

## **The return of Cold War tensions supports gold for the long-term**

The Syrian conflict is important to monitor because it could have wider reverberations throughout the world, including the financial markets, and particularly the precious metals markets. Investors may not need to understand all of the complexities of events in Syria, but they should know what geopolitical risks to watch for as the conflict continues with major world powers like the U.S. and Russia staring each other down.

As investor anxiety rises when geopolitical risks escalate – the climate we are seeing today – gold has historically shined as a safe haven for nervous investors.

Among the biggest geopolitical risks evolving out of the Syrian conflict is a re-emergence of Cold War tensions between the U.S. and Russia. In Syria, Russia sees a stage on which it can seek to assert its military and diplomatic might with the ultimate goal of re-establishing its influence as a global superpower.

In fact, the threat of Russia's inclination to potentially use nuclear weapons tactically in the region has risen on the U.S. military's radar that CBS's "60 Minutes" recently ran an extensive segment on it.

While CBS Correspondent David Martin reported that the Obama administration characterizes the likelihood of all out nuclear war is remote, "in this new Cold War the use of a nuclear weapon is not as unlikely to occur as you might think." (WATCH: <http://www.cbsnews.com/news/60-minutes-risk-of-nuclear-attack-rises/>)

As this picture of geopolitical risks evolves, with Russia (and China) emerging to pivot U.S. hegemony, Blanchard sees prices for gold and other precious metals supported over the long-term.

Gold has pulled back from its recent runs up to the \$1,340-\$1,350 level, and the current price is an attractive entry point with the global economic and geopolitical environment Blanchard sees ahead of us.

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