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BFI

THE DIGGER QUARTERLY

A quarterly review of precious metals markets, big picture trends and wealth preservation topics worth your while.

The Golden Arrow

The return of the trade wars

By BFI Bullion

Donald Trump's return to the global political forefront as the 47th US President came after a tumultuous and very eventful campaign and signified a decisive gear shift for American politics. As he made abundantly clear in his inaugural speech and as he demonstrated in the first months of his presidency, he is committed to reversing most of the signature policies of his predecessor. He proved as much by signing dozens of Executive Orders and rescinding 78 of former President Joe Biden's within hours of the transition. By now, it is clear that the country is set to return to many of its pre-2020 goals and priorities, especially when it comes to immigration, economic and social policies, foreign relations and economic cooperation strategies.

One of his hallmark policies during his previous term was his "America First" approach to international trade and his blunt use of tariffs to defend his nation's economic interest. This time around, he seems to be doubling down, much to the chagrin of mainstream media commentators and political adversaries all around the world.

The Revival of Trade Tensions

President Trump's immediate post-election statements emphatically foreshadowed a sharp departure from the last administration's vision. He clearly signaled to trading partners and to the whole world that the >>

Editorial

Scott Schamber,
Managing Director

A lot has happened since our last issue of the Digger. Following his second electoral victory, President Trump has radically changed the policy path paved by his predecessor on multiple levels, from foreign relations to domestic and economic affairs.

One of the most critical policy areas that President Trump enforced his "America First" agenda was that of international trade. He imposed heavy tariffs on trading partners and threatened even more, triggering widespread fears of the impact this could have on both on the US economy and on the global growth outlook, which we'll examine in detail in this Digger.

One thing that hasn't changed over the last months, however, is gold's incredible run. As the level of overall uncertainty keeps rising, so does the demand for the safe haven that the yellow metal offers. After breaking the $3000/oz "barrier" last month and climbing even higher ever since, gold is attracting more and more mainstream media attention.

Unfortunately, it is also attracting the attention of all kinds of bad actors in the physical metals market looking to take advantage of prospective buyers. This is why, in this issue, we decided to share with you some of the experiences that a few of our clients have gone through, so that you might learn from them and be better prepared in your own decision-making.

We hope you'll enjoy this issue of the Digger and don't hesitate to contact me with any questions.

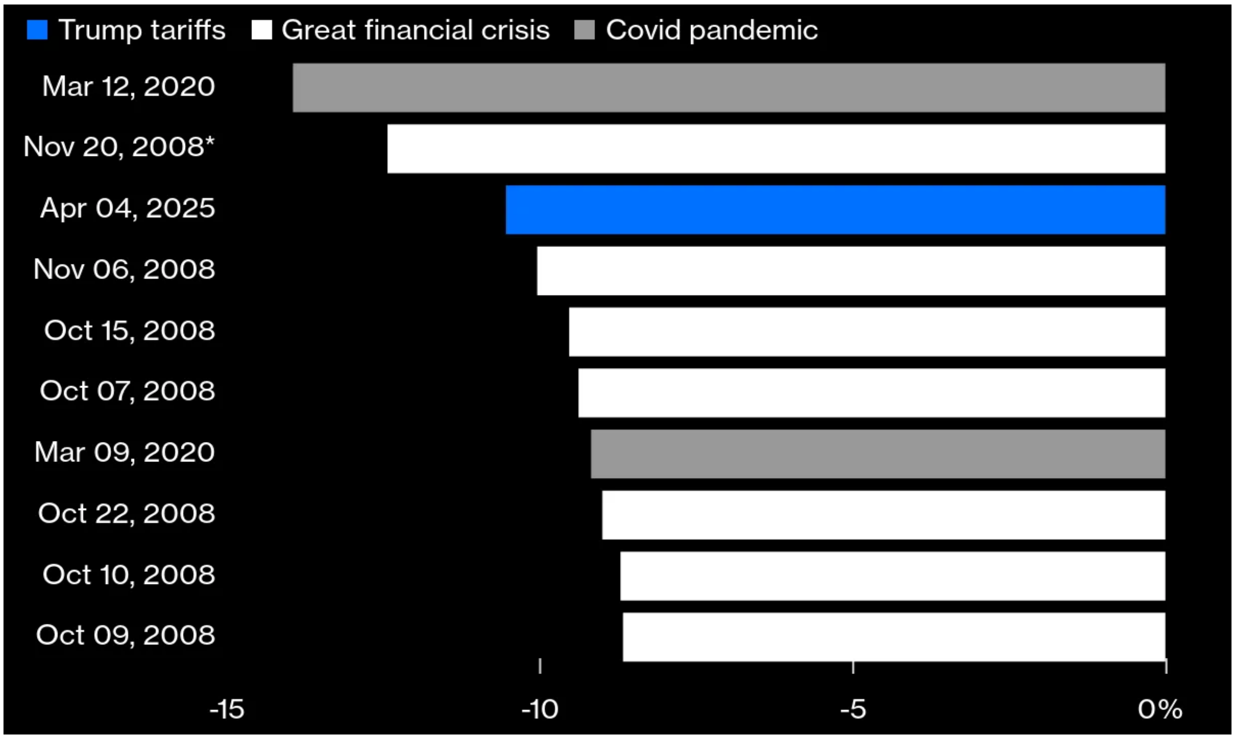
US will aggressively pursue its economic interests, even at the expense of global cooperation. Tariffs are now back in the spotlight and the outlook for global trade is increasingly uncertain.

Trump has had China in his crosshairs for a long time and he already threatened tariffs up to 60% on Chinese goods on the campaign trail. Not long after his electoral victory, China took preemptive countermeasures, signaling that its government is willing to respond in kind and leveraging its control over raw materials, critical to global supply chains. Beijing announced a ban on exporting gallium, germanium, and antimony to the US, all being essential to the production of semiconductors, infrared technologies, fiber optic cables, and electric vehicle (EV) batteries. These industries are integral to the US economy, to its technological innovation and competitiveness, and even to its national security.

Despite China's "warning shot", President Trump signed executive orders in early February, imposing an additional 10% tariff on all imports from China, and this was followed by another 10% increase announced on February 27. This brought the total additional tariff to 20% on top of existing rates, pushing the average effective US tariff rate on Chinese goods to around 33%, a significant leap from the pre-trade war level.

In response, China retaliated with its own tariffs, though said retaliation appears to be more targeted and restrained, so far at least. Beijing's response includes 15% duties on select agricultural products, another 15% tariffs on US coal and gas, as well as 10% on crude oil and agricultural machinery. These come on top of earlier actions from 2018–2019, when the country targeted over $106 billion of U.S. goods, bringing the average Chinese tariff rate on US exports around 20%, lower than what the US imposed, but still significantly higher than its 6.5% rate on imports from the rest of the world. >>

"Liberation Day" market impact compared to past selloffs



Source: Blommberg

The escalations didn't stop there, however. On April 2, or "Liberation Day" as it was described by the US administration, Trump shocked the world by announcing sweeping tariffs on nearly all US trading partners. The new levies, of up to 50% on certain countries that he deemed the "worst offenders" and 10% on imports from all other countries, sent markets into a tailspin. Following the sharp selloff, he later announced a 90-day pause, during which only the 10% "baseline" levy will be paid for the vast majority of goods entering the US. But this "reprieve" excluded China, which the US President instead doubled down on and will be now burdened by a 145% tariff rate. Beijing once again responded with also dramatically hiking its own tariffs on US imports to 125%.

When it comes to Europe, President Trump has repeatedly made his sentiments clear: according the US President, the EU has been "very, very bad to us. So they're going to be in for tariffs". And so it came to be: The US recently imposed a flat 25% tariff on all steel and aluminum imports, affecting the EU among other trading partners, as it ended previous exemptions and duty-free quotas. In response, the bloc announced retaliatory tariffs on up to $28 billion worth of American goods. Further escalations are also on the horizon, with the US threatening a potential 200% tariff on EU alcohol in response to a 50% EU tariff on American whiskey, as well as the most recent levy announced by the US President, a 25% tariff on all imported vehicles, which will heavily impact Europe, along with Mexico and Japan. After the US announced the 90-day "pause", however, only 10% levies will be applied to the EU for the moment, pending furher negotiations and the EU also delayed its retaliatory actions.

The stakes are high for both sides, but Europe seems to be at a disadvantage given the ongoing war at its doorstep. Europe's precarious position is even further complicated by its internal economic challenges, including continued energy dependency and unrelenting inflationary pressures.

A trade conflict with the US is the last thing the EU needs right now, as it would add another layer of economic stress, potentially undermining recovery efforts and amplifying divisions within the Union. Europe's strategic industries, such as automotive manufacturing and aerospace, rely heavily on both US partnerships and global supply chains and they are among the >>

very few remaining sectors of competitiveness and actual productivity. These industries would face serious disruptions in the event of escalating tariffs, particularly if retaliatory measures impact cross-Atlantic commerce and the sociopolitical blowback from that would add even more fuel to existing grievances and frictions.

Next on President Trump's "hit list" was Canada. In early March, the US announced a 25% tariff on all Canadian imports not covered under the US-Mexico-Canada Agreement (USMCA) and a 10% tariff on energy resources and minerals, which could deal a severe economic blow to the neighboring country, as it depends heavily on the US on trade, with roughly 75% of its exports heading south. In response, Canada imposed a 25% tariff on $20 billion worth of American goods.

Mexico found itself in a similarly unenviable position, as it was also facing an across-the-board tariff of 25% since early March as well, though the US President later announced that levies on goods covered under the USMCA would be delayed. Trump has long been extremely critical of his country's southern neighbor especially on the hot-button issue of immigration, accusing Mexico of allowing dangerous criminals and illegal drugs to enter the US. Among his first orders since he took office was the reinstatement of the "Remain in Mexico" policy, which requires asylum seekers to stay in Mexico while their applications are assessed, starting the process to designate drug cartels as terrorist organizations, and he signed an order to rename the Gulf of Mexico to the "Gulf of America" - all clear signals that "he means business".

The bigger picture

It is not hard to understand the political merits of President Trump's approach. After all, "America First" already proved to be a winning strategy in 2016, so it made sense to run on the same platform again. Not much had changed anyway, as the same grievances and deep-seated structural challenges that plagued countless American households (especially the working class) a few years ago are still there. In fact, as inflation ravaged the country, the inequality gap grew even larger and so did the sense of economic unfairness, with the rich getting richer and the poor poorer. Thus, the promise to put the "little guy" first understandably resonated with a lot of voters, as did the pledge to bring jobs back to the US.

It is also not hard to understand the mainstream hostility to the tariffs either. It is a thoroughly documented and well-established fact of economics that tariffs generally tend to either raise the prices or reduce the quality of goods, or both. It's quite straightforward really: if there's no way to get cheaper or better foreign imports, domestic producers have an unfair advantage and the consumer is basically a hostage. Tariffs are an enemy of the free market, and without free market competition, there is no reason to drop prices, to offer higher quality, or to invest in research and innovation. This is all true - however, it is only true under one essential condition: that what we had before Trump's tariffs was actually a free market.

It can be argued that it really wasn't. China's long track record of subsidies and notorious history of unfair competition practices, including corporate espionage, IP theft and ubiquitous State involvement in virtually every corner of the "private" market demonstrates as much. What's more, his threats against nations that already impose significant levies on US goods, like India, are merely reciprocal. In other words, in a world of imperfect markets, tariffs could be seen as a pragmatic way to level the playing field.

There is also something to be said about the principle of economic nationalism and "looking after one's own". President Trump's stated goal is to revive American industries that have been battered by decades of policies that favored low-cost imports over domestic production and to bring back jobs to the country. This is something that the tariffs will certainly achieve. The challenge, however, is in the fine line between increasing employment without making the average consumer (who has already been suffering under inflationary pressures) pay for it.

The benefits that the newly hired employees will enjoy thanks to the industrial revival could pale in comparison to the higher costs that all other consumers will have to shoulder. Furthermore, there are serious concerns for other businesses and entire sectors too, those that are currently dependent on some of the targeted imports for their own production. Key industries such as technology, automotive, and renewable energy, are particularly vulnerable, as they are set to face challenges in securing critical materials, like >>

those recently restricted by China. Such shortages would lead to higher production costs, thus higher prices again, slower technological advancements, even downsizing and eventually, loss of American jobs.

All of this could have very worrying implications for the US dollar and for investors too. Let us not forget that Trump's re-election has coincided with an ongoing global power shift, where challenger superpowers are increasingly questioning the dominance of the US currency. The de-dollarization push, reignited by the Ukraine war, the sanctions against Russia, and the recent emergence of BRICS currency proposals, threatens to erode the hegemony of the USD. If trade tensions escalate under Trump's leadership, they may provide even more fuel and further accelerate this trend.

This is why the precise details, the strategic exemptions, the "loopholes" and the tactical flexibility that the US administration would be willing to show are all of vital importance. The way in which the trade war is fought can make a decisive difference on which side actually wins it.

There is, however, a possibility that all of these adverse scenarios could be avoided. President Trump has always taken pride in his deal-making skills and it can be argued that he is first and foremost a businessman, rather than a politician. This might lend some credence to the theory that all the aforementioned tariff threats might actually be a negotiating tool - a tool that has served him well in the past. Therefore, they might only partially come to pass, as we already saw in the case of the "Liberation Day" tariffs, or be soon revoked, if his country's trading partners are willing to make the concessions and compromises that he is actually asking for.

Whatever the case might be, it can be argued that the threat of tariffs might have the same or at least similar effect on the markets as their actual enforcement. Markets are fueled by expectations and investors place "bets" on what they perceive as likely outcomes, so it doesn't necessarily make a big difference if President Trump is indeed bluffing, as long as his bluff is convincing.

This is good news for gold investors. Tariffs historically tend to trigger wider economic uncertainty as well as currency fluctuations, while they also fuel inflationary pressures. All these factors boost the yellow metal. This correlation between tariffs and the gold price has held true over the past decades and it appears that this time will be no different. As highlighted in a recent analysis by seasoned equity and options analyst Chris Johnson: "George W. Bush's use of tariffs triggered a rally in gold that lasted more than a year. That rally took gold prices more than 30% higher. As indicated above, those tariffs were short-lived. Under President Trump's administration, when tariffs were more widely used – the price of gold appreciated roughly 20% and then another 50% in the second half of his term, putting gold prices at their all-time highs before leaving office."

We'll certainly be keeping an eye on any developments on this front, as should you, as it will likely be yet another reason we expect our shiny friend to continue to push higher over the coming months and years.

Big Picture Sentinel

Buyer Beware: Learning from other investors' experiences

By Scott Schamber

In the first half of 2024, we dedicated quite a bit of time in our Quarterly Digger to the tricks and traps that many were falling prey to in the US when it came to retirement funds and Gold IRA providers. The 2nd half of 2024 saw some of our own clients, from different corners of the world, go through interesting experiences of their own that can serve as great warnings for other precious metals investors.

Investing in precious metals is like investing in nearly anything else in that the investor should always do their homework before jumping in. I answer probably 5-10 emails a year with people asking me what I think of other gold or precious metals investments, and the answer comes down to the same: one should make sure the investment fits what they are trying to do, and always read the fine print.

That being said, sometimes hearing from others can help in that education process. During the 2nd half of 2024, we heard from some of our own investors regarding experiences they had in dealing with precious metals. As we often like to remind our readers and clients, "forewarned is forearmed", which is why we hope by sharing what we know, we can help "arm" you for making your own decisions.

Big Names, Big Trouble...Who Knew?

Our client, "John", had purchased metals from a very well-known and reputable precious metals dealer in the US and Canada. John has been a client for several years, even pre-dating my time at BFI Bullion. And while he held quite a bit of gold at BFI Bullion with storage in Switzerland, he had decided several years back to diversify where he was holding some of his metals, opting for Canada.

However, since the covid crisis of 2020 – 2023, not to mention other worrying developments that have taken place in Canada along the way, he felt the overall climate had shifted enough to warrant a move of all his metals over to us at BFI Bullion in Switzerland.

John was on the ground here in Switzerland when he reached out to the company he had purchased from and was storing with in Canada. He assumed it was going to be easy to get them to deliver the metals to Switzerland, as reference was made in their Terms and Conditions, albeit in just a sentence, that metals could be physically delivered at any time.

However, one call turned into many calls, emails, more delays and more worries, as each time he called the company (or their call centers!), he spoke to someone new. No one could give him a definitive answer as to where his gold was actually being stored making him wonder if his physical metals were even there.

The company claimed that metals could easily be delivered anywhere at any time, although it slowly became clear that said deliveries only included Canada, or the US. I too took the time to read the Terms and Conditions of the company he was storing with. Basically, one sentence was committed to the fact they made deliveries, but >>

when it came to details, they were quite vague. Instead, they served their clients the "contact us for details" option. But for John, that wasn't working.
After 4-5 weeks stuck in this "limbo", we were finally able to help John get his metals from Toronto to Zurich. There were special customs rules that had to be met, so it wasn't easy, but it worked in the end thanks to our having a few different logistics options at our disposal.

This should make it crystal clear to the reader that at the end of the day, even the biggest firms with the most robust reputations are only as good as the fine print in their contracts (and even here, there wasn't much). Bigger isn't always better either, as our client learned the hard way when he talked to someone different each time he picked up the phone. It helps to head into your gold investment with a plan, even though plans can, and do, change.

The devil is in the details: have a checklist of questions when you purchase metals with anyone and demand straight answers, preferably even in writing. Is what you are buying 100% physical, can your metals be delivered anywhere in the world and if so, what will it cost and how long will it take?

"The devil is in the details: have a checklist of questions when you purchase metals with anyone and demand straight answers, preferably even in writing."

Swiss Bank, "Un-Swiss" practices

This next anecdote comes from some European clients we had, "Robbert and Anita", who stored physical metals in a medium-sized Swiss bank. Robbert and Anita completed their first purchases and opened a storage account with us in 2024, as they really liked the idea of having some metals outside of the banking system for risk diversification.

They then decided to move some of the physical metals they were storing with the Swiss bank to BFI Bullion, although they were unsure what kind of reaction they would get from them if they wanted to move one of their larger positions – physical, 1kg gold bars – out of the bank.

Here's the message they received from their banker regarding transferring metals to BFI Bullion:

"We understand you are considering transferring gold from your securities account to a private vault. We would like to advise against this move due to potential complications with anti-money laundering (AML) regulations. When gold leaves the documented trail, it can lead to significant difficulties when you wish to sell it or to bring it back into the account in the future. Additionally, please note that the gold in your securities account is held under individual safekeeping in our vault in Zurich and is bankruptcy-privileged. This means that even in the unlikely event of the bank's insolvency, you retain access to your gold (and the other securities in the account). Could you please share the scenario or specific reason behind this decision? We are here to support you finding the best solution".

Now, you can look at this two ways: 1) the bank is just legitimately looking out for their client, or 2) they simply don't want to lose the assets of the client. I lean towards the latter though, as it was a rather sizable position. In any case, when you own physically allocated gold, you should be able to do what you want with it and, assuming there are no regulatory and compliance issues (as was the case here), you shouldn't have to answer to any banker or provide any reasons to justify your decision.

It goes without saying that Robbert and Anita were obviously "unsettled" by this response. I would agree that if you wanted to store your metals at home for >>

a period of time, it could be difficult to bring them "back into the system" to be able to sell them again, especially when you have gold bars larger than 100 grams. And if that's all that was included in the Swiss bank's response, we could look at it as a well-meant warning to its clients. However, the request for further justifications and "reasons behind this decision", makes it feel a bit sinister.

On the bright side, at least our clients in this case could verify that they actually had the gold bars at the bank. All too often, bank clients "store" gold with a bank, only to find out that their physical holdings aren't physical after all. Three to four times a year we come across a prospective client that wants to move their bank metals to us, only to find out that what they actually had at the bank was only "paper", or a "claim" to metals. And, did you know that even if you are fortunate enough to prove your ownership of actual bars, banks many times "farm out" storage services to other, larger banks. Your gold may not even be at your bank!

The More Obscure Gold and Silver Coins

A European client of ours, "Vincent", spent some time in the US several years back. While there, he started on his gold coin-buying journey with a larger, over-the-counter precious metals broker that had a great deal on purchasing 1oz gold coins at the time. They were special, beautiful coins, although they were not of any widely recognized and commonly traded variety like the American Eagle, Canadian Maple Leaf, Australian Kangaroo, etc.

He bought a large variety of gold and silver coins. Since he was working internationally and was going to eventually be moving back to Europe, the broker helped him to get storage in Panama for all of his metals.

When Vincent eventually made his way back to Europe, he decided it was finally time to move those metals from Panama to us at BFI Bullion. However, the problems were manifold: first, it wasn't easy to move the metals out of Panama. The storage provider being used there was difficult to get in touch with or get answers from. Sometimes Vincent would wait weeks for a response. Then, he learned from the Panama company how hard it is for them to deliver the coins to different parts of the world. He was met with complicated rules and instructions that he couldn't handle on his own. Finally, the coins he had purchased, which seemed like a really great deal at the time, came with their own set of problems. Since they weren't among the usual, well-known bullion coins, it would be hard to find a market to sell them in Europe if he wanted to. He even came to learn that because the coins were not among the "standard" bullion coins, even reselling them in the US for a good price was going to be difficult.

At BFI Bullion, once again thanks to a strong network of logistics partners, as well as a select group of metals providers – refineries, wholesalers, etc. – we were able to move the metals to Switzerland, and have even been able to sell some of them. However, Vincent is well aware that it may not always be the case that we can sell his "special" coins for him, but at least he now has them closer to him in Europe, and that, thanks to our international precious metals partners, we still may have a good chance selling those for him in the future.

In this case, it's clear that Vincent admittedly got caught up in the good deal he got on the coins. The seller also encouraged him to put aside any second thoughts: even though he wasn't buying any of the "standard" bullion coins, he was assured that he would always find a buyer simply because they were still made of gold. Panama sounded like a good deal at the time too, especially since he was given all the help he needed to get the metals into the company's storage (as opposed to getting them out).

The lesson to be learned is that unless you plan on keeping your coins on you or always staying in one place, it always makes sense to buy internationally well-known 1oz gold and silver coins. A 1oz gold Maple Leaf will be instantly recognized around the world, whereas a coin from the Caymans, Panama, or a South Pacific Island may not. You also won't have this problem with a well-known Swiss-refined 1oz gold bar either.

As a sidenote, investors should also watch out for "gold rounds". Rounds are similar to bars in that they are made of pure gold and sold in different sizes. Shaped as a coin, they are produced by private mints and normally feature unique markings or designs. I have talked to a few gold investors that bought rounds several years back, but without face value >>

or without being legal tender, they too had a hard time finding someone to sell them to after the designs were no longer in vogue. Dealers simply didn't want to take them on…or at least not for a decent price.

If It Looks Too Good To Be True, It Probably Is…

Gold and silver prices have been getting more and more mainstream media coverage this past year, and it is therefore no surprise that unscrupulous "sellers" have been on the rise too, trying to take advantage of the frenzy.

The father of a member of the BFI team recently found a great deal on 1oz silver coins…a deal so good, it was hard to pass up. Despite our team member's insistence to his dad not to buy the coin, "curiosity killed the cat", and he bought one anyhow. The 1oz silver coin looked real, felt real, and visually was right on target. But, upon taking a magnet to it, the coin quickly reacted and stuck to the magnet. If a silver coin is pure (ie. 999 fine) it should never be attracted to a magnet, as it is what they call a diamagnetic material. The good news is that he only bought one. But still, with silver at roughly USD 33/oz, the fact that someone would go through so much trouble to make one fake coin to earn perhaps USD 30 is quite troubling.

In fact, scammers and fraudsters lie in wait everywhere these days, especially online. While writing this article, I opened a new screen on Edge, and it took me 30 seconds to find an ad offering me 1oz gold bars for CHF 30/bar…and that was already reduced from CHF 60 - a true bargain! This is of course extreme, but you get the idea.

This is why it is just always good to work with reputable dealers that are dealing "standard" bars or coins available. For example, at BFI Bullion, the coins come tubed and boxed directly from the mint. This is of the reasons, for example, why we buy 1oz gold coins in tubes of 10, as most coins come from their respective mints in those same tubes. Or when we buy 1oz silver coins, we do so in the monster boxes of 500 without splitting boxes. The box never has to be opened, as it was strapped and closed at the mint, and is traded amongst partners as such. Frankly, we've even been recommending our clients gravitate towards bars, as we are now working directly with two Swiss refiners and can buy gold bars at low premiums "fresh off of the press".

All in all, no investor can ever be 100% sure he will always avoid all attempts to defraud him, or at least to change the terms of what he believed was the original deal. In fact, it is getting trickier and trickier to do so, as bad actors are becoming increasingly sophisticated and as the digital world offers them new tools.

What they can do, however, is their homework and their due diligence. It's exactly due to experiences like these that, as part of our strategy for 2025+, we plan to take big steps in providing our clients additional ways to improve the transparency and trust in what we buy and store for them. We want our clients to know they have made the right decision and to avoid potential regrets down the road.

Golden Nuggets

DOGE, Government Waste, and Winning the US Treasury Department's Tax Refund Jackpot

By Scott Schamber

Since Donald Trump was elected and inaugurated as the 47th president of the United States of America, he hasn't wasted time in enforcing his plans to cut federal spending and reduce the size of government. One of the main instruments used to do this is the Department of Government Efficiency, or the DOGE, led by Elon Musk. Musk and his DOGE team have been making countless headlines since they started, as their investigations already uncovered stranger-than-fiction, absurd cases of wasted and misallocated taxpayer money.

Reading about it all made me think it might be a good time to share my own story of absurd government waste.

I'm originally from Milwaukee, Wisconsin, and have been living in Switzerland since 2001. Even though I got my Swiss citizenship in 2008, I have retained my US citizenship, for better or worse. Many of you know that as a "benefit" to being an American citizen living abroad, I have to file a US federal tax return to report my worldwide income, no matter where I work or call home. Yes, the US "taxman" gets to have a hand in my pocket even though they are well aware I've been on Swiss terra firma since 2001.

I've been working with a US CPA that lives in Switzerland – another expat like me, married to a Swiss, and having taken root here – for more than 10 years to manage the intricate dance of US filing when living abroad. That's not a labyrinth you want to navigate alone. For example, can you believe that my tax-free retirement plan in Switzerland is considered normal income in the US…because they don't recognize the retirement plan?

After filing my usual, annual extension for submitting my US taxes to mid-October this year, my CPA electronically submitted my paperwork with plenty of time to spare to meet the due date. I was done for yet another year, with only a couple of hundred dollars to pay back to the Treasury.

At the end of November, however, I returned home from a day in the office to find not one, but two letters from the US Department of the Treasury, Bureau of the Fiscal Service. With the same fear that comes with getting a phone call at 2 in the morning, I nervously opened the letters.

The first envelope opened to the recognizable light-green and crème-colored "relic" of a bank check from the United States Treasury. It was a Tax Refund for the year 2023. I was actually getting money back from the US government when I had already paid them several hundred dollars two months earlier.

I hit the jackpot…to the tune of $1.71!

I quickly opened the 2nd letter, and the excitement of seeing another check from the United States Treasury quickly gave way again to confusion over its value: >>

$2.15. This one from a tax refund for 2018!

Think of the bigger picture: it costs me CHF 2.50 to mail a letter that weighs next to nothing from Switzerland to the US, and my assumption is that the same envelope and check would likely run USD 2.30 or so – "First Class Presort" - to get from the US to Switzerland. Hopefully the Treasury Dept gets a break on postage!

Still, the cost of sending me the check barely covered the actual value of each check! I received two of them, on the same day, that were results of tax years that are 5 years apart! How much did it cost to create and put each one in an envelope, outside of the $2.00 or more postage? And if all that isn't absurd enough, here's the cherry on top: UBS Switzerland charges me CHF 100.00 for cashing a US check.

So now I have these checks that are worth much less than what it will take me to cash them. I won't be back in the US for a few months, and is $3.86 really worth running around trying to cash them when I do? Why couldn't they just credit these funds back into what I owed this year? When I asked my accountant what I should do, he responded: "If you have a US bank account you can direct deposit them using e-banking. Otherwise, you can frame them!"

I've read different estimates putting the number of Americans that live outside of the US anywhere from as few as 3 million, to as many as 10 million. What else is the US wasting money on if they insist on sending Mr. Schamber in the Zurich Oberland two dollars per check? This isn't the first time I could only nervously laugh at the tragicomic waste of the US government. Remember, I'm the same one those got covid stimulus checks back in 2020, even signed by our former (and current) president, Mr. Donald Trump? Revisit that shock here.

It is stories like these that remind me all too well of my father, who was professional army in the US for 40 years and as a supply sergeant, was ordering toilet seats for the military at well over $200/seat…in the 1980's! Let's face it: Elon and his team clearly have their work cut out for them. Tackling US government waste is a job that will take lifetimes to complete, but it's good to see that a least a start has been made.

As far as my CPA's advice to "frame" the checks, it's actually a great idea. I'll add them to the other six checks I've received since 2018…which they keep sending me as I only have one year to deposit them!

Golden Nuggets

Gold Breaks $3,000/oz: Why Conservative Investors Should Hold Tight

By BFI Bullion

In mid March, gold shattered yet another psychological barrier, this time by surging past $3,000 per ounce and even rising over $3,100 just a few days later. Justifiably, this sparked widespread jubilation among most precious metal investors.

However, at the same time, there were some voices calling for profit taking, or even confidently declaring that the yellow metal had "topped" and it was time to sell. After all, it has indeed climbed steadily from its 2020 low of around $1,700/oz, delivering a roughly 76% gain in just five years. However, gold's story is far from over, and all of the economic, geopolitical, and monetary forces driving its trajectory suggest it has room to run—especially over the long haul.

Gold price record surge

Source: Bloomberg

Selling Now Misses the Bigger Picture

Central banks all over the world continue to struggle with ever increasing debt, stubborn inflationary pressures, and the lingering impact of years of ultra-loose monetary policies. Despite the central bankers' wishful thinking, inflation remains a challenge, especially in the real economy. Official consumer price figures largely understate the real erosion of purchasing power, something that gold investors have long recognized, but even this data shows that the inflationary wave of the past years has proven to be "sticky".

At the same time, the USD, long established as the world's reserve currency, faces growing skepticism from countries like China and Russia that keep stockpiling gold while they explore alternatives to the dollar-dominated global monetary system. Even without these pressures though, the long-term trajectory of the USD, and of all fiat currencies for that matter, is clearly downward.

The US national debt now exceeds $35 trillion, with no credible plan to reverse this trend anytime soon. Interest payments alone devour an astounding share of the country's budget, forcing the Treasury to issue even more debt and the Federal Reserve to keep rates artificially lower >>

than what the real economic situation calls for. It is all contributing to a never-ending vicious circle that will only spare those who hold real assets and especially precious metals.

Implications for investors

For conservative investors, physical gold has always been about preservation of wealth and protection from State overreach and fiscal excesses, rather than speculative gains. The fact that the metal has now risen above $3,100/oz doesn't change the fundamental investment case for it. To the contrary, it enhances it. Selling one's position now will certainly yield a profit, but it will come at the cost of abandoning the most reliable and time-tested hedge, just as the global economy enters what many analysts and economists see as a period of great uncertainty. Selling at $3,100/oz might feel like a "victory", but it's actually a retreat from a winning strategy. It's a bet against the very conditions—inflation, geopolitical and economic uncertainty—that convinced conservative investors to buy gold in the first place.

It is also crucial to keep in mind that the investment horizon of those who buy and hold physical gold for the right reasons is not the same as that of the average stock market speculator. A lot of our clients at BFI Bullion don't think in months or even years, but in generations. In this context, the $3,000/oz or $3,100/oz record isn't all that impressive. In the 1970s, gold rose from $35/oz to $850/oz—a 2,300% increase—driven by inflation and the collapse of the Bretton Woods system. Of course, the gold standard cannot die a second death, but there are different structural shifts that can happen, as we discussed in a recent article on our blog.

Finally, gold investors must remember that hedging against currency debasement and the fiscal wantonness of the State is not the sole reason to hold physical precious metals. They also provide protection against different kinds of government excesses and risks, including legislative overreach attempts and threats to individual financial sovereignty and privacy. This is why it is more important than ever not only to hold physical gold, but to hold it in a safe, predictable jurisdiction with a time-tested record of respect toward private property rights.

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