



“Gold goes through the ceiling”

Hedge fund and commodity veteran Jim Rogers on the outlook for the financial markets and the right strategy for the next crash

China and the United States begin a trade war. Who will win?

This is not properly worded: Washington declares trade war, not China. I just hope that both sides will master each other.

US President Donald Trump seems to be of the opinion that the United States will emerge victorious from such a trade conflict.

That's what he said, and that's exactly how he behaves. But Mr. Trump does not know the history, and maybe nobody has ever told him that there cannot be a winner in a trade war. But even if he did, he'd probably think he was smarter than anyone who had started such an argument before him.

Many investors fear the consequences of a trade war between China and the United States. Are the fears justified?

The nervousness of the markets is completely understandable. There has never been a winner in a trade war in history. It would not be different this time. All economies will feel the effects of a trade war between China and the US, even if they are not directly involved in the conflict.

The stock markets have already fallen sharply at the beginning of the year. Have you already anticipated the possible consequences of a trade war?

The last major collapse on the stock market is now almost ten years back. This is unusually long. After such a strong bull market, a correction was overdue. This time, investors' fears of more protectionism and declining growth were the trigger - quite rational. In the short term, the US stock market may now look positive, but there will be a huge bear market as debt has risen worldwide since the 2008 financial crisis rather than falling. How should this situation be corrected?

How should investors prepare for the mega-bear market?

An idea would be to engage in agriculture. Agricultural markets have dropped quite a bit in recent years. But now the fundamental data is improving. Owning cash is never wrong in the bear market. It has to be the right currency though.

How do I best invest in the agricultural sector?

A good option would be to buy a farm and become a farmer. Of course, not everyone can do that; I, for example, would not be a good farmer. Even with agricultural futures contracts, you can make a lot of money if you know how.

For all those who prefer cash: which currency is the right one?

That's the crucial question. If you own the wrong currency, you can lose a lot. Most of all, I have dollars, because when chaos breaks out, investors in the world will look for a safe haven. Of course, the dollar is basically not a safe currency. But the world thinks it is.

Is gold not the classic crisis protection?



The price of gold often follows a similar pattern: if it crashes on the stock exchanges, the gold price will initially decline as well. Only a little later, investors buy gold. That was very good in 2008. My contingency plan - or at least part of it - is that when the crash comes, the dollar will rise sharply first. Then I will exchange my overvalued dollars for underpriced gold and silver.

So should not we buy gold now?

I have been saying for a long time that it is not time to buy gold. The development of the gold price this year confirms that. There were some news and factors that should theoretically have caused rising gold demand. The gold price has not appreciated anyway. That's a clear signal that nobody currently wants gold. The time for gold investments will come, but before that the price has to give further. But when the right crisis comes, the prices of gold and silver will go through the roof.

The price of oil is picking up again. Will this continue?

From a technical point of view, the oil price since 2016 is currently building a long-term bottom. I am convinced that prices will continue to rise as all known oil reserves continue to decline. Fracking and other new oil extraction techniques will not be enough to offset the decline.

Why is the dollar so weak?

A few years ago, the dollar was very strong. Then that was corrected by the market again. This is a normal development that can be observed again and again in other markets. What's more, many investors worry that the Trump government's policies will have a negative impact on the United States' sovereignty. But as I said, I'm counting on the US currency becoming very strong - but probably for the last time.

But that may take a while, right?

The turnaround in the dollar is likely to come very soon, has probably even begun. Confidence in the euro and the pound sterling is not very great. As long as the Chinese currency is not fully convertible, there are few alternatives to the dollar. But as soon as the Chinese guarantee that, I will switch to renminbi.

You no longer live in New York City, but in Asia. Is that a statement against your home country?

I want to prepare my children optimally for the future. That's why we live in Singapore. My children should get to know Asia and the Chinese language, because China will become the most important country in the world. During my lifetime - and I am now 75 years old - China will dominate the world economy. The US, by contrast, is the largest debtor nation in the world - and clearly on the wane. China and Asia, on the other hand, are on the rise.

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