

Starboard Weekly Report Ending September 22, 2017  
Charts of the Week

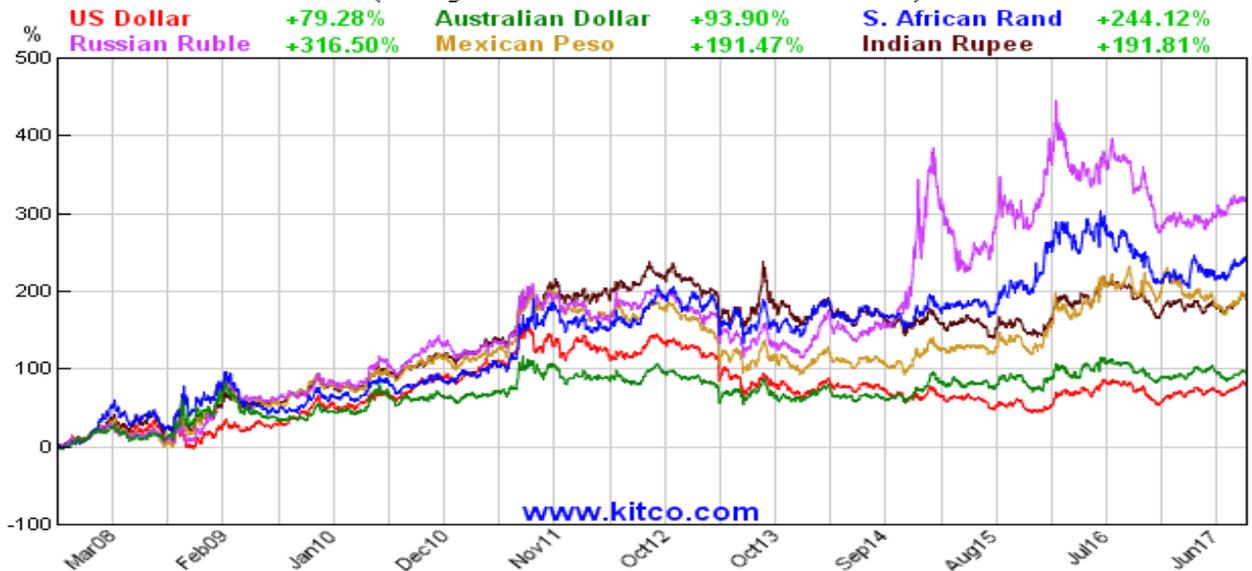
**10 Year Spot Gold US Dollar vs. Major Currencies**

(Change calculation is from the start of the chart)



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These two colorful long-term charts from kitco.com provide the value of gold in the different major currencies. Please note the percentage increases listed above each chart.

## **TECHNICAL**

This week's charts clearly display the benefits of a stable currency. The lower the gold returns are then the stronger the currency. The Swiss Franc is the ten year stability winner and especially so over the past 5 years. Strength wise YEN is next, closely followed by the Dollar. At polar opposites are the Russian Ruble and the English Pound. The Ruble has been impacted by the collapse in oil prices while the Pound decline coincided with Brexit. The Ruble should rebound along with oil prices. However, the Pound could remain elevated versus Gold until the effects of Brexit are sorted out. The bottom chart shows strong indication of the intense power the Dollar has had over the emerging market currencies. Recently we have looked at early indications that this may be changing with Gold breaking out in Dollar terms. This must continue for emerging markets to contribute to world growth.

## **FUNDAMENTAL**

The World Gold Council (WGC) recently announced that the Russian Central Bank was the buyer of the most gold in 2016 with their 201 ton purchase. When gold is rising an average of 31.65% per year against your currency, building gold reserves is a no brainer. The average Russian citizen is not so fortunate since they have an 18% VAT tax on gold purchases. However, it is expected that this tax may be repealed later this year. If that happens, then it would create a new demand vehicle for gold. The British rise in gold versus the Pound is worrisome. They own very little gold and the decline in their currency is creating inflation problems, along with the highest per capita debt in the world. The potential imbalance of exports vs imports due to Brexit should make gold a great investment for the English as their currency declines further. The Pound is a stand-alone currency with serious economic problems. Therefore, it could be the canary in the coal mine regarding major currency collapse.

## **ASIDE**

*"At some point, the dollar has to give. You can't just keep printing money, and monetizing debt, and buying bonds, without the dollar imploding."* Peter Schiff, CEO of Euro Pacific Capital, Inc.

Have we arrived at Mr. Schiff's point with the current Dollar breakdown versus Gold? The dollar is not the only currency to possibly implode. The YEN and the EURO, along with the buck, could be in a contest to see which of them will catch up in Gold value to the British Pound.

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