Being 'nobody else's liability' is strong credential for gold:

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The cross-all-borders recognition of the precious metal speaks to obvious value

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Sean Russo, Joint MD & Principal, Noah's Rule

Gold's relative value and its inherent status as 'nobody else's liability' are key reasons to consider the precious metal as an investment proposition, according to Sean Russo, gold expert and the managing director of risk advisory Noah's Rule.

"It does feel in my lifetime that there's never been more value in that statement — nobody else's liability — while governments are printing money and given the current geopolitics situation," Russo told delegates at the MNS Perth 2024 conference.

Front and centre of the "geopolitics" is the conflict in Ukraine and the freezing of Russian assets by the US. The argument is this 'freezing' has put on notice all the non-Western banks with US treasuries and fostered the associated strong central bank buying.

Speaking as part of a panel session, Russo and Entrust Wealth Management's Phil George both cited this central bank buying involving the likes of China, India and Turkey.

Russo also commented he had "no interest in what 'Western' central banks are doing" given their track record of selling gold when pricing was at historical lows.

Case in point on this score include the Bank of England, which sold nearly 400t early this century at pricing around US$275/t, and the Reserve Bank of Australia, which sold two-thirds of its gold reserves in 1997 when the price was around the $350/oz mark.

The RBA's position in gold has not changed since then, which backs Russo's point that Central Bank policy when it comes to buying or selling is typically long-dated.

Another tick for the current gold market given China et al's strong buying of late.

On the relative value argument for gold, Russo noted gold was always seen as a key, albeit small, part of the anecdotal ‘Swiss banker's portfolio'.

With that portfolio containing various other assets classes, the underlying thinking was you didn't want the gold to increase in value because that typically meant the other asset classes *had* appreciated.

Further to the relative value rationale, Russo referenced the Pierre Lassonde Dow Jones - gold price ratio.

The Dow ratio went from about one-to-one in 1980 to circa 40:1 in the late nineties amid the dot.com boom before falling to about 5:1 in 2011 following the GFC and the gold price rise.

Currently the ratio is about 16:1.

Russo similarly made the point that with Chinese equities markets being smashed of late, a case could be made that it could be time for Chinese investors to sell gold and buy equities.