Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

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Brookville Capital

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. I have the pleasure of chatting once again today with returning guest, Mr. Simon Popple. Simon is a longtime author. His most recent book, Introduction to Investing in Gold is a must read for anybody that's thinking about investing in precious metals. And you can learn more about his work at goldprogram.co.uk. That's goldprogram.co.uk. And Simon, welcome back to the program.

Simon Popple:

Great to be here.

Dennis Tubbergen:

So, Simon, a lot going on in the world as it relates to fiat currencies. The most recent BRICS Summit here that was held now about a month ago, as we're recording this, saw six new countries admitted to the BRICS Coalition. I guess it's not officially an anti-dollar coalition but looks that way and a lot of oil producers now, I think almost half the world's oil production, will now be part of the BRICS Coalition. How do you think that affects fiat currencies and the US dollar in particular moving ahead, if at all?

Simon Popple:

Yeah, well, it's going to be interesting. I mean the US dollar is by far the most dominant currency in the world and obviously with these new countries joining the BRICS, will it change things? I think it probably will, but I think it'll be over a very long period of time, several years rather than months. So it's not something that I'm concerned about at the moment.

Dennis Tubbergen:

So short term, one of the things I've been looking at is the fact that the US government has $7.6 trillion of debt that needs to be refinanced over the next 12 months and finance a $2 trillion deficit. Do you think it's going to be possible to actually finance that deficit and refinance that debt without the Federal Reserve going back to the proverbial printing press?

Simon Popple:

No, I think they'll go back to the printing press. I mean, I think the challenge they've got is fighting inflation, and I think it's going to be very tough between printing more money and not having inflation going too high. I think that's the challenge they've got. And to put it mildly, it's one hell of a challenge.

Dennis Tubbergen:

So where do you see inflation moving ahead worldwide? Do you see it accelerating from here?

Simon Popple:

Put it this way, I haven't seen anything that indicates it's going to go down and it's going to be very interesting to see how it plays out. I mean, I think we're going to get used to significantly higher inflation than we probably had over the last 20, 30 years. But I'm 55 and I certainly remember inflation in the nine, 10, 11%. And I'm not saying it's going to go that high, but I think it's going to be a lot higher than the 2% that we're used to. So I think it's going to become a lot more relevant for people when making any decision, but particularly investment decisions because it's important to maintain purchasing power. And if you've got inflation running at, let's say, I know 7%, if you invest in something to retain your purchasing power, you've got to get a return of at least 7%. Otherwise, you're losing purchasing power. And I think that's going to become very important to people.

Dennis Tubbergen:

So, Simon, when you look at the levels of debt that exist worldwide, both on sovereign balance sheets here in the US, our debt just officially passed $33 trillion for the first time. But looking at public sector debt and private sector debt, Reuters just published an article that says worldwide, that debt is $305 trillion, and that's about triple where it was at the time of the financial crisis. How do you reconcile that deflationary urge or tendency that will come from all that debt versus currency creation by central banks, which is inflationary? It seems like there's a currency creation leading to inflation and really high debt levels that will be deflationary. How do you think that ultimately reconciles itself?

Simon Popple:

Well, I think you've hit the nail on the head. I think that's the problem because I think that people want higher interest costs to reflect inflation, or higher returns to reflect inflation, and if debts going up, that means higher interest costs, higher costs of debt, and it puts the powers that be in a very awkward position because you've got escalating debt, escalating cost of debt, and obviously you've still got to have services to look after people.

Dennis Tubbergen:

So, Jerome Powell, at the last meeting, last Fed meeting, made statements, I should say, that were very hawkish looking ahead to 2024, where the rate increases will continue. At what point do you see the Fed going back to the quantitative easing or easy money policies? Do you think that Powell's trying to have a good poker face here or do you see them actually doing the rate increases next year and maybe easy money beyond that? How do you see it playing out?

Simon Popple:

Well, that's a very good question. I mean, I think there is an element of poker face, but at the end of the day, the dollar is a reserve currency. They control the reserve currency, and I think the important thing is, if you're issuing debt, providing you’re paying it back in the same currency, you control both ends of the argument. But I think that what is going to become more challenging is actually issuing debt if no one wants to buy it so you end up putting it on your own balance sheet. And then you've got an issue with the value of your currency. And I think so far, they've been absolutely fine, but I think there could become a tipping point at some point where people go, well, actually you're issuing debt, but you've got no intention of paying it back and therefore, there's a price to be paid for that. And I think that's the challenge. And you may say, we'll pay it back with money printing, but you can only print so much.

Dennis Tubbergen:

So, Simon, when you take a look at economies around the world, and particularly the US economy, I have made the point that if it wasn't for US government deficit spending to the tune of about $2 trillion, that the US would already be in a recession. Do you agree with that?

Simon Popple:

Yeah, it's all about the definition of a recession, isn't it? If you've got, I think it's a number of quarters in negative growth, but if you're printing money, you're going to keep them in positive growth and it's a trick you can play for a while. But as I say, that's one of the reasons I like gold because you can't print it. And I think there'll come a time when you run out of road, you can't kick the can any further, you can't print any more money, and therein lies the problem.

Dennis Tubbergen:

So, Simon, interestingly, you say that you can't print gold, and certainly that's a recurring theme I've heard here from many guests here on the program that you'll want to have assets in your portfolio that can't be printed. So, let's just talk a little bit about your take on where traditional asset classes go from here. Many people that are saving in a retirement account use the old Wall Street 60/40 portfolio, 60% in stocks, 40% in bonds. Where do you see people using that type of money management being, in just a few years?

Simon Popple:

Well, I think tangible assets are becoming more and more important, simply you can't print them, but I think you need to be slightly careful as well about... I think commodities as an asset class could do well, but I think some commodities will do a lot better than others. And so if we do have a recession, then by definition, people will be buying less stuff. And if they're buying less stuff, if your commodity is made of that stuff, then you've got a problem. So, I think having a decent basket of different commodities is probably the way forward, and in that, I'll obviously include gold.

Dennis Tubbergen:

Well, in the next segment, Simon, we're going to devote that segment exclusively to what you would tell people that want to invest in gold. In fact, you've got a report that you're offering at goldprogram.co.uk, that's goldprogram.co.uk. But just talk for a minute about why you believe that gold or maybe gold and silver, if I'm not putting words in your mouth, are essential parts of someone's portfolio.

Simon Popple:

Yeah, I think you're talking about assets that have been around for thousands of years. They've got form, and we'll talk about it in the next segment, but I think there's a lot of misconceptions about gold, and to a lesser extent, silver. But I want to point out, I'm not a gold bug. I don't think you should have all your money in gold or all your money and silver, but I think you should have some and very few people have got any. And I think it is interesting because people talk about gold in their everyday language, they've been as good as gold or I'm looking forward to my golden years, or I don't want them to marry that gold digger, or I want the gold medal. There's a lot of... I don't know. It's something we talk about a lot, but no one actually does anything. And I think that's one of the reasons they don't do anything is because they've got a misconception of it, which is why I wrote the report.

Dennis Tubbergen:

Well, in the next segment we'll be chatting with Simon Popple about his report, Three Misconceptions About Investing in Gold. If you'd like to have a copy, you can go to goldprogram.co.uk. That is goldprogram.co.uk, and you can get more information about Simon's work there as well. In the next segment, again, we'll talk to Simon about his report, Three Misconceptions About Investing in Gold. You won't want to miss it, stay with us.

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. I'm chatting today with the author of the book, Introduction to Investing in Gold, Mr. Simon Popple. Simon also has a just-published report that he's making available to listeners today, Three Misconceptions About Investing in Gold. If you'd like to get the report for free, you can go to goldprogram.co.uk. That's goldprogram.co.uk. And Simon, give the listeners a little bit of background. What motivated you to put this report together? Again, Three Misconceptions About Investing in Gold.

Simon Popple:

Well, I like gold because you can't print it and it's a global asset and it's been around for thousands of years, but I think that a lot of people for whatever reason, they look at it, perhaps they say, "Oh, I want something that provides income," and it doesn't provide income, which isn't strictly... Well, if you buy physical gold, it's true, but there's other ways you can get income from gold investments. And so the whole idea of the report is really, it's a free report, that people can read it and judge for themselves whether or not what they're doing is right for them. And if they do decide to get involved, then I try and talk them through what I've done. And obviously I've been involved in the market for a very long time.

Dennis Tubbergen:

So, Simon, you said something that I'm sure just piqued the interest of many listeners and that is getting income from investing in gold, because I think a lot of people think about gold as maybe a treasure chest full of gold coins and they can't possibly fathom how on earth that would generate income. So, can you just provide maybe an example or two as to how you can get income from a gold investment as outlined in your report?

Simon Popple:

Yeah, absolutely. Well, what I like to do is invest in some of the large gold companies, really large companies. A lot of them have got market values of over 30 billion and they pay a dividend. Now the dividend is probably, I don't know, 3.8, 3.9%, but there's always the possibility of capital gain as well. And so obviously I don't put all my money in these kinds of stocks, but I like the idea of having exposure to gold through a company. And so, if the company performs well and the gold price does well, then I can get a nice income through the dividend. But there's also potential for capital gain and depending on how much capital you want, I mean, one thing that I like to do is own a company as in profit, not only then you've got the dividend, but if you sell a company in profit, you've got a capital gain. So, you can do very well indeed.

Dennis Tubbergen:

Simon, as I looked at your report, there was one thing that I thought was extremely interesting. You list gold performance since the turn of this century, since 2000, and you list that performance in various currencies: Japanese yen, Canadian dollars, Australian dollars, British pounds, euros, US dollars and so on. And what was really interesting to me was there were some currencies that have, I guess compared to gold, devalued more quickly than others. But there is not a currency that has essentially outperformed gold. And I found that to be very interesting.

Simon Popple:

Well, it's something I find fascinating to be honest, because if you think about the way you live your life, your houses and your earnings and your pension are all in the same currency, in your case probably US dollars. And as you can see from this table, you can have gold in any currency. And if you look at the average along the bottom, they've done pretty well.

There's a lot of things I like about it, but one of the things I like about is its relatively currency agnostic. So, if you hold gold, then if your currency does go south, your gold holds its value. And it may be that you bought your gold in US dollars, and you can have a rather unusual situation where if the gold price goes down, but the US dollar goes down by more than gold price, in US dollar terms, you can actually make money. So, it is a bit weird, but that's the truth. And so, I think people need to look at gold as a way of potentially diversifying. If they come to sell and the currency they're using has done very well, that's fantastic. But if the currency is done poorly, then they may decide that they want to convert their gold into a different currency.

Dennis Tubbergen:

I'm chatting today with Mr. Simon Popple. He is the author of Introduction to Investing in Gold, and he has a report he is making available to listeners today, Three Misconceptions About Investing in Gold. You can get the report by visiting goldprogram.co.uk. That's goldprogram.co.uk. And Simon, getting back to this gold in different currencies, I find it interesting that the average across all the currencies that you list here, and I think there are nine or 10 here, that gold is returned about 9.3%. And I think, correct me if I'm wrong, another way to look at that is that compared to gold, currencies, fiat currencies have devalued at an annual rate of 9.3%, which means that every eight years, the currencies buying power is halved. Is that a reasonable way to look at that?

Simon Popple:

Well, I haven't done the math, so I couldn't talk to the maths, but it's certainly a way of... It looks like it's helped you with your purchasing power is all I would say. And so, if you look at the average return, providing the average return in the currency is less than, sorry, is more than the inflation rate, then you could argue that it's helped protect your purchasing power. So, I think that in these days of economic uncertainty and inflation, one of the things I really like about gold is historically, it has helped you with some inflation protection. Whether that's the same case going forward, we don't know, but I think it was Mark Twain who said, "History doesn't repeat itself, but it rhymes." So, I think if history does rhyme, then gold could be a very good friend to have.

Dennis Tubbergen:

So, Simon, moving ahead, is it your opinion then, would gold be your favorite asset class? And if yes, how would you say silver will perform relative to gold moving ahead in your opinion?

Simon Popple:

Well, silver has got a lot of industrial uses, and obviously, if we do end up with some sort of recession, then I think any asset class that's got a lot of exposure to industry will suffer because of that. But I do like silver a lot. I wouldn't suggest anyone has a portfolio which is completely gold and completely silver or completely a combination of both, but I think it's important to have some exposure. I'm not sure what the current silver price is. I think it's around $23, but if you look at the high, I think it's been close to $50. So having some in your portfolio, I wouldn't suggest you don't. And even though gold is close to all-time highs, again, I like to have some in my portfolio.

Dennis Tubbergen:

So, Simon, speak to someone who says, "You know what? I do want to own physical gold. That makes sense, but I really don't want to take delivery of it." You talk about that in your report. Can you speak to that for our listeners that may have that question?

Simon Popple:

Yeah, absolutely. I think that's a big misconception that people have. They think, "I don't want to have gold bars lying around the house," and I totally get that, but what you find, if you go through a reputable dealer, they'll store it for you or they'll insure it for you. And I find it a very good way of managing my money. So, I mean, yes, you've got exposure to the gold price, but you can see by that chart on page 13, that's done pretty well for you. And so, I like to use these as a way of managing my money, use these dealers.

So, most of them, as I say, you buy it, you never see it never leaves their storage. And so, when you want to sell it, you can sell it. So the money goes straight into your bank account. And to me, it's another way of managing cash. So, you've got some in your bank account, which is great, obviously, but I'm pretty terrible. If I've got money in my bank account, I tend to spend it. So, for me, it's quite a good breaker to have some money in gold in another form. And so, if I spend all the money in my bank account, I've got a liquid asset that I can readily convert into cash.

Dennis Tubbergen:

Simon, we've got about a minute and a half left in this segment, and this is probably not enough time to have you answer this question in the way it should be answered, but I found it very fascinating, the relationship between the US debt, the US debt limit, and gold prices. Can you briefly comment?

Simon Popple:

Yeah, absolutely. If you look at the chart that's in the report, one thing that's very interesting is the gold price seems to be going up with debt, and I can't see debt coming down. I haven't heard any argument from anyone that's convincing that the debt will come down. The debt ceiling seems to continually go up. So, if the debt goes up and the debt ceiling goes up, there is some logic that the gold price could go up as well. And again, that's one of the reasons why I find it a compelling asset to have got some involvement in.

Dennis Tubbergen:

Well, my guest today has been Mr. Simon Popple. He has a report available for the listeners today that's available by visiting goldprogram.co.uk. The report is Three Misconceptions About Investing in Gold. Again, the website to request the free report, goldprogram.co.uk. Simon, always a pleasure to catch up with you and look forward to having you back down the road. Thank you for joining us today.

Simon Popple:

Great to be here. Thank you very much.

Dennis Tubbergen:

We will return after these words.