



GSA Pro TM

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

February 2017 • Since 1994 • Issue #274 • Editor: John C. Doody • Single Issue: \$249.00

IN THIS ISSUE:

GSA's Top 10 Stocks	2
GSA Stock Data	4-6
Gold: Price, Stock Indexes, Market Indicators	7

Reviewed Inside:

Newcrest	8
New Gold	9
Newmont	10&11
OceanaGold	12
Primero	13
Richmont	13
Sabina	12
Randgold	14
Roxgold	3
SEMAFO	15
Timmins	15
Torex	16

Analysis Inside:

Top 10 News	3
Investor Day 2/26/17	17

Next Issue
 Web Posted: 3/1/17

Where Are We Now?

Based on 1/31/17's Comex close at \$1,211/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, Gold stocks trade as if Gold was \$973/oz. On average, Gold stocks are:

Undervalued -20%

Strong Dollar or Weak Dollar?

Which will the US get from President Trump's policies? Of course, it's too soon to tell as he has talked on both sides of the question, and nothing has been proposed or enacted. But when a policy crystallizes in law or by executive order, how will the Dollar be measured?

If the US Dollar is strong, or weak, it has to be relative to something else. The most obvious "something else" is other currencies. But which others? And as all the others are from smaller economies, should they be equal or weighted to make comparisons more realistic? Directly comparing the US\$ to the Indian Rupee might not be representative of either's strength or weakness.

The major Dollar four indexes and their components are listed in the table below. Each is constructed differently. They are:

1. **US Dollar Index** (trades as DXY): Weighted geometric average of the US\$'s value vs a fixed basket (unchanged since 1999) of six other currencies. Weights range from Euro at 57.6% to the Swiss Franc: 3.6%.

2. **Bloomberg Dollar Spot Index** (trades as BBDXY): Ten leading currencies annually rebalanced, with weights based on its share of US international trade (from Federal Reserve data) and foreign exchange liquidity (from Bank of International Settlements data). Weights for 2017 range from largest, Euro: 31.56% and Yen: 17.94%, to smallest weighted Renminbi: 3.0% and Rupee: 2.09%.

The two indexes above are tradable, while the next two from the Federal Reserve are not. The Fed's were constructed to aid policy making and 'summarize effects of Dollar appreciation or depreciation vs foreign currencies on the competitiveness of US products relative to goods produced by important US trading partners.'

3. **Fed's Trade Weighted US\$ Index: Broad Index:** Annual October rebalance of 26 currencies. For 2017, the largest is China: at 21.89%, Euro 17.06%,

and Mexico 12.60%, Canada 11.98%; smallest is Venezuela at 0.26%. Of note: Japan 6.28%, Korea 3.99%, UK at 3.68%, Switzerland 1.98%.

4. **Fed's Trade Weighted US\$ Index of Major Currencies:** A simple subset of the Broad Index.

So which is best?

If the intent is to accurately portray the US\$'s strength or weakness, GSA sees the Fed's Broad Index best as it's all encompassing and based on actual money flows. But with ...continued Page 3

US\$ Indexes	DXY	BBDXY	Fed Broad	Fed Major
Euro	57.6%	31.66%	17.056%	39.854%
Yen	13.6%	17.94%	6.281%	14.677%
Pound	11.9%	10.59%	3.679%	8.597%
C\$	9.1%	11.54%	11.977%	27.986%
Krona	4.2%	—	0.664%	1.552%
Sw Franc	3.6%	4.39%	1.982%	4.631%
Mex Peso	—	9.95%	12.600%	—
Aust \$	—	5.12%	1.157%	2.704%
SK Won	—	3.81%	3.994%	—
Renminbi	—	3.00%	21.892%	—
Rupee	—	2.09%	1.975%	—
15 Other	—	—	16.743%	—
Total	100.0%	100.00%	100.000%	100.000%

2016 Results: GSA Top 10: **+33.4%** GSA-Silver Fave 5: **+52.4%**
 Auditor's Full Report Posted by Feb 4 to GSA Website