



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
 Web Posted: 1/1/16**

Where Are We Now?

Based on 11/30/15's close for Gold at \$1,065/oz, and GSA's proprietary Market Cap/oz database compiled since 1994, **Gold Stocks trade as if Gold was at \$477/oz.** On average, **Gold Stocks** are:

Undervalued -55%

Goldrums

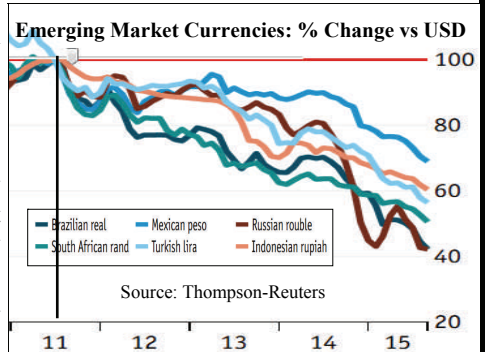
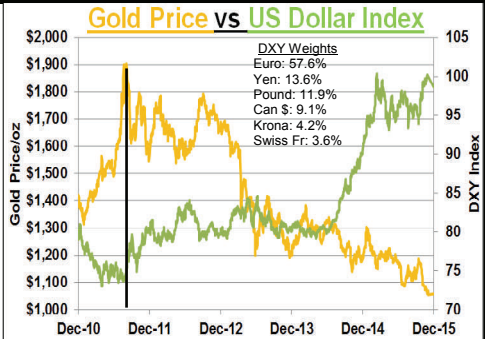
The US Dollar's strength is to blame for Gold's sliding price.

The adjacent chart plots Gold versus the US Dollar Index (DXY) from Jan 1, 2011 to date. It shows that Gold's slide from its \$1,900/oz peak in mid-2011 coincides with the DXY's rise from 73 to its current range, near 100, a 36% gain over the period.

While not directly shown, DXY's rise means each of the component currencies (listed on the chart) fell thru the period.

The lower chart looks at six major Emerging Market currencies, with all indexed vs the US Dollar. They all exhibit the same pattern as Gold vs USD, with each falling from its mid-11 peak of 100 to be now 30% to 60% lower.

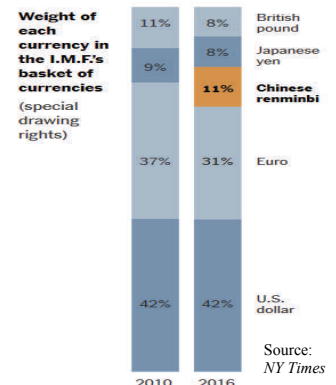
Growth rates and interest rates are the major determinants of currency exchange rates. With the US economy stronger than all others and US interest rates headed higher, Gold apparently needs an exogenous event to change its direction... Market crash, expanded Mideast war, China action, or other.



China's Yuan/Renminbi Added to SDR

And it turned out to be a non-event for Gold as:

- 1) Its likely addition was well telegraphed by the IMF and thus expected by the Market.
- 2) It's not officially added for another year, giving plenty of time for Central Banks and others to adjust their currency holdings to reflect China at 11%.
- 3) The US Dollar, Gold's antithesis, remains unchanged in the in the currency basket at a 42% weighting. This means no selling pressure on the Dollar as money is shifted from just the Euro, Pound and Yen to give the 11% weighting to China.



Coverage Changes:

Adding: TMAC Resources with Hope Bay development project is Canadian Arctic and ~\$1bil invested in 3 minesites by Newmont and Miramar.

Adding: AuRico Metals, a royalty company spun out of AuRico's acquisition by Alamos w/~\$9 mil/yr royalty on Young-Davison mine plus Kemess project.

Dropping: Tanzanian Resources; management's heart (Chair Sinclair's) is in the right place on Gold, but Co's projects are hopeless.