

American Bullion Explains The Recent Unusual Relationship Between Gold and Dow Jones

Everyone wonders why all stocks, cryptos and even gold (relatively much less) are selling off?

LOS ANGELES, CA, UNITED STATES, March 12, 2020 /EINPresswire.com/ -- We're experiencing unusually parallel moves of the DJIA and gold lately. This is due mainly to the increased demand of some investors who are in a bid for cash, given current conditions - says Orkan Ozkan, CEO of American Bullion. At the beginning of the week, gold was up roughly 15% for the year and the DJIA was down about the same. The coronavirus pandemic announced yesterday, by the World Health



What's Next?

Organization (WHO), is requesting necessary precautions that will contribute greatly to the global and domestic recession that was already underway. The resulting cutbacks in sporting events, business trips, vacations and more, nearly ensures reduced demand and recession.

Based on unique current conditions, there are four clear reasons that instead of skyrocketing, gold is backing off. First of all, equity traders getting market calls are scrambling to raise liquidity and most hold gold for just such an occasion, because it's quick, convenient, and readily available. Secondly, large hedge funds that have profited greatly over the past six months, are selling to capture metal profits in order to offset stock beatings. Thirdly, China and India account for 1,000 metric tons of gold annually, but the transactions are typically conducted face-to-face and that's not happening due to WHO guidelines. And finally oil, a commodity that can affect gold prices, is being attacked under the guise of a price war. Russia and Saudi Arabia have conspired to collapse global oil prices, in an effort to deter U.S. oil exports, which are providing competition never before seen, due to new U.S. fracking and shale production. However, these companies are closing down, because their increased expense does not permit profitable operation at the new lower price levels. Once Russia and Saudi Arabia are confident they've taught competitors a lesson, they'll increase prices again, but the threat will remain. Damage inflicted on the oil industries of Venezuela and Iran will just serve as a bonus for the conspirators.

Recession has the potential to keep the stock market down for an extended period. Recovery from the 2008 downturn took a decade and a large number of analysts are suggesting that once this stock market bottoms out, recovery could take longer, even significantly longer. On the other hand, if summer temperatures expedite the demise of coronavirus, gold's uptrend could be quick and dramatic. Quite literally, within several months, ALL of the unique pressures currently weighing on gold could be removed and the result could be skyrocketing prices. Today's lower prices present a bargain opportunity to [buy gold](#), in order to hedge and mitigate market risks.

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