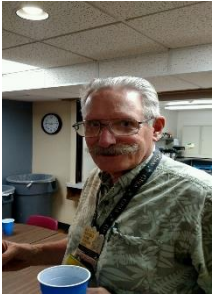


THE GOLD NUGGET

January 2022

The Prez Sez by Joe Johnston



Greetings, here we are with a new board of officers in a new year. I'm Joe Johnston, the newly elected Club President. We have a new board with great potential and energy. Mike Stevens, our new Vice President, is going to be a great help in this coming year. I'd like to send him our condolences as he lost his Mother in December just before the Holiday. Our other board members are eagerly waiting to get started with their Offices as we approach our first board meeting in January. I have already talked with some of them about ideas for the coming year and they sound eager to jump in. There are also some changes in chair positions as members step down or transition after having served faithfully for many years.

On the future of the Club, I don't see any need to start changing what has worked so well for us these past 11 years with JJ at the helm. We are looking at injecting into our activities this summer to offer a little more variety for the varied interests of our members. Stay tuned, and feel compelled to give us your input on what you would like to take part in.

Membership dues are due, so be prepared and invite your friends to a meeting so they can see for themselves what a great club this is for ALL the family, after all we are a family-oriented club for small scale prospecting and metal detecting (which is electronic prospecting by the way).

We are still looking to buy gold, but that is a hit and miss situation at this time. Even though I have talked to friends in Alaska, the transport of the yellow metal is still held up due to political mandates over the Wu Han flu variants. Hopefully we will have sufficient resources without the northern supply for now. In any event, we can work our concentrates and pay dirt while the weather slows our outdoor activities.

May your pans turn bright with that yellow gold and your detectors hover over those nuggets, coins, jewelry, and relics.

I can be reached at 303-888-5417 or at cjoej1@peoplepc.com

The V.P. Corner by Mike Stevens



Hello everyone! I hope all had a great holiday season and a merry Christmas with family and friends and are looking forward to a healthy and happy New Year. I would like to thank JJ and Joe for their years of hard work and dedication adding to the success of our club. I would like to extend an offer to both to feel free at any time to use this column to regale us with their gold adventures. Welcome to all new officers and board members. With years of knowledge in many different forms of gold prospecting and gold recovery there will continue to be a wealth of knowledge leading our club into 2022 and beyond.

For those who know me, and those who don't, as you will soon realize I am not much for writing. Oh, I can sure talk stories and adventures, but as for writing about them, we shall see. Feel free to share any ideas you might have regarding future columns. I'm open to any suggestions.

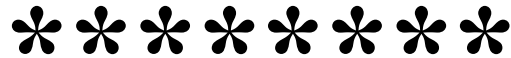
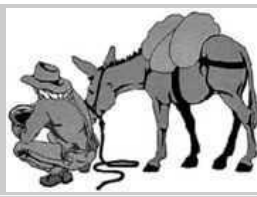
So, let's get ready, dig that dirt, fill that pan, ready those sluice mats, gas up those high bankers, get those metal detectors charged up, and LET'S GO!

Golden Smiles for all! Mike

From the Treasurer/Secretary Ledger by Joe Kafka



There was no December Meeting. The Club remains in the black and members may request to see the financial report at any time which I have at my desk in the back whenever you wish to see it. Hope to see you all at the next meeting in January when we will be giving away nine gold nuggets, the largest of which is 2.4 grams!! I am recovering from surgery so I will be a little gimpy for the next meeting or two so don't bump my shoulder if you are the big nugget winner. See you all in January!



YOUR 2022 DUES ARE NOW DUE!!! DUES ARE 30.00 PER YEAR AND IS A FAMILY MEMBERSHIP. BE SURE THAT EVERYONE IN YOUR FAMILY IS LISTED ON YOUR MEMBERSHIP APPLICATION IF THEY WILL BE DIGGING WITH YOU.



General Meeting Minutes From Dec 2021

James Long	Joe Shubert	Joe Fortunato	John Johnson
Mike Stevens	Joe Johnston	Chris Kafka	Brandon Luchtenburg
Joe Kafka	Bobby Manning	Andy Doll	Gary Hawley

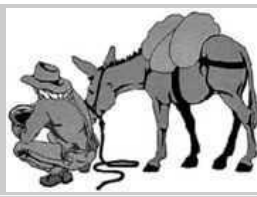
There was no official Board Meeting for the month of December 2021. The next Board Meeting will convene at 6pm on January 19, 2022.

QUESTION OF THE MONTH
 What is the atomic weight of gold?

- 2022 GPR Board of Directors Members**
- President**
Joe Johnston
- Vice President**
Mike Stevens
- Secretary/Treasurer**
Joe Kafka
- 2 Year Board Members**
Bobby Manning (2023)
- 1 Year Board Members**
Andy Doll
Chris Kafka
Kevin Singel
Robert Ahr
Gordon Smith
Kathy Lemuel
Mike Hurtado
- Past President**

Board Meeting Minutes from Dec 2021 Meeting

1. Program was opened at 6:25pm with the Pledge of Allegiance led by Pres. Long.
2. Attendees were then invited to participate in the Potluck Dinner.
3. Pres. Long opened the Recognition Program at 7:15.
 - An update was provided on the current Covid Pandemic and how it has affected the Club during 2020 and 2021.
4. President Long then provided a recap of 2020-2021 Activities



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- The Club had a total of 9 Scheduled Outings/events to include: 0 Tours, 2 Panning Demos (1 paid), 1 Trash Clean-up with JeffCo Open Spaces, 5 Prospecting Outings, 1 Metal Detecting Hunt, for a total of 9 events plus 6 meeting nights. We also conducted annual Pumpkin carving contest as well as the Christmas Recognition Program.
- 5. President Long introduced the 2020-2021 Board of Directors and the presented them with Certificates of Appreciation and a small Christmas gift. They were **VP Joe Fortunato, Secretary/Treasurer Joe Kafka, Joe Shubert, Joe Johnston, Andy Doll, Brandon Luchtenburg, Chris Kafka, Bobby Manning, John Johnson, and Mike Stevens.**
- 6. President Long then introduced the Special Volunteers who help to make the Club successful and presented them with Certificates of Appreciation and a small Christmas gift. They were **Greg and Nancy Knerl, Dan and Becki McConnell and Chuck Cown.** The Club cannot function without the volunteering of these exceptional people.
- 7. President Long then announced the winners of the Finds of the Year. The winners were presented with a Certificate of Recognition for their efforts. The winners were:
 - **Bobby Manning** for best Coin category
 - **Mike Hurtado** for best Jewelry category
 - **Kale Smith** for best Mineral category
 - **Ray Vigil** for best Artifact category
 - **Roger Schlenger** for Most Gold and for the Largest Gold categories.
 - There was no winner for the Best Bottle category.
- 8. President Long then introduced the 2022 Board of Directors: **New President Joe Johnston, VP Mike Stevens, Secretary/Treasurer Joe Kafka, Bobby Manning, Andy Doll, Chris Kafka, Kevin Singel, Robert Ahr, Gordon Smith, Kathy Lemuel, and Mike Hurtado.**
- 9. President Long then handed out a Christmas gift to each of the Program attendees followed by a drawing for 12 special gifts. The winners were:

1. Annual membership	<u>Bob Deharlow</u>	2. Gold Ore bag	<u>Dennis Perederin</u>
3. Gold Nugget	<u>Bobby Manning</u>	4. Bottle of Silver	<u>Joe Johnston</u>
5. Annual Membership	<u>Charles Borawa</u>	6. Gold Ore bag	<u>Joe Fortunato</u>
7. Gold Nugget	<u>Shelly Zornes</u>	8. Bottle of Silver	<u>Kathy Lemuel</u>
9. Annual Membership	<u>Ray Vigil</u>	10. Gold Ore bag	<u>Robert Ahr</u>
11. Gold Nugget	<u>Jessica Woodruff</u>	12. Bottle of Silver	<u>Joey Deharlow</u>
- 10. President Long then announced the 2021 winner of the Annual prestigious Ken Barker Award as Joe Johnston. Joe was presented with his Award and Citation and his picture will be placed on the web site in the Ken Barker Gallery of VIP's.
- 11. President Long then invited those who participated in the Gold Elephant Gift exchange to pick up their gifts. The Center Piece give-away from each table was then completed.
- 12. Incoming President Joe Johnston then addressed the gathering and presented outgoing President Long with a farewell gift of a miner on a plaque made from railroad spikes and thanked him for his 11 years of leadership to the Club.
- 13. President Long then thanked everyone for their support and the Program was adjourned at 8:55pm.

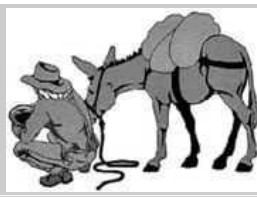
A Miner's Laugh

A Scotsman, an Irishman, and an old, retired miner are each sentenced to a year in solitary confinement. Before being locked away, each is to be granted a year's supply of whatever he wants to help him get through the long, long spell alone.

The Scotsman asks for a year's supply of whisky and it is given to him and he's locked away. The Irishman asks for a year's supply of Guinness so he's locked up with several thousand bottles of it. The old, retired miner asks for a year's supply of cigarettes, and he's given a pile of cartons and the cell door is then shut on him.

One year later, their doors are all unlocked. The Scotsman staggers out and shouts, 'I'm free!' and then keels over dead from alcohol poisoning. The Irishman is dragged out into the light, whereupon he promptly dies of liver failure. When the door to the old miner's cell is opened, everybody watches eagerly to see what sort of a wreck the man has made of





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himself. To their surprise, he walks right out the door, sidles up to the first person he sees, and asks, 'Say friend, you wouldn't happen to have a match on you, would you?'

(Thanks to Kevin Singel a seasonal joke)

Husband and Wife are Christmas Shopping at a busy shopping mall just before Christmas. The wife suddenly noticed that her husband was missing and as they had a lot to do, she called him on his phone.

The wife said, "Where are you, you know we have lots to do."

He said "You remember the jewelers we went into about 10 years ago, and you fell in love with that diamond necklace? I couldn't afford it at the time, and I said that one day I would get it for you?"

Little tears started to flow down her cheek, and she got all choked up.

"Yes, I do remember that shop." she replied.

"Well, I'm in the prospecting shop next door to that."

(Taken from the internet and revised just for all us 'old miners')

The finds of the Month 2021:

Contest runs from November 2021 thru October 2022. We will be looking forward to seeing what you folks have found since last November.

- **Best Coin** –
- **Best Jewelry** –
- **Best Mineral** –
- **Best Artifact** –
- **Best Bottle** –
- **Most Raw Gold** –
- **Largest Raw Gold** –

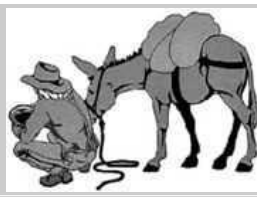
Be sure to bring any Finds that you have found in the last 60 days since the last meeting in November. You must list the date that you found the item and the area you found it when you submit it. Each monthly winner must save your winning Find and submit them in **November of 2022** for the **Find of the Year** in each category.

2021 Ken Barker Recipient

It is with distinct pleasure that the Gold Prospectors of the Rockies announce the recipient of the 2019 Ken Barker Award as **Joe Johnston**. Joe Johnston has been a member of the Gold Prospectors of the Rockies since 1999. During that time, he has taught several classes from prospecting to metal detecting basics and was elected to the Board of Directors around 2005 and has served on the Board since that time. Joe also has overseen the Club library and is the custodian of all the library materials which he brings to the meetings every month. Joe started the Golden Foothills Chapter of the GPAA in 2013 and was elected its first President, a post he held for 2 years. An avid metal detectorist in addition to being a prospector, Joe manages to keep quite busy. Joe is a veteran of the Vietnam War in which he served in the Marine Air Corps as a flight maintenance technician. Joe always promotes the Gold Prospectors of the Rockies wherever he goes and has long been an active member. Joe has been deemed to meet the qualifications and has shown that he possesses the spirit and qualities that fit the parameters for the Ken Barker Award.



We are pleased to present Joe Johnston with the 2021 Ken Barker Award and will place his photograph into the Ken Barker Gallery on the GPR web site.



Outgoing President Long Recognized for Service

At the year-end Recognition Banquet, newly elected President Joe Johnston presented **outgoing President JJ Long** with a token of Appreciation from the Membership. The presentation was a 'gold miner' made of old railroad spikes



commemorating his eleven (11) years of leadership as President of the Club. Long always managed to come up with a very diverse schedule of gold related programs for the membership during each meeting as well as providing lots of outdoor events such as prospecting outings, rock hounding hunts, metal detecting hunts, mine tours and panning demonstrations. He was instrumental in helping to preserve the Arapahoe Bar Public Panning Park as well as the continued preservation of both the Clear Creek Canyon Open Space Public Mining Area and the Cache Creek Public Mining Area. He also put on many beginner panning classes each spring and fall for many years and was always available to help the newer people to learn about prospecting and how to find their very own gold. Long has been a Club member since 2009 and plans to continue to attend meetings when he can break away from caring for his wife of 54 years. "I love prospecting and the GPR. I have made so

many friends along the way. You can be assured that I will still be around, just perhaps not as much as before. I do sincerely appreciate every member and wish you all a safe journey and happy prospecting.

Thousands of Old Roman Coins Found in River

In late November of 2021, it has been reported by several news agencies that a hoard of 5,600 silver coins from the Roman Empire dating back nearly 2,000 years has been found in Germany. The Augsburg Art Collections and Museum has reportedly said in a statement that the discovery was the largest such find in the southern German state of Bavaria. The silver coins minted in the denarii Roman currency were discovered in an old, gravel riverbed near the location of what was once an early military base.

The coins, which weighed in at a total of 33 pounds, were discovered during excavation work after floods in the small town of Wertach flushed them out. The statement said that the oldest of the coins were minted under Emperor Nero (A.D. 54–68) and the most recently minted under Septimius Severus, shortly after A.D. 200.

"A roman soldier earned between 375 and 500 denarii back in the early 3rd century. The treasure, therefore, is thought to be the equivalent of about 11 to 15 annual salaries of the time."

Archeologists also discovered coins from the eras of Emperors Trajan, Hadrian, Antoninus Pius and Marcus Aurelius as well as coins from the era of Didius Iulianus, who was only emperor for about nine weeks before being murdered in A.D. 193.

(Report gleaned from multiple internet sites. Photo taken from Etsy sales site and is of old rare roman coins and not the actual ones found...jil)



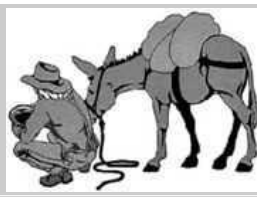
Roman Era Gold Ring Found in Shipwreck

Multiple news agencies have reported in late December, that a Roman-era golden ring with an early Christian symbol for Jesus inscribed in its gemstone, was found in a shipwreck off the ancient port of Caesarea. The thick octagonal gold ring with its green gemstone bore the figure of the "Good Shepherd" in the form of a young shepherd boy in a tunic with a ram or sheep across his shoulders. The ring was found among a trove of third-century Roman coins, as well as a bronze eagle figurine, bells to ward off evil spirits, pottery, and a Roman pantomimus figurine in a comic mask, according to the Israel Antiquities Authorities.

A red gemstone with a carving of a lyre was also found in the relatively shallow waters, as well as remains of the wooden hull of the ship, it was reported.

Caesarea was the local capital of the Roman Empire in the third century, and its port was a key hub for Rome's activity, according to Helena Sokolov, a curator at the IAA's coin department who researched the Good Shepherd ring. Sokolov said that while the image exists in early Christian symbolism, representing Jesus as a





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caring shepherd, tending to his flock, and guiding those in need, finding it on a ring was rare. The presence of such a symbol on a ring probably owned by a Roman operating in or around Caesarea made sense, given the ethnically and religiously heterogeneous nature of the port in the third century, when it was one of Christianity's earliest centers. "This was a period when Christianity was just in its beginning, but definitely growing and developing, especially in mixed cities like Caesarea," she told AFP, noting the ring itself was small, implying that it may have belonged to a woman. And while Christianity was being practiced in "underground" forums at the time, she said the Roman Empire was relatively tolerant of new forms of worship including around Jesus, making it reasonable for a wealthy citizen of the empire to wear such a ring.

Alongside the Roman-era finds, IAA divers also discovered in a second wreck nearby a trove of around 560 Mamluk-era coins dating from the fourteenth century.

(Readers who wish to see the ring can google the topic and read the stories, but it is an amazing find for sure....jj:)

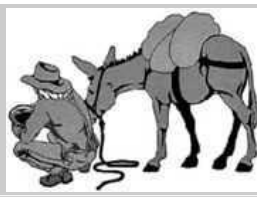
Legislative Update by Scott Harn

Is the BLM moving back to DC from Colorado? Dept. of Interior Secretary Deb Haaland announced the Bureau of Land Management (BLM) will reverse a Trump Administration decision that moved the BLM headquarters closer to the region it served, from Washington DC to Colorado. The Trump move included relocating 222 positions to various Western States with 27 supervisors and support staff heading to the new headquarters in Golden, Colorado. The estimated cost savings was substantial, \$50 million to \$100 million over twenty years, because of substantially lower cost of living compared to DC and less money spent on travel. The move also served to inject new blood into the agency as many employees decided to resign or retire rather than relocate. Haaland stated the agency will establish a headquarters in both states under President Biden, so much of that cost savings will likely be eliminated or the cost may even increase. William Perry Pendley, who was the acting director of the BLM during the Trump administration and tasked with implementing the move, applauded the decision at the time. "The decision makers are in Washington, that is where it is centralized. And I am afraid they are out of touch with what is going on out on the land." Pendley said back in 2019. In a recent exclusive with the *Prospecting and Mining Journal*, Pendley told us that "only a handful of the 41 positions we established in Grand Junction, Colorado, are headed back to DC to join the 61 positions we left there to handle public affairs, congressional affairs, regulatory affairs, budget and FOIA issues. The hundreds of positions we moved to locations consistent with their duties will remain in the West. For example, we put the wild horse managers in Nevada where 70 percent of the wild horses are located. We put the archeological experts in Sante Fe closer to the work they do primarily around the Four Corners. And we put the renewable energy experts in California, which is the epicenter of that work. In short, Haaland's decision vindicates the wisdom of our work to put the top leaders near the resources they manage and the people who report to them. Frankly, people who do the work the BLM does do not want to be in DC. They want to be close to the resources they manage whether that is recreation, energy, timber or cultural. Plus, they want to enjoy the lower cost of living, higher standard of living, and shorter daily commutes to work (10 minutes versus 1.5 hours one way)."

Gray Wolf to be Re-Listed?

The US Fish and Wildlife service announced in September that the gray wolf could get re-listed under the Endangered Species Act (ESA) due to the risk of 'potential increases in human caused mortality'. This announcement coincided with the opening day of wolf hunting season in Montana and Idaho, two states where wolves have been responsible for the killing of numerous cattle, sheep, llamas, and livestock guardian dogs. The fight over the wolf situation has been on-going for years and years and there appears to be no relief in sight.

(Colorado voter's, of which I was not one, approved the reintroduction of gray wolves into the State in November of 2021. As of today, there are 2 free roaming packs in northern Colorado who arrived on their own. In December, a cow was killed by wolves just north of Walden. The Division of Wildlife say that the owner will be compensated for the loss. But mark my words, this is but just the beginning of the losses that the livestock community will face. And our fight is just beginning. As usual, the liberal animal lovers of Boulder and Highlands Ranch can't see the forest for the trees and never will....jjl)



EPA to Redefine WOTUS Again

The Environmental Protective Agency (EPA) announced that the agency intends to redefine the Waters of the United States (WOTUS) yet again after seasonal streams, ditches and ponds were removed from federal EPA jurisdiction by the Trump Administration. Miners and other public land users can expect that further restrictions will be put in place by the Biden Administration. You can find information online in the Federal Register by searching for **FR Doc. 2021-16643**.

(I am sure that you all remember the EPA fiasco with the Colorado Gold King Mine in which their own people were responsible for that disaster. Colorado, New Mexico, and Arizona have been dealing with the aftermath of that mess for a few years now. And these are the same people who got their hands slapped by Trump for being idiots, but now that Biden is in Office, they see the opportunity to return insanity and unreasonableness back into the equation. Again, I didn't vote for Biden, and I didn't vote for gray wolves either. Jus sayin'JLL)

Eco-Terrorist Confirmed

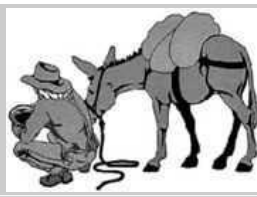
Unfortunately, Tracey Stone-Manning was confirmed as the Director of the Bureau of Land Management (BLM) on September 30. The Senate voted to confirm Stone-Manning along party lines, with Democrats in favor and Republicans against. Stone-Manning was accused of lying to the FBI, and US Forest Service investigators and Senators as they investigated her involvement in a tree-spiking scheme which took place in the 1980's in Idaho when she was a part of the eco-terrorist group EarthFirst. Stone-Manning escaped jail time when she testified against her coconspirators in 1993 as part of an immunity deal. She is now the head of the largest public lands agency in America.

Senators Object to 'Build Back Better' Royalty Provisions

The House Reconciliation Bill valued at \$3.5 trillion dollars that is part of President Biden's 'Build Back Better' plan included provisions that would withdraw additional public lands from mineral entry and institute a royalty system for hard rock miners. House Natural Resources Committee Chairman Raul Grivalja (R-Arizona) included a provision that would require an 8% royalty on all new mines and a 4% royalty on all existing mines. An additional 7 percent tax would be charged for every ton of material displaced, whether that material had any value or not. But during a Senate Energy and Natural Resources Committee hearing, Senators from both parties objected to the inclusion of such a scheme in the reconciliation bill. National Mining Association executive vice president Katie Sweeney warned that excessive fees and taxes would force some American operators to close, impact US jobs, and increase reliance on countries that are not friendly to the US interests. "Moving this type of reform through a short-term budget process would create uncertainty for the industry, an industry that supports thousands of jobs," said Senator Catherine Cortez Masto (D-Nevada). Barrick Gold general counsel Rich Haddock said that his company was willing to consider a federal royalty system, but it should be based on the model used in Nevada that is based on net royalties. Using this method, mining companies would be allowed to deduct operating costs including the cost of processing minerals. "I would urge us to not take quite the zealous approach that the House of Representatives took but to find a fair and transparent way for taxpayers to be compensated for these minerals," said Senator Martin Heinrich (D-New Mexico). Based on the senate hearing, it appeared that there was enough opposition to prevent Grivalja's royalty plan from being included in the \$3.5 trillion reconciliation bill.

Biden Reverses Utah Monument Reductions

President Biden signed several proclamations to reverse former President Trump's decision to reduce the Bears Ears and Grand Staircase-Escalante National Monuments in Utah. The monuments had been created or expanded by former President Obama utilizing the Antiquities Act. The act states that the President has the authority to set aside public lands, but those lands must be confined to the smallest area compatible with the proper care and management of the objects to be protected. Trump labeled the monuments 'massive land grabs' that 'should never have happened' without the support of the legislators of Utah, and he significantly reduced the size of the monuments. Utah Governor Spencer Cox said the move by Biden was 'disappointing, though not surprising.' Utah Senator Mitt Romney was also against the action taken by Biden. Romney stated, 'Utah's national monuments are being used as a apolitical football between administrations.' There is a strong possibility this football game is not over. Without any legislative action to clarify or rescind the Antiquities Act, which was originally established in 1906, the next Republican administration ma just reverse the Biden decision.



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(Scott Harn is the editor/publisher of the ICMJ's Prospecting and Mining Journal.)

What Moves Gold Prices? By Jesse Emspak

The price of gold is moved by a combination of supply, demand, and investor behavior. That seems simple enough, yet the way those factors work together is sometimes counterintuitive. For instance, many investors think of gold as an inflation hedge. That has some common-sense plausibility, as paper money loses value as more is printed, while the supply of gold is relatively constant. As it happens, gold mining doesn't add much to supply from year to year. So, what is the true mover of gold prices?

Key Takeaways Supply, demand, and investor behavior are key drivers of gold prices.

Gold is often used to hedge inflation because, unlike paper money, since its supply doesn't change much year to year. Studies show that gold prices have positive price elasticity, meaning the value increases along with demand.

However, the investment growth rate of gold over the past 2,000 years has not been meaningful, even as demand has outpaced supply.

Since gold often moves higher when economic conditions worsen, it is viewed as an efficient tool for diversifying a portfolio.

Correlation to Inflation Economists Claude B. Erb, of the National Bureau of Economic Research, and Campbell Harvey, a professor at Duke University's Fuqua School of Business, have studied the price of gold in relation to several factors. It turns out that gold doesn't correlate well to inflation. That is, when inflation rises, it doesn't mean that gold is necessarily a good bet.

So, if inflation isn't driving the price, is fear? Certainly, during times of economic crisis, investors flock to gold. When the Great Recession hit, for example, gold prices rose. But gold was already rising until the beginning of 2008, nearing \$1,000 an ounce before falling under \$800 and then bouncing back and rising as the stock market bottomed out. That said, gold prices rose further, even as the economy recovered. The price of gold peaked in 2011 at \$1,921 and has seen ups and downs since that time. In early 2020, prices fetched \$1,575.

In their paper titled *The Golden Dilemma*, Erb and Harvey note that gold has positive price elasticity. That essentially means that, as more people buy gold, the price goes up, in line with demand. It also means there aren't any underlying "fundamentals" to the price of gold.¹ If investors start flocking to gold, the price rises no matter what shape the economy is or what monetary policy might be.

That doesn't mean that gold prices are completely random or the result of herd behavior. Some forces affect the supply of gold in the wider market, and gold is a worldwide commodity market, like oil or coffee.

Supply Factors Unlike oil or coffee, however, gold isn't consumed. Almost all the gold ever mined is still around and more gold is being mined each day. If so, one would expect the price of gold to plummet over time, since there is more and more of it around. So, why doesn't it?

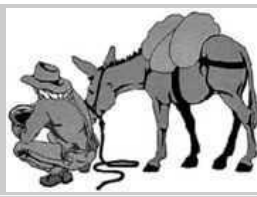
Aside from the fact that the number of people who might want to buy it is constantly on the rise, jewelry and investment demand offer some clues. As Peter Hug, director of global trading at Kitco, said, "It ends up in a drawer someplace." The gold in jewelry is effectively taken off the market for years at a time.

Even though countries like India and China treat gold as a store of value, the people who buy it there don't regularly trade it (few pay for a washing machine by handing over a gold bracelet). Instead, jewelry demand tends to rise and fall with the price of gold. When prices are high, the demand for jewelry falls relative to investor demand.

Central Banks Hug says the big market movers of gold prices are often central banks. In times when foreign exchange reserves are large, and the economy is humming along, a central bank will want to reduce the amount of gold it holds. That's because the gold is a dead asset—unlike bonds or even money in a deposit account, it generates no return.

The problem for central banks is that this is precisely when the other investors out there aren't that interested in gold. Thus, a central bank is always on the wrong side of the trade, even though selling that gold is precisely what the bank is supposed to do. As a result, the price of gold falls.

Central banks have tried to manage their gold sales in a cartel-like fashion, to avoid disrupting the market too much. Something called the Washington Agreement essentially states that the banks won't sell more than 400 metric tons in a year. It's not binding, as it's not a treaty; rather, it's more of a gentleman's agreement—but one that is in the interests of central banks, since unloading too much gold on the market at once would negatively affect their portfolios.



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The Washington Agreement was signed on Sept. 26, 1999, by 13 nations and limits the sale of gold for each country to 400 metric tons per year. A second version of the agreement was signed in 2004, then extended in 2009.

ETFs Besides central banks, exchange-traded funds (ETFs)—such as the SPDR Gold Shares (GLD) and iShares Gold Trust (IAU), which allow investors to buy into gold without buying mining stocks—are now major gold buyers and sellers. Both ETFs trade on the exchanges like stock and measure their holdings in ounces of gold. Still, these ETFs are designed to reflect the price of gold, not move it.

The Bottom Line If you're looking at gold prices, it's probably a good idea to look at how well the economies of certain countries are doing. As economic conditions worsen, the price will (usually) rise. Gold is a commodity that isn't tied to anything else; in small doses, it makes a good diversifying element for a portfolio.

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Contact the GPR President

(Layout Design Subject To Additional Cost)



Coming Announcements and Special Events for Jan 2022

(WMMI - Western Museum of Mining & Industry, 225 North Gate Blvd. Colorado Springs, CO 80921
[\(https://www.wmmi.org/\)](https://www.wmmi.org/) (Free to GPR Member with badge)

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2 Ash Wednesday	3	4	5
6	7	8	9	10	11	12
13	14 Valentine's Day	15	16 GPR Club Meeting	17	18	19
20	21 President's Day	22	23	24	25	26
27	28					