



Retirement *Lifestyle* Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Brien Lundin
Jefferson Financial / Gold Newsletter.com

Date Aired: March 21, 2021

Produced by:

**Retirement Lifestyle Advocates
961 Four Mile Road, NW
Grand Rapids, MI 49544**

Phone: (866) 921-3613

Email: info@plplanners.com

Website: www.RetirementLifestyleAdvocates.com

Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis. Tubbergen. Joining me on today's program is returning guest Brien Lundin. Brien is a very accomplished guy. He is CEO of Jefferson financial. He is the publisher and editor of Gold Newsletter, and he is the host of the New Orleans Investment Conference. And I'd encourage you to learn more about Brien's work. You can go to goldnewsletter.com to do that. And Brien, welcome back to the program.

Brien Lundin:

Great to be with you as always, Dennis.

Dennis Tubbergen:

Brien, talk a little bit for our listeners that may not be familiar with your work about Gold Newsletter. It's got quite a storied history.

Brien Lundin:

It was started by my mentor in the business and later business partner in the business Jim Blanchard, who is just an extraordinary individual, really a gold bug, a diehard libertarian, and somebody who is a real fan of Austrian economics. And literally, the day that Nixon closed the gold window in 1971, which essentially meant that the US government would no longer give other governments, other central banks gold in exchange for their dollars, in other words, it broke the last official link between the dollar and gold.

Brien Lundin:

As soon as Nixon announced that, Jim actually formed or had the idea to launch Gold Newsletter as his tool to advocate and try and get change and lobby for the return of gold ownership, legal gold ownership, to American citizens. People today don't realize that it was actually illegal for you to own gold as bullion or as bullion coins as an investment as it were until 1974, late 1974, when Jim was finally successful in getting gold legalized again.

Brien Lundin:

He started Gold Newsletter back then, and then started an organization to lobby and advocate for sound money policies, which became the national committee for monetary reform, which then launched its annual investment conference, which is what we still run today, that and Gold Newsletter, some 50 years later.

Dennis Tubbergen:

Well, it's a great history. Brien, when you talk about your mentor, Jim Blanchard, advocating for sound money policies, certainly that does not describe the world in which we live today. Give me your take on fed policy presently and where do you think all this ends up.

Brien Lundin:

Well, it ends up someplace that is familiar to historians of economics U.S... Not U.S. history, world history, world economic history. In other words, what we're going through today is nothing different than what we've seen over thousands of years, and that civilizations and governments have always overspent their means. In Ancient Rome, it was through military campaigns and bread and circuses and things like that.

Brien Lundin:

And in the process, they ran up debts that were unmanageable, too large for the economy to grow its way out of, too large for increases in taxes to pay off. And the only solution left and the solution that every civilization has always resorted to was to depreciate the underlying currency. And that's what's happening right now in the U.S. with greater frequency, and that's what the central bank, the fed, right now is doing. In fact, as we speak, Chairman Powell just got finished with his press conference following the latest fed meeting.

Brien Lundin:

The statements that the fed came out with today were extraordinarily bullish again. Not bullish for the dollar, but rather dovish in that they are going to continue this really tremendous pace of quantitative easing for as long as they can currently contemplate.

Dennis Tubbergen:

Brien, the question I think that all of our listeners are probably asking themselves is how much longer can this continue? I mean, the fed last year created literally \$3 trillion out of thin air. And a lot of folks may have thought last year was an aberration, but I believe the deficit for the first five months of this fiscal year was 68% greater than last year. It seems like that this is like a snowball rolling downhill. It's getting worse. It's getting worse. It's getting worse. How much longer can it continue? What's your take?

Brien Lundin:

Well, that's an unanswerable question. If you look at what's happened really since Jim Blanchard started Gold Newsletter back in the 1950s... 50 years

ago in the 1970s. What happened then was once the central bank was released from any form of restraint by a tie to gold and central bankers were then able to print money and loosening monetary policy without restraint. And like giving whiskey and car keys to a teenager, they immediately drove the economy into the ditch, which was basically the 1970s.

Brien Lundin:

Since then, they've become a bit more circumspect and more careful. But if you look at the fed funds rate, for example, the level of interest rates since the early 1980s, whenever the economy hit a little soft patch, a recession or even faltered a bit, the fed would come in and lower rates. You have a stair-step pattern over time in which every economic slowdown was followed by a further bottom or lower low in interest rates.

Brien Lundin:

And when they would try to normalize rates, they would never get it up to even the midpoint of where they were previously. It's a stair-step, and they would hit zero post 2008. Tried to raise a little bit and they hit zero again in this crisis. We've had success of cycles of boom and bust fueled by fed and fueled by ever easier monetary policy.

Brien Lundin:

Now, whether that creates the ultimate bust, some type of change in the very fabric of the monetary regime, perhaps a major inflationary episode that greatly devalues the dollar and perhaps leads to some attachment of the dollar's value to commodities and/or gold again or some resetting of the dollar's value, whether that happens during this cycle or the next or the one after that, I don't think anyone can tell.

Brien Lundin:

But I do think it is a process wherein the dollar will eventually be completely discredited and lose credibility. The thing that's helping it right now is the fact that it is the world's reserve currency, and it is only one of many currencies going through the same process. So that kind of delays the process and that all of the currencies around the world are going through it together. That does mean though that all of these currencies have to be valued against something else.

Brien Lundin:

They can't feed valued against each other. They will continue to devalue against tangible objects, things, primarily gold and silver.

Dennis Tubbergen:

Brien, when you take a look at monetary policy and the fact that this will not end well, history teaches us that we always end up going back to some form of gold or silver as money, whether it's paper receipts backed by gold or silver, but some type of tangible monetary system. Do you think we are going to repeat that and we're going to have to get back there again this time?

Brien Lundin:

I think likely that is the easiest and quickest and most proven way to restore credibility to a currency. There's no other currency they can attach themselves to. A lot of the developing nations when they've gone through currency crises, they tied in their currencies to the U.S. dollar to try and gain some credibility. Well, we don't have that luxury. We have to tie it to something else.

Brien Lundin:

So very likely it would be gold or some basket of commodities or something that would impose some restraint on the central bank to devalue the dollar further and have the dollar then regain some credibility. There are interim steps where the dollar could somewhat attach itself to gold without having a very specific gold standard, but I think it would involve gold in some way. And even if it doesn't, during the process, I think gold is vital for investors and savers. It's a way of preserving their wealth during a period of accelerating currency depreciation.

Dennis Tubbergen:

Well, if you're just joining us, I'm chatting today with Mr. Brien Lundin. He is the CEO of Jefferson Financial. He's the publisher and editor of Gold Newsletter, and he's the host of the New Orleans Investment Conference. You can learn more about his work at goldnewsletter.com. Brien, I'd be curious to get your take on cryptocurrencies. I'm always amazed, and I ask myself the question when it comes to Bitcoin, what makes something that was worth a penny 12 years ago now at some point in time worth \$60,000?

Dennis Tubbergen:

Just to me that doesn't make sense. What's your take on the whole cryptocurrency situation?

Brien Lundin:

Well, the one thing I do know about Bitcoin is that I should have bought it five or 10 years ago. And frankly, I think that's about all anyone knows

about Bitcoin. Now, I think that blockchain and I think Bitcoin are big things and they're going to be big things in terms of utility and applications. I just don't think anyone at this point absolutely knows what that will be eventually. And yet, we see so many adherence and so many very vocal bulls on Bitcoin who are approaching it with a religious fervor. It is right now a speculative bubble.

Brien Lundin:

It's hard to deny that. The reason why I think the majority of people are buying Bitcoin right now is in the expectation that they'll be able to sell it to somebody else later at a higher price. And therefore, the money that's going into Bitcoin is speculative. It's not necessarily the people who are the true believers who think it's going to be the end all of currencies and in other utilities and a store of value. Right now it is so volatile that it can't operate as a store of value or have utility as a currency.

Brien Lundin:

The argument is, of course, by the bulls that that's natural as it evolves and it matures. But that said, there are a lot of other arguments that indicate that it may not be the ultimate solution. The actual uses of Bitcoin may not be best suited for a cryptocurrency that has such limited quantities and such high relative value. So again, nobody really knows. I think it's going to be something. I think it's going to be something big. But again, I don't think anyone can really tell at this point.

Brien Lundin:

It should be treated in my mind as a high potential but speculative tech stock, and it shows that it performs similarly.

Dennis Tubbergen:

Well, my guest today is Mr. Brien Lundin. He is the publisher and editor of Gold Newsletter. You can learn more at goldnewsletter.com. I'll continue my conversation with Brien when RLA Radio returns. Stay with us.

Dennis Tubbergen:

I am Dennis Tubbergen. You are listening to RLA Radio. I am chatting today with Mr. Brien Lundin. Brien is the host of the New Orleans Investment Conference. He is CEO of Jefferson Financial. He's also the publisher and editor of Gold Newsletter. You can learn more at goldnewsletter.com. Brien, in the last segment, we were chatting a bit about your take that Bitcoin is in a bubble, and I certainly wouldn't disagree with that. I would agree wholeheartedly. I would say the same thing about stocks, and I would attribute a lot of it to fed policy. What's your take?

Brien Lundin:

Yeah, absolutely, Dennis. You're absolutely correct. What's happening now is not just stocks, but bonds and precious metals, everything is being driven higher by that fed policy, by central bank policy, not only in the U.S., but around the world really responding to the pandemic economic crisis and before that, of course, the great financial crisis. We never really exited the easy money policies from the previous crisis, but it's all being driven by extraordinary, really unprecedented levels of liquidity worldwide.

Brien Lundin:

This is the first time we've seen such levels of central bank liquidity not in one individual economy, but almost on a coordinated basis and definitely a comprehensive basis around the world. There's oceans of liquidity sloshing about from market to market and it's elevating. It's floating higher every asset class. Bonds and stocks and gold are supposed to be somewhat contracyclical.

Brien Lundin:

But when you have markets being driven by ever greater sums of money being printed and ever greater levels of debt being created by governments, then all correlations go to one and they all become correlated with each other. And in fact, it used to be people who were bullish on gold we're hoping for and betting on a significant drop in the equity markets, but you're not going to see that right now. I mean, you have been seeing a situation where stocks and bonds and gold and metals and commodities can all rise together because the underlying currencies were all getting cheaper.

Dennis Tubbergen:

Brien, when you look specifically at gold, gold I think was north of \$2,100 an ounce last summer. It's now let's just say maybe \$400 an ounce lower than that. To would you attribute that? Is that a normal consolidation of a bull market, or is there something more nefarious going on?

Brien Lundin:

No, I think it really is a consolidation because that run-up had got so overheated and we gave up about half of that run in a correction. And gold did its job. It tried to shake out the weak hands and has in fact at this point I think shaken out the weak hands. It dropped through the more conservative support levels technically, then dropped through the more serious support levels, and really just destroyed sentiment in the market and in the process exhausted all the sellers and got those weak hands out. I think we have bottomed.

Brien Lundin:

The indications, of course, it's an easier call now to make than it was a week or two ago when I was making it, but the price is beginning to rise again. The sentiment has gotten back in favor of gold. One of the things that helped contribute to the correction was the rise in treasury yields. The 10-year yield went from about 0.4% to 1.6%. And when it hit the first line in the sand at about 1.5%, we saw a dramatic sell off in gold. And yet, now we see the rate around 1.6, 1.65% and gold is rising again.

Brien Lundin:

We've gone through that shift, a transition phase where investors have now accepted the fact that rates are going a bit higher. Those who didn't want to own gold have already sold it. So to a large extent at least and I think we have bottomed and I think people are starting to look at gold again, of course, the price is beginning to respond.

Dennis Tubbergen:

So moving ahead, I would assume you're bullish on gold, correct me if I'm wrong. Compare your outlook for gold with your outlook for silver.

Brien Lundin:

Yes. I have a very standard outlook for gold versus silver, and that is that the macro picture, the big picture is very bullish for gold. If you like gold in the current environment, and you should, then you should love silver because silver in this kind of environment or the kind that we're predicting will continue will always outperform gold. It moves in the same direction as gold. That's important to remember. That's down as well as up, but it moves in the same direction as gold, but to a greater extent.

Brien Lundin:

I think that every investor, every saver out there needs to preserve a portion of their wealth, ensure a portion of their wealth, by owning gold and silver, and they need to make sure that a significant portion of those physical metal holdings are represented by silver.

Dennis Tubbergen:

So if you look at different ways to own metals, gold and silver, what are some of your favorite ways to get exposure to metals, the physical metals? What do you recommend to people?

Brien Lundin:

I recommend that they stick with the standard in gold, the standard easily recognizable, bullion coins. There are some tax advantages with owning the American Eagle gold coins. They may or may not come into play, depending on someone's personal situation, but they should look into that and discuss it with the personal tax advisors. But the U.S. government does give some preference to the American Eagle gold coins with some tax preferences. Those coins do trade at a bit higher premium than other bullion coins for that reason.

Brien Lundin:

They need to look just the major mints, the ones that are more recognizable. They could look at older historic U.S. gold coins, not the real collectible numismatic ones that carry high premiums, but the ones that are of lower grades, perhaps circulated a bit, but historic old U.S. coins, because those can often have premiums, their price above their melt value, that are near or lower than common bullion coins, modern bullion coins. In silver, you can do the same thing. Focus on the well-known mints. Focus on particularly...

Brien Lundin:

I would avoid bars typically because there's some counterfeit risk with bars that aren't as present in coins. But I would focus on the bigger coins in the silver realm and also old U.S. silver coins. The numismatists and the bullion dealers call those bag silver or even junk silver because they're old, they're worn. And for a numismatist, they look ugly. But to me, they look like history. They've been in circulation. Somebody used them decades ago, and they are pre 1965 up to 1964, coins and have a significant silver content, 90% silver content in the coins.

Brien Lundin:

And sometimes they're very difficult to find and the premiums are high. But when there's not a big rush on for bullion, that's when you should buy, because the premiums for those coins can sometimes be very close to melt or even below it. And it's a great way to own silver in smaller forms. You can own them in dimes, quarters, 50 cent pieces. So it's smaller forms of silver that are easily exchanged if there was some need to do that.

Dennis Tubbergen:

Brien, what kind of advice are you giving to your Gold Newsletter readers this month?

Brien Lundin:

Well, I'm telling them that the time to buy and have been telling them for the last couple of weeks that the time to buy the metals is now, but where we focus a lot on are the mining stocks that are a bit more speculative than metals. I look at the bullion investments as insurance, and I look at the mining stocks as investments, and even in the junior mining stocks real speculations. What I've been telling people, telling our readers for the last couple of weeks is that you're never going to find the absolute bottom in the market, but you can get close.

Brien Lundin:

And if you look at the grand sweep in cycles of the markets, you know when values are at long-term lows. We may not have seen the absolute bottom. I think we did see it about a week or so ago. But regardless, this is the time to buy and to begin accumulating some of the better stories and some of the better companies in gold and silver mining stocks.

Dennis Tubbergen:

Brien, we have just a little bit of time left. And if you'd like to learn more about Brien's work, go to goldnewsletter.com. Talk a bit in the couple of minutes we have left about your annual New Orleans Investment Conference.

Brien Lundin:

Sure. It is the original Retail Investment Conference. Jim Blanchard started it in 1974 to, at that point, teach investors, teach American investors, how to buy gold. And it expanded over the years, covers all the asset classes. Jim had a knack and a reputation for going out and getting the biggest speakers out there, the big name speakers. And, of course, the actual credibility of the conference attracted a lot of really big name speakers. He had everyone from Margaret Thatcher to Ayn Rand had her last public speaking appearance at our conference.

Brien Lundin:

Alan Greenspan was a regular for many years. I mean, the list just goes on and on and on of the real giants of economic monetary world history of recent decades have graced our stage. And that's kind of what we continue to do or try to do is bring the top experts in every area, geopolitics, economics, every asset class out there, and get them all together in one place at one time. Last year, last fall, we had to resort to a virtual event. This year, we're returning to New Orleans with an in-person event.

Brien Lundin:

I think everybody's going to be well by then, vaccinated by then, and everything's going to be very close to normal. It's going to be a wonderful and just absolutely a blockbuster event I predict because everyone's dying to get back in person, dying to get back together, and really feel that intellectual energy and ambience that you'd get at our event that you don't find anywhere else.

Dennis Tubbergen:

Well, I'd encourage the listeners to check it out. My guest today has been Mr. Brien Lundin. And Brien, always a pleasure to chat with you and love to have you back down the road.

Brien Lundin:

Dennis, always a pleasure to talk with you.

Dennis Tubbergen:

We will return after these words.