



# GSA Pro<sup>TM</sup>

The version of Gold Stock Analyst newsletter for Professional Investors  
 Reports on 60+ Gold miners plus the mid-month GSA-Top10 newsletter

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**Next Issue  
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## Where Are We Now?

Based on 07/29/16's \$1,352/oz close in NY for Gold, and GSA's proprietary Market Cap/oz data base, **gold stocks trade as if gold was \$1,292/oz**; Gold stocks on average are:

**-4% Undervalued**

## Gold's Seasonality

GSA says Stay The Course! Others advise you sell and take profits. They are wrong! Where is their audited track record? There isn't one. So why listen?

Now \$13 trillion of Govt debt around the world has a negative yield. Brexit has Europe in a quandary. Bank of Japan borders on "helicoptering" money. And after weak 2Q16 data, the US Fed is stuck on hold. This all drives Gold, up 27% YTD, with no end in sight. Exit Gold stocks now and you'll miss the next leg higher.

Gold demand ebbs and flows, and summer usually is slow. But, as seen below, the tide's ebbing ends with August, a traditionally strong month for Gold. This is logical: Gold jewelry is a popular gift in the West at Christmas time. In the East, it's the Indian wedding season (Sept-Jan), aka Frank Holmes of U.S. Global's "love trade", that drives Gold. It's key gift in brides' dowries. And for unbanked rural farmers in India/China, the Metal is a store of savings after a profitable harvest.

But, May-July is slow for Gold as its too early for jewelry makers to begin buying raw materials needed to fabricate pieces to be sold in October thru December.

So while the anecdotal reasoning makes sense, what's the reality? *Bloomberg* has all the London Gold prices back to 1975. With this data, GSA looked at the average monthly change in Gold price from January 1975 thru June 2016, and also for the 7.5 years after the Oct-08 Stock Market Crash, that reset many investment metrics.

Looking at the top chart, with 41.5 years of data, Gold's best months, and likely also for Gold stocks, are Sept, Aug and January.

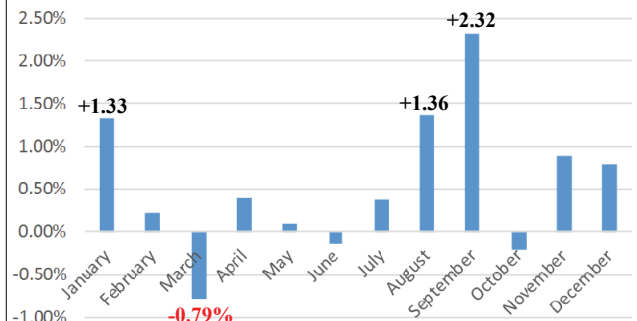
But since the Oct-08 Crash, the pattern changed to August being even more the leader, at a +4.51% average gain, followed by a still strong January at +3.11%.

Not only have some months shifted (December!), but the avg monthly change is more extreme... up and down.

GSA thinks that hedge funds, often acting with a herd mentality and crowding into trades, are responsible for the "more extreme" phenomena.

Net, net be prepared for a strong August, which likely began with Gold's \$16/oz gain on July's last trading day, the 29th.

**Gold's Average Monthly Gain/Loss 1975-2016**



**Gold's Average Monthly Gain/Loss 2009-2016**

