



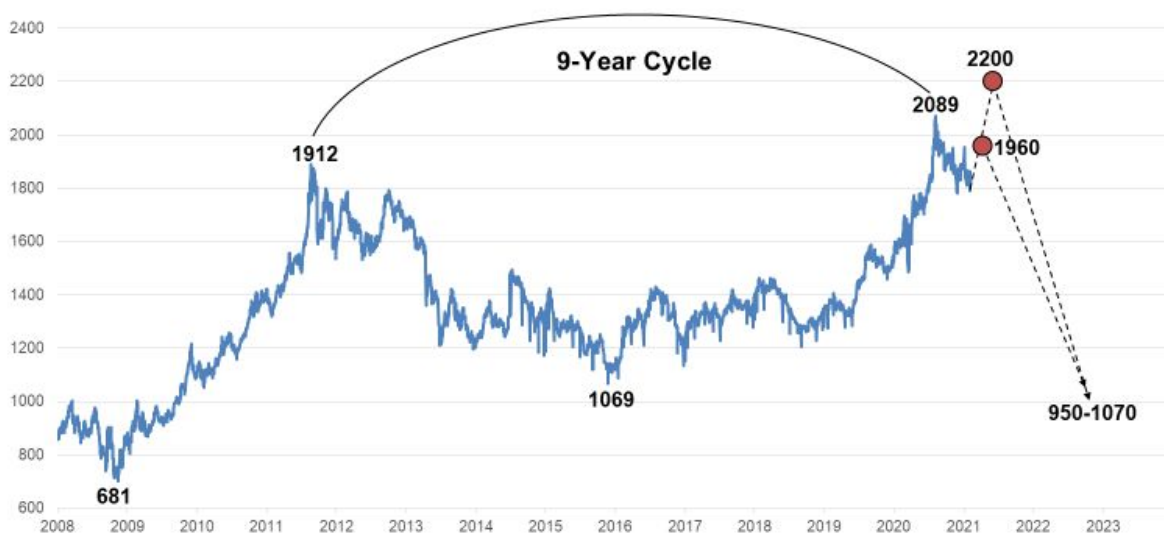
Harry's Take

February 9, 2021

Gold May Have Already Peaked: Either Way, One More Rally Is Likely

In a recent email, David Hickson of Hurst Cycles made the point that gold often moves in 9-year cycles. He also noted that gold tends to move in spiky peaks and rounded bottoms; hence, topping cycles time better than bottoming ones. According to Hickson, a 9-year cycle top likely was already put in back in early August at 2,089.

Gold Makes Second 9-Year Cycle Top: Already Peaked?



Source: Investing.com

www.HSDent.com

The last peak in gold was almost exactly 9 years ago, and it was spiky. If gold continues in the same pattern, we should be on the lookout for a more modest rally back to recent highs around 1,960, and perhaps to as high as 2,000 into around May or so. Then, gold will start to head down again into late 2021 and likely bottom somewhere between 2023 and 2024. My cycles suggest that this is more likely to happen from late 2022 to early 2023, as shown in the chart. This possible outcome fits with the fact that gold kept edging up in the early stages of the 2008 crash until June 2008, when any hopes of an inflationary outcome of the crisis were dashed with the collapse of Lehman Brothers.... Oops, we had deflation until the Fed turned on the monetary fire hoses to snuff deflation out.

It is still possible for gold to hit its long-term trend line target around 2,200 later in 2021, but this is looking less likely to me. If we still haven't seen a new high by May or so, I then will lean toward selling, especially if gold is in that \$1,960–\$2,000 area.

This “already peaked” scenario is a credible view fundamentally. As I have been saying for some time, Bitcoin has been stealing some of gold's inflationary-hedge thunder—although I consider this an illusion created by the new Wall Street Bitcoin speculators, who don't completely understand Bitcoin. Bitcoin can only be an inflationary hedge once it matures, is more broadly accepted as a monetary standard, and is stabler in price. It is not remotely the safe haven or inflationary hedge that it is touted to be—yet! I still see Bitcoin as being in an early-stage tech bubble that is about to crash to extremes into late 2022 or so.

Bitcoin broke to a new high over 48,000 last night, and it now could reach much higher levels before it crashes and burns in this early stage rally. Subscribers should see my commentary in the *February HS Dent Forecast*. I still see Bitcoin peaking earlier rather than later. But note that Bitcoin's 4-year cycle has been very clear and would peak naturally in very late 2021. Gold could follow that and keep edging up more modestly, with additional high, panic-based money printing at first. I say that the massive, 90-year stock-and-bubble cycle will trump everything else here and is likely to cause Bitcoin and even gold to peak earlier this time. If Bitcoin is still trending upward into December 2021, that's the time to sell it, for sure, whether it's at \$100,000 or \$300,000... and ditto for gold.

Otherwise, I would look to sell Bitcoin when it looks like stocks are peaking, which could happen as early as later this month, and I would look to sell gold by May if we don't see a new high building.

On a broader view, I like what Dickson said. Some cycles, including the strong, 30-year shared cycle for gold and commodities, have better timing on tops, and some have better timing on bottoms—think of stocks, with their very-reliable 10-, 20-, and 40-year cycles. Even the most-dominant and spiky 90-year Super Bubble stock cycle had very reliable bottoms in late 1842 and late 1932, and that should continue ahead in late 2022—but it had less-reliable tops, in 1836 and 1929. Its next cycle top should hit around 2021.

Late 2022 has been my “lowest stock bottom of a lifetime” target since the late 1980s, and it still is. Also, I have been expecting gold to rally modestly for some months after stocks peaked, as it did in 2008. But now, it looks like gold is not likely to rally as much or for as long, because, as I expected, the deflationary process is likely to kick in stronger and sooner this time as a result of QE pushing back the debt and financial bubble deleveraging for so long.

Don't miss my debate with Jim Rickards on gold sponsored by my Australian promoter, Goko, at 7 PM EST, Thursday, February 24, 2021. To learn more and to register, go to: www.gokogroup.com/dent.

Harry

Got a question or comment? You can reach us at info@hsdent.com.