

MARKET COMMENTARY

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Nothing Has Changed

EXECUTIVE SUMMARY

Despite January's speculative blow-off and a 25% correction fueled by Iran war fears and rate-hike expectations, gold's core thesis is unchanged: unsustainable U.S. debt, eroding dollar dominance, and accelerating central-bank remonetization. Gold-mining equities have rarely been cheaper relative to an historically overvalued, AI-inflated S&P 500. With sentiment near 25-year lows, we view current weakness as a rare entry point – the trade of the decade.

As with any volatile asset, consensus perceptions of gold and silver are heavily influenced by recent price action. While this tendency is entirely reasonable—after all, recent prices are recent prices—it is also true that precious metal performance is routinely viewed through a lens more myopically focused on the short-term than other major asset classes. Because gold's valuation is not underpinned by traditional metrics such as P/E ratio or dividend yield, short-term investors can be easily discouraged by a few months of unanticipated price action. Since our gold investment thesis is based on systemic imbalances decades in the making, we always find the fickle nature of gold sentiment somewhat curious.

Without question, a contributing factor to gold volatility is the uniquely diverse range of investment cues leading to its purchase. Investors buy equities for one reason: they expect their stocks to go up. In gold's case, however, there are a variety of investment motivations (on any given day) driving purchase and sale. Most commonly, gold is identified as an inflation hedge, but many also view gold as a productive deflation hedge. Some view gold as a risk-off asset, but others view gold as a risk-on trade. Many view gold as a safe-harbor play, but consensus still gravitates toward the perceived safety of the U.S. dollar in stressful times, exerting reflexive pressure on the gold price. And even more granularly, various groups of

PERFORMANCE

-6.30%

Spot gold, 2026 YTD (July)

-19.62%

Spot silver, 2026 YTD (July)

+96.13%

Gold cumulative return,
12/31/23-7/31/26

+143.45%

GDx cumulative return,
12/31/23-7/31/26

investors own gold as specific portfolio hedge against a wide range of geopolitical, market and currency risks.

One byproduct of gold's myriad investment cues is that no matter how well gold performs over the long run, there will always be subsets of investors who are disappointed that gold did not provide the exact short-term hedge they expected. A prime example of this "not performing as advertised" narrative has been investor frustration with gold's performance since the 2/28/26 outbreak of Middle Eastern hostilities. Frequent readers are familiar with our view that gold rarely functions as portfolio panacea during geopolitical conflict. We have long advised that during volatile global events such as Ukraine, Iran and October 7, investors should expect gold to simultaneously serve many operative functions.

For example, during the earliest days of the Iranian conflict, gold functioned exactly as expected by large institutional investors and global central banks. Gold's deep and uncorrelated liquidity provided professional investors immediate access to required capital to meet margin calls and reduce net exposures. Similarly, various central banks (Turkey, Russia, U.A.E, Malawi) were able to mobilize significant liquidity from their gold holdings for specific and distinct reasons. Unsurprisingly, media reports have promoted a backward narrative that these central bank sales signal a death knell to gold's reemergence as a preferred reserve asset. In fact, exactly the opposite is true: gold provided a select group of central banks the immediate, market-neutral liquidity for which they own gold in the first place.

Before sharing our analysis of current gold market fundamentals, we wanted to establish a bit of context by reviewing gold's post-2023 performance. As shown in Figure 1, below, the cumulative performance of gold, silver and precious-metal equities during the past 2 ½ years absolutely towers above the performance of traditional asset classes. By way of example, the VanEck Gold Miners ETF (GDX) has outperformed total return of the S&P 500 Index by 131% during this span.

+131%

GDX outperformance vs. S&P
500, 2½-yr span

ASSET / INDEX	2024	2025	TOTAL 12/31/23- 12/31/25	2026 YTD JULY	12/31/23- 7/31/26
Spot Gold	+27.22%	+64.58%	+109.38%	-6.30%	+96.13%
Spot Silver	+21.46%	+147.95%	+201.17%	-19.62%	+142.02%
VanEck Gold Miners ETF (GDX)	+10.63%	+154.71%	+181.79%	-13.61%	+143.45%
Global X Silver Miners ETF (SIL)	+14.69%	+166.14%	+205.23%	-11.57%	+169.90%
S&P 500 Index (SPX)	+25.00%	+17.86%	+47.32%	+10.12%	+62.23%
Vanguard Real Estate ETF (VNQ)	+4.81%	+3.26%	+8.23%	+14.02%	+23.40%
10-Year Treasury Index (SPBDU1BT)	-1.67%	+8.02%	+6.22%	-1.73%	+4.38%
Bloomberg Commodity Index (BCOM)	+0.12%	+11.07%	+11.20%	+20.39%	+33.87%

Figure 1: Performance of Spot Gold, Spot Silver, and Various ETF's and Indices (2024-7/31/26) [Bloomberg]

Breaking things down, after rising 27.22% in '24, spot gold surged 64.58% in '25, for a two-year gain of 109.38%. And after rising 21.46% in '24, spot silver soared 147.95% in '25, for a two-year gain of 201.17%. After such sharp two-year gains, we find year-to-date (7/31) checkbacks of 6.30% for gold and 19.62% for silver entirely reasonable and even "healthy" to sustain bull-market momentum. However, the depressed state of precious metal sentiment suggests consensus is overlooking gold's 2 ½ year performance to focus on pullbacks from late-January highs.

January 2026

What happened in precious metal markets during January? Well, after two years of spectacular gains, gold and silver went ballistic during the month. At their January 29 intraday highs, spot gold (\$5,595) was up 29.5% month-to-date and spot silver (\$121.65) was up an eye-popping 69.8% month-to-date. In retrospect, such steep gains were classic signs of a blow-off top, and when this surge finally popped on 1/30 and 2/2, the two-day pullbacks for gold and silver were historic. From intraday peak on 1/29 to intraday trough on 2/2, spot gold declined 21.3% (from \$5,595 to \$4,402) and spot silver fell 41.3% (from \$121.65 to \$71.38).

We have previously discussed elements of the January speculative spike, but for reference we briefly review three examples. On Monday 1/26, individual investors purchased a net \$171 million of iShares Silver Trust (SLV), nearly double the \$93 million one-day record set during the 2021 silver squeeze (Vanda Research). And on the same day, total trading volume in the \$56 billion SLV hit 393 million shares, almost seven times the 60 million shares traded on that day for the \$714 billion SPDR S&P 500 ETF. And offshore, speculative fervor in China and India leapt off the charts, as accumulation of gold ounces went vertical in the 40-or-so bullion ETF's tracked by Nick Laird (Sharelynx).

Now, as long-term gold investors, we have always abstained from conspiracy theories about gold manipulation. In our view, such speculation is overdone and rarely rooted in tangible fact. However, we do feel compelled to report that CME hikes of gold and silver margin requirements during late '25 and early '26 were not only (curiously) frequent and steep, they were literally historic.

On 10/9/25, initial CME margin requirements for the standard 100-ounce gold futures contract stood at \$17,000 and for the standard 5,000-ounce silver contract at \$16,000. Following a series of CME hikes, year-end '25 margin requirements had been raised to \$24,000 for gold (+41% since Oct.) and \$32,500 for silver (+103%). Then, on 1/13/26, in a completely unprecedented move, the CME switched its margin requirements from dollar amounts to percentages of notional

JANUARY BLOW-OFF

+29.5%

Gold MTD, 1/29 intraday high

+69.8%

Silver MTD, 1/29 intraday high

-41.3%

Silver 2-day pullback, 1/29-2/2

CME MARGINS

428%

Rise in std. silver contract margin, 10/9/25-2/27/26

\$84,402

Silver contract margin at 2/27/26 (from \$16,000)

contract value. The initial percentage of notional value was set at 5% for gold and 9% for silver.

Then, in a head-scratching sequence, the CME hiked precious metal margin requirements three times in one week (1/29/26-2/6/26). On 1/30/26 CME hiked the notional percentage requirement for gold contracts from 5% to 6%, and for silver from 9% to 11%. Then, on the following trading day (2/2/26), CME raised gold margins from 6% to 8% and silver margins from 11% to 15%. Finally, four days later (2/6/26) CME raised gold margins from 8% to 9% and silver margins from 15% to 18%. All in all, this means that at silver's 2/27/26 close (\$93.78), the margin requirement for the standard silver contract had increased from \$16,000 on 10/9/25 to \$84,402 on 2/27/26! This means that while spot silver rose 90.3% from \$49.28 (10/9/25) to \$93.78 (2/27/26), CME raised margin requirements 428%.

While we are not conspiracy buffs, it is clear CME was hellbent on squashing silver speculation at precisely the juncture silver experienced its 41% two-day decline (1/30 & 2/2). Was CME bailing out the notorious silver shorts on books of JP Morgan and other big banks? Well, while cause and effect will always be open to debate, CME was clearly concerned about someone's positions. And especially in paper markets, City Hall usually gets what it wants!

February 2026

Now after such a violent blow-off top and correction, the critical question during February was whether the precious-metal bull market had just ended with a bang. To the surprise of many, gold and silver posted spirited rallies from their Feb. 2 lows, with spot gold regaining a March 2 intraday high of \$5,419 and spot silver touching a high of \$103.79. At least through the month of February, therefore, it would be difficult to argue that precious metal fundamentals were not substantially intact.

Then, on 2/28, the bombs started falling in Iran, and a military exercise originally expected to last two-to-three weeks has now ballooned into a regional conflict in its 160th day, with no apparent end in sight. From February closing prices (\$5,279 and \$93.79) through July 31, spot gold and spot silver declined 23.4% and 38.6%

U.S. DEBT & FISCAL

\$81.9T

Total U.S. nonfinancial debt, Q1 '26

34.8¢

Output per incremental \$1 of new debt, Q1 '26

respectively (to \$4,046 and \$57.60). Once again, the operative question has become whether the precious metal bull market has run out of steam.

Wartime Logic

While it is folly ever to reduce gold fundamentals to a single storyline, we believe precious metal markets have been overwhelmingly pressured by A-B-C reasoning that higher oil prices will lead to higher inflation and trigger a wave of global central bank rate hikes. To us, gold's weakness during the past five months rests almost entirely on this A-B-C narrative (and associated reasoning of a strengthening U.S. dollar).

As readers assess gold's current prospects, we cannot stress enough how much we disagree with the "C" component of this popular line of thinking. We are stepping firmly on a non-consensus limb to declare: we assess probabilities of multiple '26 Fed rate hikes near zero. We could write a treatise on the systemic imbalances we have studied for 25 years supporting our view the Fed cannot raise rates significantly at this juncture, but we will condense our reasoning to a short precis.

- The Fed's Z.1 Report estimates total U.S. nonfinancial debt reached \$81.9T in Q1 versus nominal GDP of \$31.8T. In Q1, nonfinancial debt increased \$1.14T versus a GDP gain of \$397B, meaning each incremental dollar of assumed U.S. debt produced just 34.8 cents of incremental output.
- Estimates for the amount of Treasury debt Scott Bessent must rollover in 2026 range from \$8T to \$10T, and the current annual interest burden on U.S. debt is \$1.2T, heading by CBO estimates to \$2.12T annually by 2035.
- The BEA reports the U.S. personal savings rate continued its steady decline in June, falling to 2.7% of disposable income (down from 2.8% in May, 3.0% in Apr. and 3.5% in Mar.) and 1.97% of GDP (down from 12- and 24-mos. averages of 2.8% and 3.3% respectively). Adding in the federal government's net borrowing requirements, the net national savings rate now measures -3.7% of GDP. Add in \$500B of annual AI borrowing

\$2.12T

Projected annual U.S. interest expense by 2035 (CBO)

-3.7%

Net national savings rate, % of GDP

12 of 19

March FOMC dots forecasting '26 rate cuts

9 of 18

June FOMC dots forecasting '26 rate hikes

SENTIMENT EXTREMES

10

Gold DSI reading, 6/24 – 90% of retail trades bearish

1.9%

Of trading days since 2000 with DSI ≤ 10

-56.38%

HGNSI reading, 7/16 – lower than 99.9% of history

(1.5% of GDP) and it is easy to understand why real yields are rising.

- Inflation/Liquidity watch: While real Treasury yields are rising, breakeven yields are falling, suggesting the higher real yields are the result of excessive fixed income supply (competing for limited funds given short-rate levels) and are not due to rising inflation expectations. While the 10-year real Treasury yield has risen to 2.44% (from 1.91% on 5/1), the 10-year breakeven yield has fallen to 2.2% (from 2.49% on 5/15). The 5-year breakeven yield stands at 2.16% (lowest since Aug. '24). The 10-year real yield minus the 10-year breakeven yield is now the highest since the GFC.
- The Fed ended its QT program (reducing the Fed's balance sheet from \$9T to \$6.5T on 12/1/25). Since then, the Fed has purchased \$320 billion of Treasury bills under its new Reserve Management Program. (\$40 billion per month).

In short, legacy debt levels, spiraling federal interest burdens, a negative net national savings rate and concern over adequate commercial bank reserves preclude multiple Fed rate hikes anytime soon. And more specifically, we find it highly unlikely the Fed will kick off a tightening cycle while simultaneously purchasing \$40 billion per month of Treasury bills.

And now, on top of these structural and systemic challenges, there is a new sheriff in town at the Eccles Building. Incoming Fed Chair Kevin Warsh has vocally advocated abandonment of the Fed's neo-Keynesian focus on "inflation expectations" (which he views as a flawed analytical framework) in favor of revamping data collection and analysis to focus on underlying impacts on the real economy. Warsh cites oil's 2008 rise to \$147 per barrel as prime example of faulty central bank policy frameworks. Fixated on the impact of high oil prices on inflation expectations, the Fed talked up the long end of the curve, and the ECB actually hiked rates, even though the EU was already in recession and the U.S. financial system was in process of disintegrating.

We believe the Warsh Fed will not repeat these types of policy errors and will instead look through short-term inflation spikes to assess relevant impacts on the underlying U.S. economy. As long-term Fed

45.5%

Gold's peak-to-trough decline,
9/6/11-12/3/15

8 Wks

Streak of negative HGNSI
readings before 7/16 low

skeptics, we could not be more encouraged by Kevin Warsh's chairmanship. The Powell Fed talked way too much and tended to (narrowly) focus on all the wrong things. In perfect example of the mechanically reactive thinking of the Fed board Chair Warsh is now inheriting, it took just three months of elevated energy prices to completely invert the Fed's hallowed dot plot.

At the March meeting, 12 of 19 participants cast dots forecasting between 1-and-4 additional '26 rate cuts (with none expecting a rate hike). But at the June meeting, 9 of 18 participants recorded dots forecasting between 1-and-3 '26 rate hikes (with 8 expecting no movement and only Trump sycophant Miran forecasting a rate cut). Talk about lemmings on a rocking boat! The intense media focus and sharp market reactions to these dot plot flip-flops (which are essentially six-month personal speculations about an economy shrouded in unusually low visibility) serve as the exact reason Chair Warsh declined to submit a dot to the SEP. Mark our words, the Fed dot plot, which has caused such repeated misallocations of capital since its January '12 introduction, will thankfully be a gonner by year end.

Our point here is that structural debt and liquidity considerations, combined with the Warsh reset in Fed policy focus (away from inflation expectations to the real economy), make probabilities for '26 Fed rate hikes far lower than many now expect. On 6/22, Bank of America upped its fed funds forecast to three additional '26 rate hikes (Sept., Oct., Dec.). Our response: not a chance!

Why is this important? Because whether it be a strengthening U.S. dollar, rising 10-year Treasury yields or slumping precious metal sentiment, we view all of the asset repositioning in expectation of multiple '26 Fed hikes as significantly misguided. And no asset has borne this pressure more unduly than gold. We expect this to change in the immediate future. [Post press time movements of spot gold in early August have certainly been encouraging!]

Gold Sentiment

The combination of gold's 25% correction from January highs and consensus adoption of the A-B-C reasoning of higher oil/higher inflation/Fed tightening crushed gold sentiment in late-June to one

of the lowest levels on record. We're talking downright cathartic! Among the many sentiment indicators we could cite to support this downbeat assessment, we will reference the work of two of the most venerable gold sentiment observers: Jake Bernstein's Daily Sentiment Index (DSI) and the Hulbert Gold Newsletter Sentiment Index (HGNSI).

Jake Bernstein launched his DSI methodology in 1987. The DSI works on the theory of contrary opinion, such that whenever the majority of traders agree on the direction of a market move, odds are significant that prices will move in the opposite direction. Since its introduction, the DSI has measured daily sentiment for a variety of commodities, currencies and fixed income instruments (currently 41) by tracking small scale trading on U.S. futures markets.

The primary difference between Jake's DSI and other contrary measures of market sentiment (such as odd lot short sales, options volatility, broker opinion surveys, and trader opinion surveys) is that Jake's DSI report is available within one hour of the daily CME close and categorizes the entirety of small retail trading for the day (percentage of bullish and bearish trades).

During the 25 years we have followed Jake's service, the DSI has demonstrated remarkable consistency in identifying extreme peaks and troughs in precious metal sentiment. Raw DSI readings of 80% or higher tend to correlate with market tops, and readings of 20% or lower tend to correlate with market bottoms. But rarer DSI readings of 90% or 10% have had uncanny accuracy in marking significant sentiment inflexion points.

Along these lines, after weeks of declining sentiment readings, the gold DSI registered a reading of 10 on 6/24, meaning 90% of all retail COMEX trades were bearish. For perspective, we have examined the comprehensive history of the daily gold DSI since 12/31/00. During the 6,594 trading days through 7/31/26, the gold DSI registered 10-or-lower on exactly 127 days, or just 1.9% of the time. We would also point out that 70 of the 127 days occurred during gold's 45.5% decline between 9/6/11 and 12/3/15, leaving just 57 days outside this epic drawdown on which the gold DSI was at or below 10.

The second sentiment measure we would highlight is the Hulbert Gold Newsletter Sentiment Index (HGNSI). Mark Hulbert developed his methodology in 1980 and since then has tracked the real-world performance of investment advisory newsletters. Mark maintains three separate indices: a Newsletter Sentiment Index, a Gold Newsletter Sentiment Index and a NASDAQ Newsletter Sentiment Index. As with the Bernstein DSI, Mark's indices work on the theory of contrarian analysis. Whenever the vast majority of newsletter writers are either bullish or bearish, the market's subsequent direction is generally in the opposite direction.

Specifically, the HGNSI reflects the average of recommended long/short gold exposures among the subset of newsletters which include short-term trading recommendations for gold in their portfolio recommendations. The list of market timers in the HGNSI is significantly smaller than the general newsletter index and includes only gold timers who communicate immediately to clients when they change their recommended gold market exposure.

Unsurprisingly, most gold-timing newsletters generally recommend at least a small positive allocation to gold, and net short recommendations are relatively uncommon. Recently, after a very unusual eight-week streak of negative readings, the HGNSI fell 7.82 points to -56.38% on July 16. To give perspective to the rarity of this reading, it was lower than 99.9% of all historical readings. In fact, the sole occasion in the past 25 years on which HGNSI registered a more bearish reading was during a seven-day stretch at -56.7% in July 2013.

Now, we understand sentiment measures are not precise trading tools, but we can attest that over the past 25 years, the Bernstein DSI and Hulbert HGNSI have never flashed more contrarian combined signals than they have in late-June/early-July. In our view, these readings suggest there are simply no precious metal traders left to sell.

Gold Equity Valuations

As we have discussed, plummeting gold sentiment contributed to spot gold's 24.7% decline from its 1/29 close (\$5,375) to its 7/31 close (\$4,046). But over the same span, the VanEck Gold Miners ETF (GDX) declined only 33.9%. Why do we write, "only?" Because during a 25% gold pullback, the historical beta-to-bullion leverage of gold miners would logically correlate to a steeper decline for gold shares.

To which factors do we attribute gold shares' relative outperformance (from historical norms) since January highs? Well first of all, as spot gold was tracing its 24.25% January spike to its 1/29 close (\$5,375), GDX only increased 25.89% to its 1/29 close (\$107.98). Point being, gold equity investors were less enamored with gold's January spike than the bustling crowd of speculators trading the metal.

Second, while generalist institutional investors have not yet recognized how profitable gold miners have become following the '24 and '25 price gains for gold and silver, there are a significant number of dedicated industry investors who recognize that gold prices anywhere above \$4,000 per ounce are driving huge cashflows at high-quality miners. In 2025, spot gold averaged \$3,442, but in Q1 '26 spot gold averaged \$4,864 and in Q2 averaged \$4,507. Assuming a production-weighted industry average of all-in sustaining costs (AISC) of \$1,750 per ounce, this means Q2 '26 earnings (in process of being reported) will reflect a cash margin approaching \$2,750 per ounce, or roughly 63% higher than the '25 average.

We also suspect A-B-C Iran war reasoning has exerted undue pressure on gold miners from overblown worries about diesel costs. While there is no question diesel is a major cost component of largescale open pit mines, Agnico operates two of the largest (Malartic and Detour), and on Agnico's Q1 earnings call, CFO Jamie Porter noted that every 10% increase in the diesel price adds just \$6 to Agnico's cash costs per ounce. Thus, a 30% diesel price increase adds \$18 to Agnico's cash costs, or just a 1.6% increase to Agnico's Q2 cash costs of \$1,114 per ounce.

GOLD EQUITY STRENGTH

-33.9%

GDX decline, 1/29 to 7/31 vs. gold's -24.7%

\$1.6B

Agnico Eagle Q2 '26 net income

12%

Gold miner earnings yield – highest of any sector

-15%

Avg. North American producer discount to spot gold (Scotiabank)

10x

Gold miners' free cash flow vs. 2022

7 of 8

Scotiabank producers trading below their 10-yr midpoint

S&P 500 VALUATION RISK

41x

Shiller CAPE ratio – highest since dot-com peak

In fact, we would cite Agnico's Q2 earnings report (reported 7/29) as textbook example of how high-quality miners are printing money with gold prices at current levels. Agnico's payable gold production was 855,816 ounces at cash costs of \$1,114 per ounce and all-in sustaining costs (AISC) of \$1,459 per ounce. At realized gold prices of \$4,483 during the quarter, Agnico reported quarterly net income of \$1.6 billion (\$3.19/sh), operating cash flow of \$2.144 billion (\$4.27/sh) and free cash flow of \$1.335 billion (\$2.66/sh). During Q2, Agnico increased its cash position by \$352 million to \$3.464 billion with just \$197 million in outstanding debt (net cash of \$3.267 billion). Finally, Agnico paid a quarterly dividend of \$0.45 per share and repurchased 2.235 million shares, returning a combined \$625 million to shareholders.

In a business as complicated as gold mining, Agnico's results are nothing less than spectacular. And for fans of Warren Buffet's "moat" analogy, even if a new competitor were given Agnico's \$90 billion market cap in cash and 30 years to work with, it would be impossible to replicate Agnico's collection of long-lived mines, with 55.4 million ounces of proven and probable reserves, 47.1 million ounces of measured and indicated mineral resources and 41.8 million ounces of inferred resources. What's not to like?

More generally, how do overall valuations in the gold-mining industry stack up with historical ranges? Well, for comparison's sake, we would highlight four instructive valuation metrics: price/NAV, price/cash flow, enterprise value/EBITDA and free cash flow yield. Over the past 20 years the rough ranges for these metrics have been 0.80x-1.70x for P/NAV; 6.5x-15.0x for P/CF; 7.0x-11.0x for EV/EBITDA and 0%-12% for FCF yield. After reviewing a wide range of sell-side research (all with different constituent universes and unique valuation methodologies), we would even more roughly approximate current averages for North American senior and mid-tier gold producers as: P/NAV of 0.85x; P/CF of 7.75x for '26 and 7.0x for '27; EV/EBITDA of 5.2x for '26 and 4.8x for '27; and FCF yield of 6.50x for '26 and 7.6x for '27. By all of these measures, gold miners are historically cheap.

With respect to where gold miner valuations stand in relation to the gold price, we reproduce in Figure 2, below, Scotiabank's instructive

34%

Mag 7 share of total S&P market cap

0.11

All-time low S&P constituent correlation, July '26

51%

Of S&P market cap trading above 10x sales

57.8%

S&P 500 two-year return, 2023-2024

2x

How far 41x CAPE exceeds U.K./European equivalents

graph of the average (black dotted line) and weighted average (red dotted line) discounts of senior and intermediate producers in the Scotiabank universe to spot gold (gold line) since 2008. In this model, Scotiabank calculates the gold price which would equate the producer's net asset value to its current share price and measures the premium/discount of that gold price to current spot price.

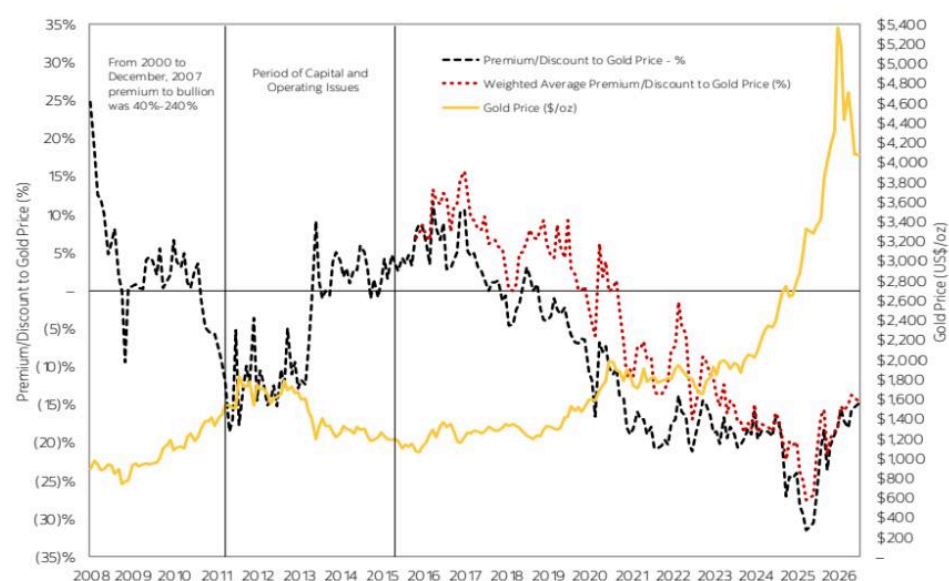


Figure 2: Average and Weighted Average Producer Share Price Premium or Discount to Spot Gold (2008-7/31/26) [Scotiabank]

At month-end July the average North American producer in the Scotia universe was trading at 15% discount to spot gold versus a 10-year range of a 32% discount to an 18% premium. Given the cash flows gold miners are now generating, we find it baffling that gold equities are trading at a gold price discount on par with the early 2010's, when the industry was plagued with poor execution and large capital write-downs.

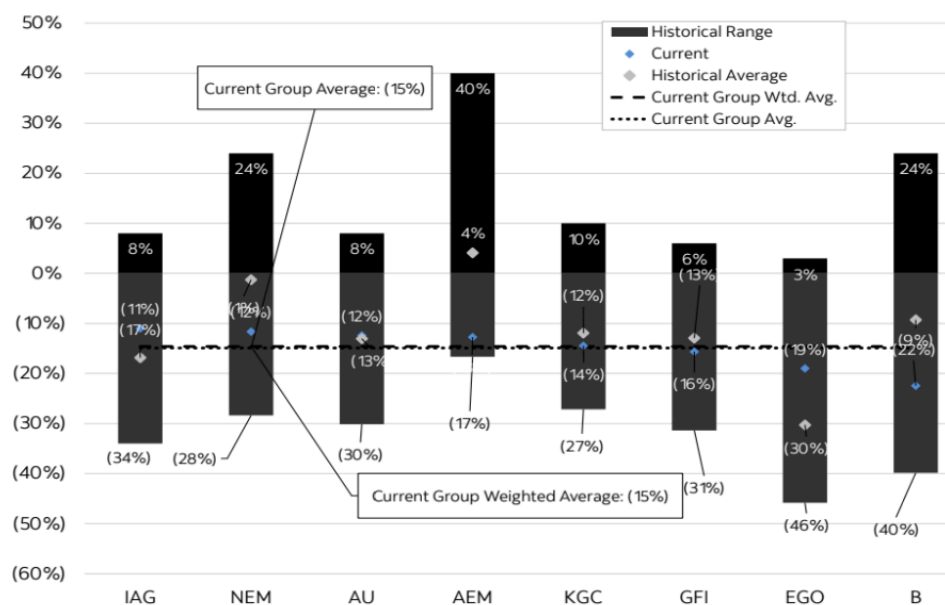


Figure 3: Historical Producer Share Price Premium or Discount to Spot Gold (2015-March 2025) [Scotiabank]

And narrowing in on individual senior producers, Scotiabank graphs in Figure 3, above, the current percentage discount/premium to gold (blue diamond) at which each Scotiabank senior producer trades, in comparison to its 10-year trading range (black rectangles) and historical average (grey diamond).

Seven of the eight producers in the Scotiabank universe are trading below the midpoint of their 10-year trading ranges. By way of example, Agnico-Eagle shares have traded in a range between a 17% discount and a 40% premium to spot gold, with an average 4% premium. Currently, Agnico shares trade at a 13% discount to spot gold. To us, this makes no sense because as we have described, Agnico's business is firing on all cylinders.

Summing things up, gold miners' free cash flow is 10 times what it was in 2022, long-term debt as a percentage of equity is down 50%, and miner earnings yields are now 12% (highest of any market sector). Despite this, the group trades at its cheapest level versus the S&P 500 in 20 years.

Now, let's take a comparative peek at S&P 500 valuations!

S&P 500 Valuations

Throughout the modern era of unconventional central banking (Greenspan/Bernanke/Yellen/Powell), it has been a fool's errand to handicap tops in the S&P 500 Index. And especially since Covid opened the fiscal and monetary floodgates, we admit we have completely lost touch with broad equity valuations. The S&P 500 rose 26.26% in '23 and 24.99% in '24, bringing the two-year return to a gaudy 57.8% and marking just the fourth instance in 150 years the Index posted 20%+ gains in consecutive years.

Looking back, the S&P's '24 rally was driven by three developments: an expected Fed easing pivot, market AI exuberance and optimism over Trump's pro-growth agenda. However, in early '25 expectations for Fed cuts were placed on hold and Trump optimism was replaced by Liberation Day panic. Nonetheless, Mag 7 momentum (up 24.90% in '25) and AI mania powered the S&P to a further 17.86% increase in 2025. And now through 7/31/26, the S&P has gained another 10.12%, despite the fact that the Mag 7 have increased only 5.04% year-to-date.

When will U.S. equity valuations finally peak? All we can say is just like Wile E. Coyote, with each passing day markets get one day closer to an inevitable (and likely steep) drawdown. The more operative question is what is the range of 10-year prospects for broad equities measured from current valuations?

We could present 10 pages of graphs on historical S&P valuation measures, but we have chosen one of our favorites which is Robert Shiller's cyclically adjusted, 10-year price-earnings (CAPE) ratio (Figure 4, below). The S&P CAPE ratio currently stands at 41x, the highest valuation since the 2000 dot.com peak and higher than 1929 and 1901 valuations, which obviously preceded historic crashes. The 41x multiple is also more than double the current U.K. and European equivalent multiples, the widest gap in history.

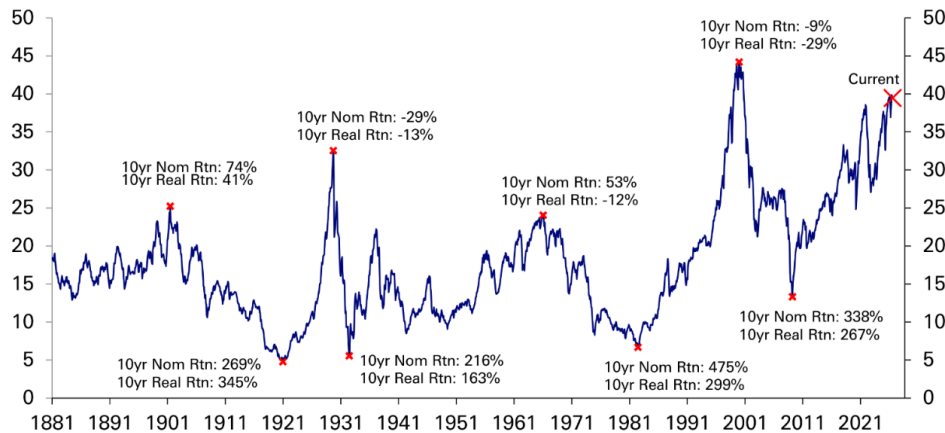


Figure 4: Shiller 10-Year Cyclically Adjusted Price-Earnings (CAPE) Ratio for the S&P 500 Index (1881-6/30/26) [Deutsche Bank]

Bulls will argue the CAPE ratio is a poor market-timing tool, and contemporary earnings momentum is superstrong with no signs of profit disappointment to derail market sentiment. We would counter that the most instructive information in the 150-year Shiller chart are the 10-year nominal and real returns for the S&P following prominent peaks and troughs. Point being, while nailing the exact peak in the current S&P run is impossible, we're not sure that matters much anymore in assessing prospects for U.S. equities over the next decade. The crucial challenge for investors at this juncture is to weigh the allure of another few quarters of AI exuberance against rising probabilities of an S&P drawdown so steep it will take years for portfolios to recover.

Average S&P 500 constituents 3-mth daily correlation vs the index

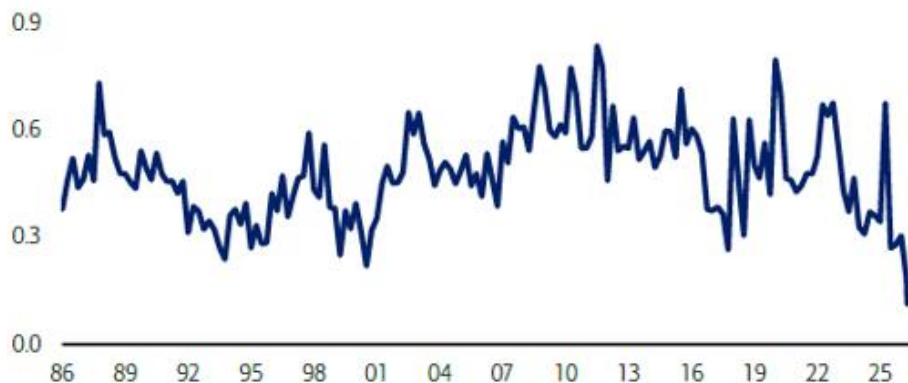


Figure 5: Average Three-Month Daily Correlation of the S&P 500 Index to Individual Constituents (1986-6/30/26) [Bank of America]

Complicating sky-high S&P valuations are the unprecedented concentration and leverage risks in today's markets. We have all read

countless accounts of the rising percentage of the Mag 7 in total S&P capitalization (currently 34%), but to demonstrate how skewed performance has become in the world's most important equity index, we reproduce in Figure 5, above, Bank of America's plot of the average 3-month correlation of S&P constituents to the overall performance of the Index. In July, this correlation hit an all-time low of 0.11.

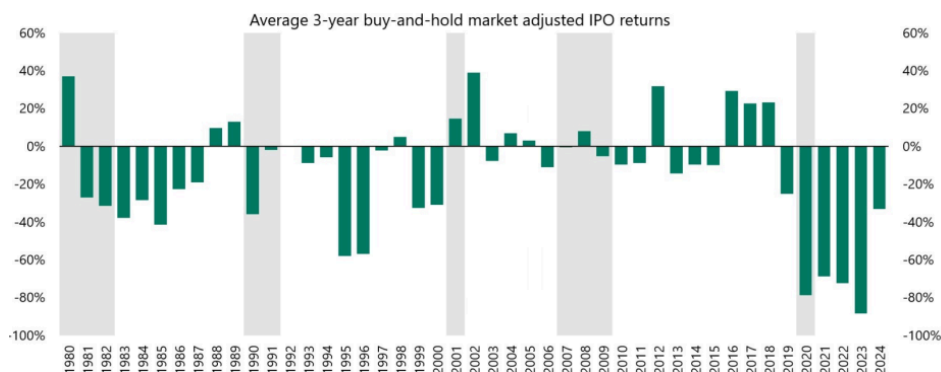


Figure 6: Three-Year Aggregate IPO Returns by Year of Issuance (1980-2024)
[Torsten Slok, Apollo] (Returns of 2023 and 2024 IPO's are calculated through December 2025)

When assessing overall profit potential in contemporary equity markets, one would assume the ongoing technology revolution is providing ample opportunities for investors to benefit from emerging companies, right? Wrong. Apollo's Torsten Slok demonstrates in Figure 6, above, that the average 3-year buy-and-hold performance of market adjusted IPO's has been decidedly negative since 2019. Point being: everything (private or public) is inflated and overvalued. There are simply no bargains left for equity investors.

Price-to-Sales are BACK!

During the dot.com bubble, Scott McNealy built Sun Microsystems into a market darling. Sun reached peak valuation of \$200 billion in 2000, before imploding and eventually being sold to Oracle for \$7.4 billion in 2010. In a 3/31/02 Business Week interview, Scott was more than forthright about the ridiculous nature of a 10x-sales valuation.

VALUATION EXTREMES

\$200B

Sun Microsystems peak valuation, 2000 (10x sales)

At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends...That assumes I have zero cost of goods sold, which is very hard for a computer company. That assumes zero expenses, which is really hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that assumes you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate. Now, having done that, would any of you like to buy my stock at \$64? Do you realize how ridiculous those basic assumptions are? You don't need any transparency. You don't need any footnotes. What were you thinking?

20x

Meta's revenue multiple at 2012 IPO – sold off 50%

Unlike the limited number of S&P companies trading at huge multiples to sales during the dot.com bubble, a staggering 51% of the S&P's current market cap is now composed of companies trading above 10x sales! Refinitiv reports the list includes Nvidia, Apple, Google, Microsoft, Broadcom, Tesla, Micron, Eli Lilly, AMD, Oracle and 57 others (Figure 7, below). Yikes!

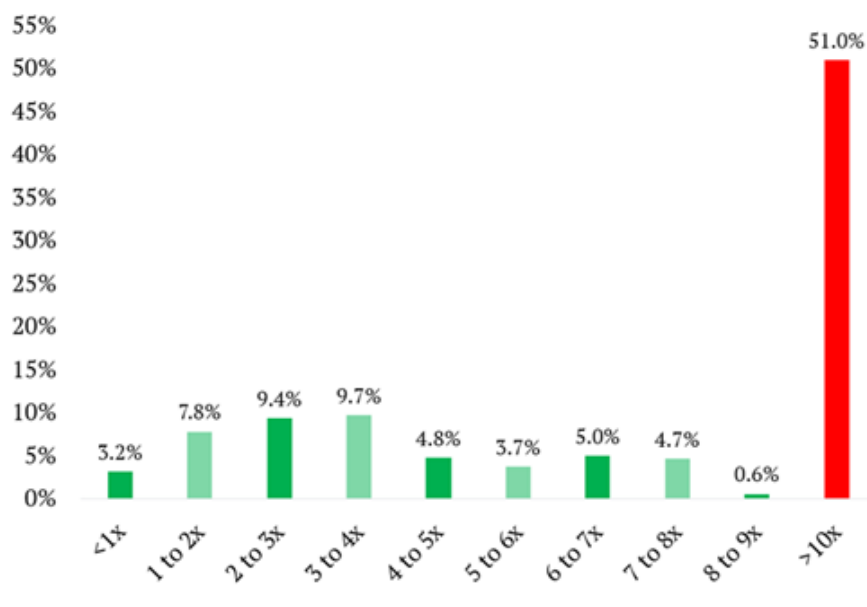


Figure 7: Percentage of S&P 500 Market Capitalization Trading at Various Price-to-Sales Multiples (6/5/26) [Refinitiv]

Just as SpaceX has gone public at over 100X revenue (and OpenAI and Anthropic IPO's are waiting in the wings), IPO investors are

jumping in while comparing these ground-floor investment opportunities to purchasing Amazon, Google or Meta in the “early days.” But Jim Chanos reminds us that Amazon went public in '97 at a \$450M valuation (3x revenues), Google went public in '04 at a \$23B valuation (7x revenues) and Meta went public in '12 at a \$104B valuation (20x revenues and immediately sold off 50%).

Today's technology bulls argue the big difference between the dot.com bubble and the AI era is many internet darlings never generated significant bottom-line earnings, whereas today's Mag 7-type companies are producing strong earnings with steep growth rates. While we concede this distinction is important, we still view price-to-sales ratios across the S&P 500 as somewhere between unsustainable and absurd.

The Coming AI Catastrophe

In our view, the current AI buildout will prove to be the most egregious misallocation of capital in financial history. We will save closer examination for future reports, but the irony to us is that no matter how the AI revolution turns out, it is tough to imagine an outcome that will not be bullish for gold. First of all, the difference between the AI buildout and the dot.com boom is the physical intensity of building data centers and related power sources. Markets are just beginning to recognize how commodity-heavy AI actually is, and this will ultimately force generalist investors to reassess values across the commodity complex.

Second, two of the most likely outcomes of the AI era would benefit gold. One outcome would be AI is so successful millions of human jobs are eliminated (especially white collar). In this case, the Fed would most likely need to step in to remain true to their “maximum employment” mandate. On the other hand, if trillions of dollars of AI capital expenditures become impaired (our favored scenario), the Fed would also need to step in to provide systemic liquidity. In either case, gold would benefit from Fed liquidity and easing.

Now down the middle of outcomes, it is certainly possible that unprecedented spending on the AI buildout enables a productivity renaissance driving full employment and an explosion in GDP and

AI BUILDOUT RISK

\$1.65T

AI hyperscaler off-balance-sheet debt (Nikkei)

\$420B

Meta's hidden debt – 3x its reported total

\$750B

Nvidia's planned investment in its own customers

122%

AI hyperscaler true debt vs. officially reported (Nikkei)

capital formation, which in turn services (and even reduces) legacy debt burdens. We will leave readers to assess probabilities of this outcome. In the meantime, we offer in Figure 8, below, Bloomberg forecasts for capex spending by AI hyperscalers over the next six years. For the record, we find these numbers completely nuts.

\$5T

Nvidia's valuation, as of 7/27/26
(Figure 9)

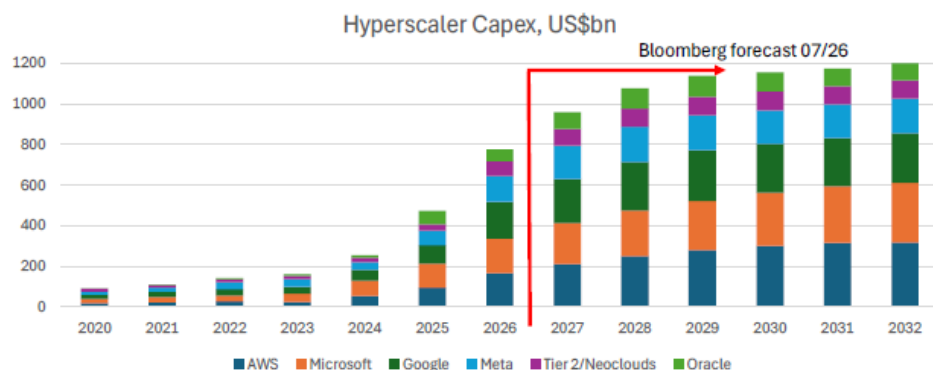


Figure 8: Annual Capex at Leading Hyperscalers (US\$B) (2020-2032E)
[Bloomberg]

Whenever we read forecasts for trillion-dollar AI spending, we reflect these numbers have become so large, they have lost tangible meaning to most investors. In our favorite iteration of how ridiculously large a trillion of anything is, we offer the “seconds” example. One million seconds equates to 11.5 days. One billion seconds equates to 31.7 years. One trillion seconds equated to 31,709 years (or measured from today 29,683 B.C.).

As with many companies in the dot.com era, one of the most confounding aspects of the AI wave are the gigantic off-balance sheet obligations being assumed by industry heavyweights. We reference a concise summary from our colleague Andy Lees (MacroStrategy Partnership 7/21):

A Nikkei investigation found that Alphabet, Microsoft, Meta and Oracle have \$1.65T of debt that doesn't appear on their balance sheets, meaning their total debt is 122% more than the \$1.35T officially reported. The debt is in terms of GPU contracts, data center leases, and joint ventures that don't count as debt until the facilities go live. Meta's hidden debt is \$420B, triple its reported debt. The BIS had already flagged this as 'shadow borrowing' back in March. When the data centers start operating, the leases will hit the books all at once.

In place of the age-old quip, "What could possibly go wrong here?" we substitute a more apropos assessment, "What could possibly go right here?"

Nvidia Is at the Center of Circular AI Deals

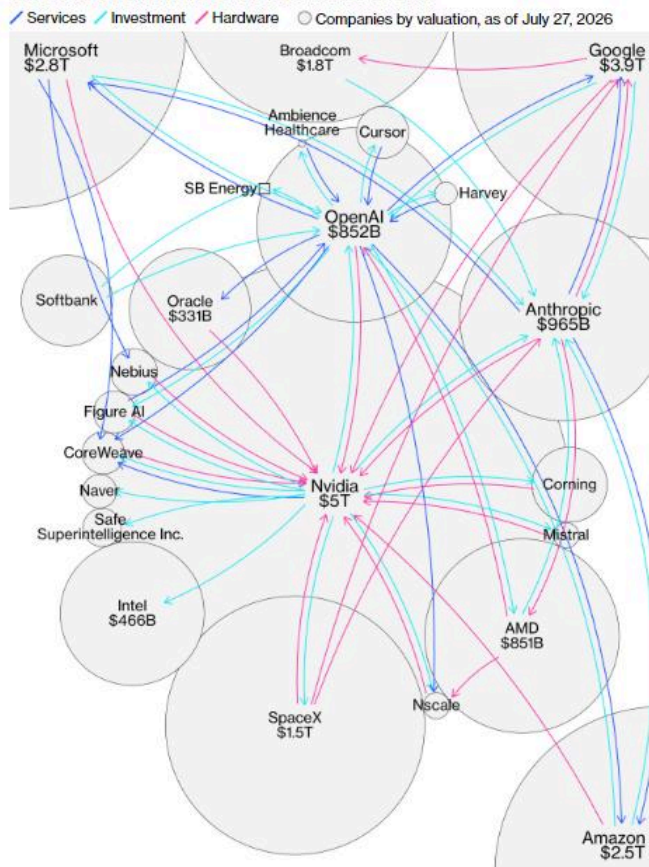


Figure 9: Schematic of Financial Relationships Among Leading AI Companies (7/27/26) [Bloomberg]

And further complicating the tenuous nature of AI valuations is growing market recognition of the circular nature of financings

among AI behemoths. Bloomberg has been early in identifying this phenomenon and on 7/29 published a devastating article outlining Nvidia's plans to invest \$750 billion in various customers for its AI chips. We reproduce Bloomberg's 7/27 pictorial of the circular nature of the AI universe with Nvidia directly at the center (Figure 9, above).

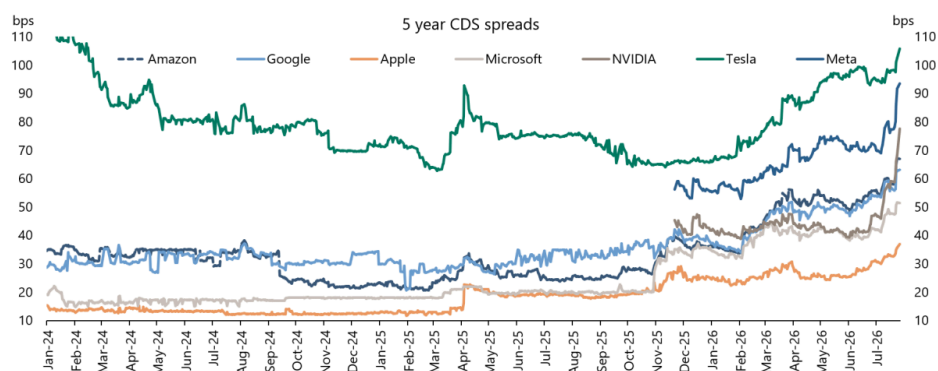


Figure 10: 5-Year CDS Spreads for Leading Hyperscalers (2024-7/29/26)
[Torsten Slok, Apollo]

To us, the operative question about the AI investment wave is when will investors balk at gigantic hyperscaler capex commitments. As Apollo's Torsten Slok demonstrates in Figure 10, above, CDS spreads for Amazon, Google, Apple, Microsoft, Nvidia, Tesla and Meta have begun to widen noticeably. And in Figure 11, below, Tosten shows CDS spreads for Oracle and Coreweave have already blown out. Stay tuned...

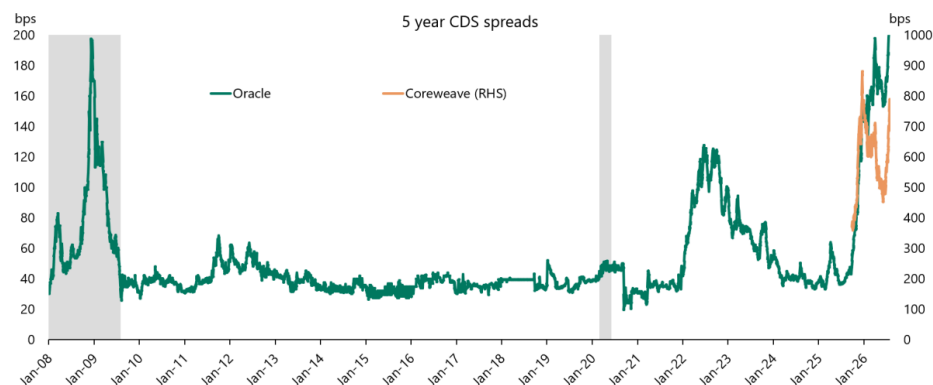


Figure 11: 5-Year CDS Spreads for Oracle & Coreweave (2008-7/29/26)
[Torsten Slok, Apollo]

Trade of the Decade

By now, we assume readers have identified where we are headed with our painstaking narrative. What do you get when you combine an egregiously overpriced U.S. stock market with a significantly undervalued gold-mining industry firing on all cylinders? Answer: the trade of the decade. In our view, even a modest reallocation of portfolio capital from broad equities to gold shares has rarely offered such high probabilities for increased total return.

The contemporary gold mining industry still fights lingering perceptions of poor financial discipline and limited profitability dating back to industry write-downs in the early 2010's. Importantly, we believe this reputation for capital mismanagement is no longer warranted. Especially among leading management teams, capital discipline has become a primary focus of today's gold mining industry. From the rigor of long-term stress testing to the transparency of fully loaded cost reporting, industry financial controls have achieved enormous strides in the past decade.

Combining the mining industry's improved financial discipline with '26 gold and silver prices, the profitability of precious metal miners now compares quite favorably with the S&P 500 in virtually every category. In Figure 12, below, we compare profitability metrics for the NYSE Arca Gold Miners Index (GDM) with those of the S&P 500 Index. We are pretty sure these comparisons would surprise most institutional investors. [All figures in this section are sourced from Bloomberg Financial Analysis functions and represent trailing 12-mos. reported data as of Q2 '26. Some of these figures vary modestly from the industry averages we referenced earlier from sell-side mining industry research reports.]

GDM VS. S&P 500 (Q2 '26)

56.8

GDM EBITDA margin vs. S&P's
21.64

13.95x

GDM P/E vs. S&P's 27.61x

5.96%

GDM free cash flow yield vs.
S&P's 2.73%

116.9

S&P total debt/equity vs. GDM's
14.27

2.15

GDM current ratio vs. S&P's
1.24

MARGIN (%)	GDM INDEX	S&P 500 INDEX
Gross Margin	54.18	34.8
EBITDA Margin	56.8	21.64
Operating Margin	46.34	15.7
Profit Margin	34.84	15.84

MARGIN (%)	GDM INDEX	S&P 500 INDEX
Free Cash Flow Yield	5.96	2.73
Dividend Yield	1.59	1.08

Figure 12: Profitability Margins for GDM Index and S&P 500 Index (Q2 2026)
[Bloomberg]

Similarly, the gold mining industry has developed a reputation for serial and dilutive equity issuance. We would counter that it is important not to confuse frequent capital market activity with poor capital management. Modern mining projects can involve extremely high initial capex, and rational development can logically require incremental capital raises over an extended period. But as long as management is executing and milestones are met, capital intensity should not be interpreted as heightened investment risk. All-in-all, financial discipline in the gold mining industry far exceeds consensus perception. In fact, as demonstrated by the Q2 '26 financial metrics in Figure 13, below, capital and leverage ratios of GDM companies are also vastly superior to their S&P counterparts!

RATIO	GDM INDEX	S&P 500 INDEX
Current Ratio	2.15	1.24
Net Debt/EBITDA	-0.17	1.57
Total Debt/Enterprise Value	0.05	0.2
Total Debt/Total Equity	14.27	116.9
Total Debt/Total Assets	9.59	27.11

Figure 13: Leverage & Liquidity Ratios for GDM Index and S&P 500 Index (Q2 2026)
[Bloomberg]

In our view, not only are U.S. equities expensive by every conceivable valuation benchmark, but recent measures of sentiment, concentration and market fragility continue to set unprecedented extremes. We think broad equity averages are due for a rough stretch during the next twelve months, and we expect generalist investors to warm to rapidly expanding gold-miner cash flows and the relative safety of hard assets. As shown in Figure 14, below, once institutional investors begin searching for attractive alternatives

outside the Mag 7, we expect many will be surprised by how attractive gold share valuations have become.

RATIO	GDM INDEX	S&P 500 INDEX
Price/Earnings	13.95	27.61
Price/Cash Flow	9.22	21.42
Price/Sales	4.17	3.57
Price/EBITDA	7.34	16.48
Price/Book Value	3.13	5.7
Enterprise Value/EBIT	8.76	24.96
Enterprise Value/EBITDA	7.14	18.11

Figure 14: Valuation Ratios for GDM Index and S&P 500 Index (Q2 2026)
[Bloomberg]

And in the latest demonstration of Tavi Costa's knack for impactful graphics, we reproduce in Figure 15, below, Tavi's graph of the annual differential in free cash flow between gold miners and broad equities. While Tavi's analysis compares free cash flow yields of the Philadelphia Stock Exchange Gold & Silver Index (XAU) and the S&P 500 Index (versus our Bloomberg comparisons of the GDM Index), our conclusions are identical:

the comparative profitability of gold miners versus the S&P 500 has literally never been cheaper

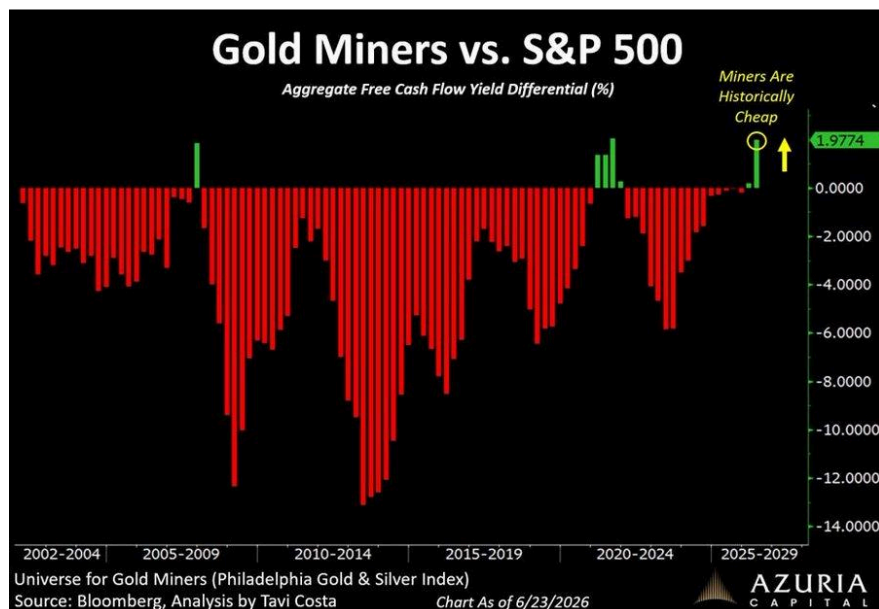


Figure 15: Quarterly Free Cash Flow Yield Differential Between the Philadelphia Stock Exchange Gold & Silver Index (XAU) and S&P 500 Index (SPX) (2002-6/23/26) [Tavi Costa; Azuria Capital]

Remonetization

To a certain degree, all of the gold fundamentals we have studied for decades tie into a single evolutionary process in precious metal markets: gold's remonetization. This is really what it's all about. Along these lines, there is no question that global disenchantment with the dollar standard system has accelerated since the fateful decision by the Biden administration to freeze some \$300 billion of dollar-denominated Russian F/X reserves. While there are many global measures clearly reflecting this sentiment shift, our favorite example is a simple comparison of China's official holdings of gold and U.S. Treasuries (Figure 16, below). Since the March '22 Russian F/X freeze, China's PBOC has reduced its Treasury holdings by 35.9% (from \$1.029 trillion to \$659.3 billion) while increasing its physical gold reserves by 20.4% (from 62.64 million ounces to 75.44 million ounces). Of course, since the gold price has more than doubled in the meantime, the dollar value of the PBOC's gold reserves has soared well over 40% since the Russian F/X freeze.

REMONETIZATION

-35.9%

PBOC Treasury holdings since
March '22 F/X freeze

+20.4%

PBOC physical gold reserves
since March '22

89%

Central banks expecting global
gold reserves to rise

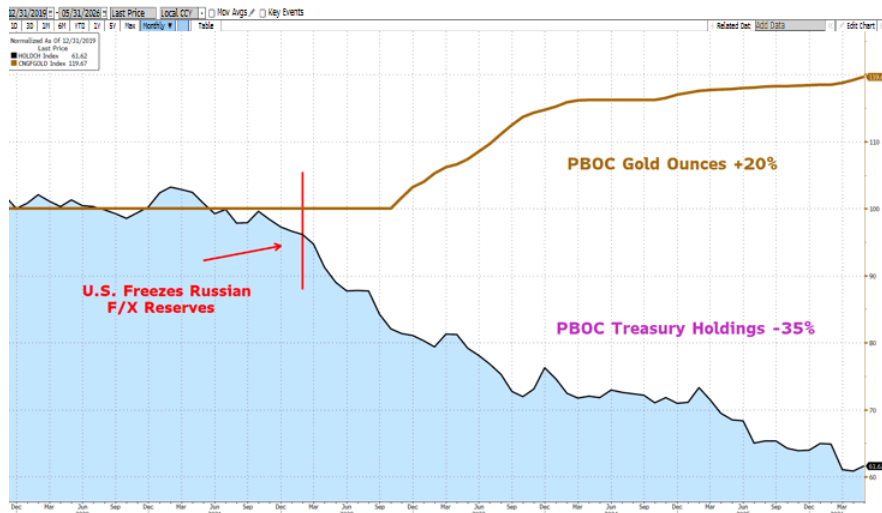


Figure 16: Total PBOC Treasury Holdings (USD) vs. Total PBOC Gold Reserves (Ounces) (12/31/19-5/31/26) [U.S. Treasury, People's Bank of China, Bloomberg]

We have always argued that central banks ultimately determine “what is money.” It is well documented that central bank gold purchases in recent years have increased aggregate gold holdings above U.S. Treasury holdings for the first time since the mid-1990's. And looking forward, the World Gold Council's 2026 Central Bank Reserves Survey (74 participants), 89% of respondents expect total global central bank gold reserves will increase over the next 12 months. And as shown in Figure 17, below, a record 45% of respondents expect to increase their own gold holdings in the coming year.

45%

Record share planning to increase own gold holdings

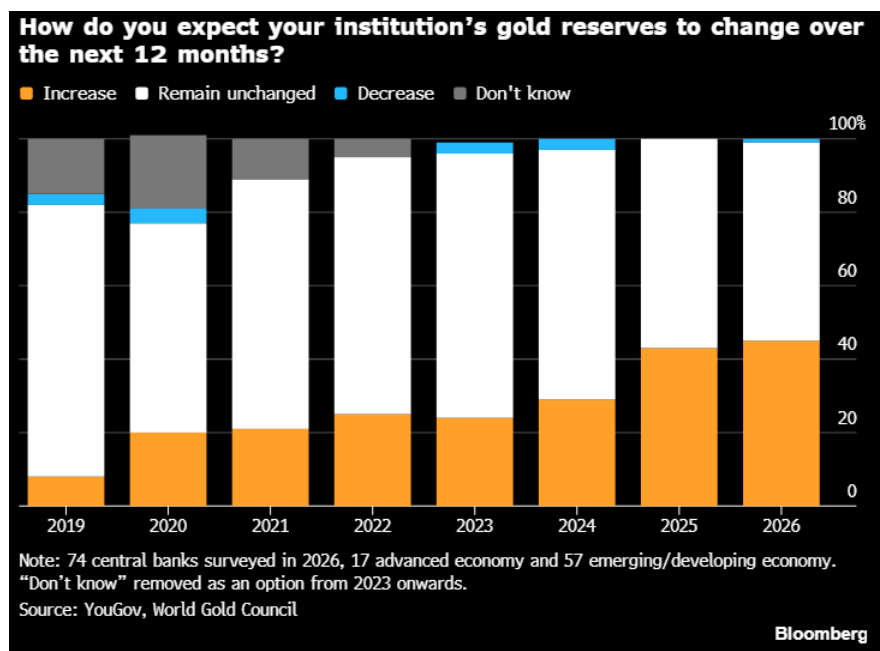


Figure 17: Percentage of Global Central Banks Expecting to Increase, Decrease or Maintain Their Gold Reserves in Next Twelve Months (2019-2026) [World Gold Council]

Unit of Exchange

In our February letter (Is It Too Late?), we suggested that in addition to gold's rising profile as a reserve asset, there are increasing examples of global utilization of gold as a unit of exchange. Especially in trading of commodities, the world is developing a new range of gold-based settlement mechanisms. In fact, we would suggest global preference for gold over dollars has begun to impact aggregate U.S. trade data.

By way of example, the gold statistics in the Commerce Department's May U.S. trade report are pretty stunning (Figure 18, below). Specifically, year-to-date U.S. gold exports have totaled \$64.4B, a 78% yr/yr increase from \$36.2B in '25. To lend perspective to this five-month number, full-year '25 gold exports totaled \$84B, and that figure was a whopping 145% y/y increase from \$34B in '24. During 2024, gold represented the 18th largest U.S. export product category, but in '25 that rank increased to third largest (behind only pharmaceuticals and crude oil), and in ytd '26 figures, gold is now

GOLD AS TRADE SETTLEMENT

\$64.4B

YTD U.S. gold exports through May '26 (+78% y/y)

21.6%

Of U.S. trade deficit settled in gold terms, YTD '26

the single largest U.S. export product, exceeding even crude oil (\$62.2B) and pharmaceuticals (\$45.2B).

\$ BILLION / RANK	2024	2025	YTD 2026 MAY
Nonmonetary Gold	\$34.2B #18	\$83.9B #3	\$64.4B #1
Crude Oil	\$118.5B #1	\$99.7B #2	\$62.2B #2
Pharmaceuticals	\$107.6B #2	\$119.8B #1	\$45.2B #3
Total Goods Exports	\$2,062B	\$2,185B	\$1,046B
Gold Exports as % Deficit	3.70%	9.30%	21.60%

Figure 18: U.S. Exports by Product Category (\$ Billions & Rank #) (2024-5/31/26) [U.S. Census Bureau]

We are fascinated by these statistics and believe they lend enormous support to the thesis of gold's ingoing remonetization. While spot gold's 65% price increase certainly contributed to the 145% surge in value of '25 exports, that has obviously not been the case during this year's 78% increase. It is not a stretch to observe that, in essence, the U.S. settled 3.7% of its global trade deficit in gold terms in '24, followed by 9.3% in '25 and a whopping 21.6% so far in '26. From the foreign perspective, gold is increasingly preferred as method of payment. And from the Trump administration's perspective, gold's remonetization fits well with goals to avoid dollar strength and rebalance global trade.

Risks Untaken

It is safe to say valuations in contemporary financial markets have been inflated by decades of unconventional central bank policies and aggressive fiscal stimulus, in turn amplified by the momentum of passive investing and now the explosive AI buildout. When we look at equity market valuations, we perceive countless risks of business execution, geopolitical uncertainty and even systemic liquidity.

At the Rick Rule Symposium held in early July in Boca Raton, we were particularly impressed with Grant Williams' presentation in which he developed gold's role as an "apex predator" keeping the financial ecosystem in balance. Grant analogized that when 41 gray wolves

RISK PERSPECTIVE

41

Gray wolves reintroduced to Yellowstone – the "apex predator" analogy

were released into Yellowstone National Park (over bitter protests from environmentalists), the wolves reversed in a few decades over 80 years of Yellowstone ecological decline since their original eradication in the 1920's. In essence, the wolves' presence forced the deer to quickly adapt and abandon their slovenly grazing of open fields. A chain of developments in ecological diversity ensued, completely revitalizing Yellowstone Park back to its historical beauty.

I bring up Grant's talk because I was intrigued by a quote he shared from Edelweiss Holdings Chief Investment Strategist Michael Weeks (dating back to 2013). Edelweiss is a Channel Islands investment management firm long known for its preference for gold as the currency of choice for client "cash" balances. In essence, the Weeks quote does a fabulous job in summarizing "the risks we do not take" by owning gold.

6

Legendary precious-metal investors named in this closing section

The reason we own gold as a reserve asset is rooted in something fundamental. What makes gold compelling are the risks we do not take by owning it. No forecasting or guesswork is required... There's no duration risk, credit risk, liquidity risk. The metal is not moved by financial instability nor threatened by national insolvency or chaos in the foreign exchange markets. There are no margin calls and no refinancing risks. There's no risk of technological obsolescence, depletion, depreciation, or decay, nor does it require cheap energy, cheap credit, or cheap trade to remain viable. It does not care about your national energy policy or who you buy your gas from or how many pipelines are running. You don't have to keep the lights on or even keep it warm. There are no financial accounts to pour over, no balance sheet to blow up, no cash flow to dwindle, no stale inventory and no margin pressures at difficult times. There are no key manpower or supply risks, no competitive risks, no management or to squander his future. It does not depend on the character, skill or enthusiasm of anyone. It does not require the faith or goodwill of anyone. It does not require you to trust anyone except that you must store it and hold it in a safe place.

Given the unprecedented valuation, concentration and leverage risks we perceive in contemporary financial markets, we could not frame a more compelling soliloquy to gold's investment utility.

Rule's Rules

When we were younger, we would never have bent a knee to a single precious metal investor. But after 25 years in the gold trade, we have learned that outside the serial corporate geniuses (Lassonde, Lundin, Friedland, Beaty) and the legendary individual investor Eric Sprott, no one has amassed a more impressive track record in precious metal investing than Rick Rule. Having had the pleasure to work with Rick as both client and colleague for the past 20 years, we want to close this report with a bit of perspective we gleaned from our 6/17 conversation with Rick (https://www.youtube.com/watch?v=h_Z0eiFWsFI).

As we have outlined, recent sentiment in the precious metal sector has been historically depressed. We recognize a natural investor reaction is to look back at January precious-metal highs and wish, 'shoulda', 'woulda', 'coulda' (sold some). But we urge readers to resist such lookback regrets and embrace the opportunities gold's '26 correction now offers. Even if seasonal weakness entails a bumpy August for precious metal equities, it is critical for investors to embrace this period for the raw opportunity it presents. Iran war aside, absolutely nothing has changed in relevant fundamentals for the gold investment thesis. In fact, these fundamentals have only continued to strengthen.

Any summer '26 weakness in precious metal equities is an incredibly fortuitous opportunity to accumulate positions in high-quality miners. We can vouch that the real money in the gold trade is made when precious metal equities are unduly on sale, and such a juncture is upon us. We are excited about the investment opportunities now available, and we encourage readers to join us in taking advantage.

Sincerely,

Trey Reik

Managing Member

(203) 722 9160

Dollar Sentiment Quotes

Thomas Barkin, President, Federal Reserve Bank of Richmond [2027 FOMC Voter], 8/7/26

I think this [4.1% July unemployment rate] was very consistent with how I've been seeing the labor market, which is it's not loose, it's not tight, it's sort of in a weak balance...It's a lot easier to sail, you know, when the jib's open and the wind's at your back. If the wind's in your face, you just have to tighten up a bit, and that may be the kind of environment we're in.

Alberto Musalem, President, Federal Reserve Bank of St. Louis [2028 FOMC Voter], 8/6/26

Against this backdrop [above 2% inflation], it is crucial that monetary policy put a meaningful restraint on underlying inflation, rather than tolerating somewhat higher inflation today to pursue productivity growth tomorrow...A central bank's most valuable contribution to long-run growth is to supply the stable prices backdrop against which firms can plan the investment and innovation that fuel economic growth. A central bank seen to tolerate above-target inflation on the promise of a future productivity windfall can put that anchor at risk. Credibility, once lost, is expensive to rebuild.

Neel Kashkari, President, Federal Reserve Bank of Minneapolis [2026 FOMC Voter], 8/5/26

Now is the time to start slowly moving [rates] up as we get more data in...That's [3 '26 rate hikes] not impossible...If inflation continues to move sideways or even get worse from here, then I think we're going to have to start gradually adjusting interest rates to bring things back down.

Jeff Schmid, President, Federal Reserve Bank of Kansas City [2028 FOMC Voter], 8/5/26

Given the strength of demand and investment, I do not see the current stance of monetary policy as restrictive. As such, I believe that bringing inflation down to the Fed's 2% objective will require tighter policy. I am uncomfortable ever assuming that a burst of inflation will be temporary. How persistent a spike in inflation is ultimately depends importantly on how the Fed reacts or is expected to react.

Anna Paulson, President, Federal Reserve Bank of Philadelphia [2026 FOMC Voter], 8/4/26

I see two plausible scenarios for how current policy is affecting inflation, and the incoming evidence will clarify which path we're on and what adjustments, if any, may be needed. I am keeping an open mind about where policy goes from here...If underlying inflation remains stubbornly elevated, the passage of time without progress would itself signal that more restrictive policy is needed...The evidence so far suggests we're in a mildly restrictive stance...If we don't see progress, then we have to be open to recalibrating monetary policy. We need to get to 2%...The recent improvement in some inflation data is welcome. It is a step in the right direction, but it is only one step.

Lorie Logan, President, Federal Reserve Bank of Dallas [2026 FOMC Voter], 7/31/26

Without any policy restraint, inflation will likely continue to trend above target until there's an unanticipated shock. Modest action in the near term would reduce the likelihood of needing to take sharper action later.

Beth Hammack, President, Federal Reserve Bank of Cleveland [2026 FOMC Voter], 7/31/26

The longer that high inflation persists, the more challenging and costly it can be to bring it back down.

John Williams, President, Federal Reserve Bank of New York [Permanent FOMC Voter], 8/6/26

I don't see this [AI spending] as a bubble kind of situation...Investors are trying in real time to solve an almost intractable problem, and that is how big are the benefits of AI going to prove to be...I'm not as worried about the financial stability from the leverage right now.

Jeff Schmid, President, Federal Reserve Bank of Kansas City [2028 FOMC Voter], 8/6/26

I would argue that, that there's some signs that we have to really start to talk about that on a macro level, is this [AI] industry becoming another too big to fail?

Scott Bessent, Secretary, U.S. Treasury, 8/5/26

One of the highlights of the Warsh Fed has been watching stenographers posing as journalists, like the WSJ's Nick Timiraos, reduced to reporting Fed backroom gossip because they're incapable of performing real economic or monetary policy analysis without being spoon-fed.

Jamie Dimon, CEO, JPMorgan Chase, 7/21/26

I don't understand what the upside [to Treasuries] is...Personally, I wouldn't buy them...Usually, you have to have a 'Great recession' or a depression or war to have [debt and deficit] numbers like that...And so my view is it will become a problem...My guess is that is what's going to happen. That will exhibit itself in higher interest rates, a rattled market, and people talking about things like 'Bond vigilantes.' Hopefully not worse than that, but it could be.

Jamie Dimon, CEO, JPMorgan Chase, 7/14/26

Several risks are shifting below the surface like tectonic plates, including geopolitical tensions and wars, sticky inflation, large global fiscal deficits and elevated asset prices. We cannot predict how these forces will ultimately play out. They may remain manageable, but they could also cause meaningful disruptions when they shift or collide.

Scott Bessent, Secretary, U.S. Treasury, 6/24/26

I don't think anyone [on the Fed] should do dot projections. The only reason I ever liked the dots was when I had my investment business, we had a trading model that actually traded against the dots, because the dots are always wrong...I do applaud Chair Warsh's getting rid of forward guidance. I think that it's a kind of crutch that market participants have started leaning on...I think we can have a high GDP economy without the traditional inflation seeping in. You can have a strong dollar when rates are being cut because the US economy is accelerating...But mostly I think we're going to have a strong dollar because our economy is pulling away from the rest of the world.

John Zito, Co-President, Apollo Asset Management, 6/10/26

I think tokenmaxxing and token talk is—it's a lot of BS, honestly. Like if you look at per unit of knowledge and cost per unit of knowledge, prices are collapsing. Prices are collapsing per unit of IQ, if you did it that way...If AI is real, it's so hyper-deflationary to so many things over the long that it's really hard to take risk.

Kristalina Georgieva, Managing Director, International Monetary Fund, 6/8/26

I am worried that we are not completely internalizing yet that this is how the world is going to be. We are not going to get to a place where shocks are gone...We collectively, including the fund, did not appreciate the backlash against globalization that came from the fact that, yes, the world economy is doing better as a whole, but many communities were hollowed out because their jobs disappeared and there was not enough attention to them. I'll tell you what I'm very keen not to see repeated is the same with artificial intelligence.

Scott Bessent, Secretary, U.S. Treasury, 5/3/26

If we think about the Powell Fed, if we think about monetary policy, ethics and supervision, they weren't great. Monetary policy, we had the worst inflation in 48 years. Ethics, we had five governors or regional bank presidents have to resign for ethical problems. And then we had three of the four largest bank failures in U.S. history. So, I'm looking forward to getting on with the Warsh Fed...It's Chair Powell's decision to stay as a governor if he wants. I think it violates all norms. They would say that one other governor did stay. That was at the request of the president. The president has not requested that Chair Powell stay. I am optimistic that after a period, he may move on. I think that it would be inappropriate to overshadow—I wouldn't call this a shadow chair. I'd call it an overshadow chair. And I hope the Chair Powell will move on over the short term.

Jamie Dimon, CEO, JPMorgan Chase, 4/6/26

The challenges we all face are significant. Now, because of the war in Iran, we additionally face the potential for significant ongoing oil and commodity price shocks, along with the reshaping of global supply chains, which may lead to stickier inflation and ultimately higher interest rates than markets currently expect.

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