.213)

we're talking about, that's hot money. I mean, there could be more of that pile in and then it goes and then it comes out of the market. I I don't really know for sure, but I'm saying there are some signs where we're seeing kind of like a short-term top. But there's two things that I would point out. There's number one, if people got out in the short-term top in 1975, they missed another several X higher. I mean, even from the top,

somebody came in and bought at the top in 1974, 1975 at \$185, gold still, it went down and then it went up. So if somebody just bought it and then just held onto it, they would have seen gold rise from 185 down to a hundred and then up to 850. They still would have done extremely well. And of course there would have been an opportunity to buy more. that's kind of my point is I think unless you see the trajectory, the real fundamentals driving this higher,

If you see those fundamentals change, then I would say, sure, it's time to get out. I just don't see any of that changing. The deficit's still there. The debt's still there. Social security insolvency is still there. The lack of cooperation in the government is still there. The weaponization of the dollar is still there. All those things that are causing foreign governments and central banks to want to get out and diversify, all those things are still there. And by the way, just let this sit with you for a minute. Foreign governments and central banks, in driving the gold price to \$4,000,

have only invested a few hundred billion dollars into gold. They have another almost \$10 trillion of US government bonds sitting on the sidelines that they haven't yet invested in gold. So just imagine what happens if they only take like 5 % of that, another \$500 billion and they put it in the gold market. What happens to the gold price? Five, six, seven, \$8,000 gold like that. think this is why I say you could easily, it's just, I mean, it's just the arithmetic, just do the arithmetic. If you take

trillion, two trillion dollars. They say we want to take 20 % of our reserves and put it in gold. Two trillion dollars in the gold market, you easily see \$10,000 gold prices, easily see \$10,000, \$20,000 gold prices are completely feasible based on what's the percentage that central banks want to own. they want to

Joe (51:27.566)

And certain central banks have said they want to put 20 % of their reserves into gold. I think it was the Netherlands, maybe Poland as well. So you could easily see other ones follow suit. And this is starting to bring in line. You said in the past, know, \$5,000, \$10,000 gold is possible. Nobody can not

believe that \$5,000 gold is possible at this point. Now it's like within a stone's throw. I mean, it's another 20%, but still.

James (51:32.983)

That's right. Poland. Yeah.

James (51:53.505)

Yeah, yeah, it's like, duh, duh, 5,000. Yeah, mean, yeah, yeah, exactly. So look, yeah, of course, there could be a pullback. It's possible that central banks are going, well, let's sit on the sidelines. You we had a rapid run up from sub 2,000 now to 4,000. That went really fast. Let's sit on the sidelines, see what happens, right? So they could slow their purchases. Jewelry demand is already down. And yeah, like that hot retail money could just come right out of it.

And you could see a pullback. You could see \$3,500 gold. You could see maybe even \$3,000 gold. I mean, just think about how volatile something like Bitcoin has been. It's up, it's down, it's back up, it's back down, it's back up. mean, and that's okay. Gold, as long as you understand the fundamentals and understanding the fundamentals, doesn't make you a gold bug. It doesn't make you irrational. It doesn't make you fanatic. It actually makes you a very sophisticated person to recognize these are the key demand drivers of central bank purchases and central banks have

almost \$10 trillion sitting on the sidelines. And we got to \$4,000 gold with them having invested only a couple of hundred billion. So that's the important lesson. Excuse me. The other thing that I would point out is, and we've said this all along the way, we'd said this at \$2,500 gold. We said this at \$3,000 gold. We said this at \$3,500 gold. And I'm going to say it again at \$4,000.

If you like gold and you're of looking at this and saying, shit, I missed it. I would be the first to tell you, I said this at \$3,000 gold. If you had \$3,000 gold, I missed it. I was first to say, no, you didn't. You did not miss it. It's going a lot higher. And now we're at \$4,000 gold. So if you're sitting here at \$4,000 going, I never got in, I missed it. We're sitting here explaining to you the arithmetic behind why \$5,000, \$10,000 gold is completely realistic and achievable. However,

there is an alternative. And I'm not talking about silver, which has its own, you know, I mean, there's plenty of scope for that. We can talk about that another time. Platinum, palladium, some of these others. I'm not talking about that. I'm talking about the companies that are associated with gold and silver and platinum and palladium and some of these others that are just going through the roof. And, you know, we've talked about this. We've been saying this since 2023. We've been saying gold is going to have this massive trajectory higher and the gold miners

James (54:12.673)

the gold services businesses, the gold drillers, the gold royalty companies, the streaming companies. These guys have a ridiculous trajectory higher because I mean, at the time and even up until earlier this year, nobody wanted to own these businesses. Nobody wanted to own mining companies. They were practically giving them away. And we were jumping them down, doing these podcasts, saying these companies are trading at two times earnings, two times earnings. It's insane. They're paying dividends. They're debt free.

They're trading for nothing. It's a joke. You can still get in these and they're very, very cheap. And we've been saying that for months and months and months. And a lot of the companies, mean, a lot of the companies that we focus on in our premium investment research, some of these companies have seen five and six X returns over the past few months. Over the past few months, it's insane. And we're looking at this saying, you know, this is early October, Q3 earnings are coming out in a couple of weeks and their Q3 earnings are going to be ridiculous.

ridiculous because gold is now \$4,000, right? And people were projecting their earnings based on like \$2,500 gold and they got to \$3,000, \$3,500. Now it's at \$4,000. Their forward earnings are going to be looking ridiculous now, absolutely ridiculous. And so I think their Q3 and their Q4 earnings are going to get so much attention. And I think there's probably another leg up for a lot of these companies. But we were doing the math and we were talking about one of ones that's been the most successful.

among these companies that we featured. mean, these guys at \$3,000, I think it was \$3,000, they were primed to make like \$150 million. They were trading it, know, I mean, it's like a couple times earnings. And we kept saying like, this is, I mean, this is an insane deal. And I'm looking at this now. And it's like, you know, the price of gold is at \$4,000. This company is trading it nothing.

multiple of earnings, its price earnings ratio is almost nothing. It's debt free. It pays a strong dividend. I mean, these guys are wildly successful. The price of gold could fall, you know, by 30%, 25%. I mean, the price of gold called \$2,800, \$3,000. This company would still be making money, handover fees. It would still be trading at a low single digit, multiple of earnings. It would still be paying a dividend. It would still be debt free. It would still be wildly profitable.

James (56:39.765)

And so, it's like, yeah, of course it's possible that for some companies that like maybe for some of these companies, sure, maybe the price of gold falls, maybe their stock prices fall too, maybe the mining companies' stock prices fall too. Maybe they go up. I mean, I don't know. These things are very, very difficult to try and predict. And so, for me as an investor, the whole point is to say, well, let's just get invested in really great businesses. Let's get invested in well-managed, highly profitable companies that have

pristine balance sheets and ultra low cost structures, et cetera. And if the price goes up, great. If the price goes down, hey, I'm getting paid a very, very nice dividend here. And to me, those are very sensible investments to consider. just, again, the kind of thing that we focus on. we think there's another leg up here because Q3 earnings haven't even come out yet. Q4 earnings, obviously, at \$4,000 gold, Q4 earnings are going to be ridiculous. Q3 earnings are going to be ridiculous.

But, even if the price of gold falls, these companies are making money hand over fist. And, you know, that's the whole point.

Joe (57:42.126)

You just don't get that kind of downside protection that often because one of the company that you're talking about, I think it's \$1,000 that they're all in sustaining costs pulling gold out of the ground are. That's what it costs

them to make it. And 40%, so that's what it was in the 70s, right? If it pulled back 40 % at \$2,500 gold, their profit margins are insane still. So.

James (58:01.997)

This guy's just still making money.

Right. Yeah. Yeah. They're still making a ton of money. And that's, look, that happened in the 70s. In the 70s, there was a pullback in gold. There was a pullback in prices of a lot of gold stocks. And then they turn around, they went right back up. The reality is though, you know, it's the old saying like, nobody rings a bell at the top. So, I mean, there's certain signals being a look at the gold markets and maybe some of these little investors pull out, but nobody knows for sure. We can look at the long-term fundamentals and say, clearly the long-term fundamentals are still intact because none of the stuff in the US

appears to be changing at all. And then you look at that and you think, well, then you've got these mining companies, right? Some of these guys fell in the 1970s, then they came roaring back. like, does anybody know when the top is when it's time to sell? Somebody could sell and then the things go up by another 50%. You know, and then they fall and it's like, well, what was the whole, you know, like you can't time the ups and downs because nobody's ringing a bell. Nobody's going to send you an email and say, this is the top and this is the bottom and this is the time to get in and time to get out. The only thing that we can realistically do is look at these

look at these trends and trajectories and say, what's driving the prices higher? Has that story fundamentally changed? And the story has not changed. The thing that's driving prices higher is still absolutely intact. And in many respects, it's getting worse. What about these companies? Well, these companies are still have really cheap, locked in production costs. They're profitable. They're dividend paying. They're debt free. They have fantastic balance sheets. They have fantastic management. And they're still trading at ridiculous multiples. And even if you do the analysis,

see, even if the gold price fell substantially, they're still trading at cheap single digit valuations and paying a dividend. So, I mean, every, you know, we're not here to give anybody investment advice. We do provide research and we do try and provide ideas and give people ideas about these things. But that's something everybody's got to consider really is, you know, like if I own shares of a fantastic business and it's paying me a dividend and it's profitable, do I really care about the, you know, if the

James (01:00:02.477)

price goes up or down, you day by day. I've talked about this before, like this things that I own that I have literally a 15 year horizon on. And by the way, some of those are gold mining companies. And I'm very comfortable like owning those for a very, very long period of time. So everybody's got to everybody's got to make some of those decisions on their own. We're not here to make anybody's investment or financial decisions for them. But you know, as an idea to say like, this is this is something at fourth, we've been talking about this for so long. And I just want to put it out.

\$4,000 gold, yeah, there's certain signs that like maybe this is kind of topy, but man, this could go to 5,000, 6,000. We just don't know. We really don't know. The fundamental drivers that are pushing gold prices higher, those have not changed. In fact, they're getting worse, which makes an even

stronger case for higher gold down the road. And these companies that mine that gold and produce that gold, many of these trading get ridiculously low valuations relative to where gold is in that long-term trajectory. And even if the gold price pulls back,

this still gonna be trading even at today's prices, would still represent today's share prices, it would still represent a low single digit, multiple of their earnings, dividend paying, cash producing. So this is definitely something that's absolutely worth paying attention to and everybody's obviously gonna be smart enough to make their own decisions.

Joe (01:01:19.31)

That's probably a pretty good spot to stop at. Thanks, James. Appreciate the insights.

James (01:01:21.707)

Okay, man, thanks.