



GSA ProTM

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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Where Are We Now?

Based on 6/30/14's \$1,327 close in NY for Gold, and GSA's proprietary Market Cap/oz data base, gold stocks trade as if gold was \$839/oz; Gold stocks on average are:

-37% Undervalued

What's Driving Gold?

We wrote in June's *GSA-Pro* that the Metal's yearly low is usually in July and its price typically peaks in Sept/Oct. This year may prove to be different, and the low might have been seen June 3 at \$1,243/oz.

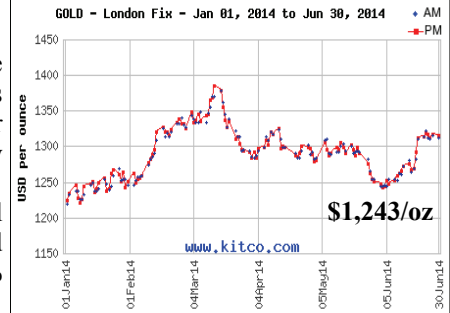
As shown in chart below, and despite all the cheerleading for stocks at CNBC, Gold outgained the S&P500, +10.1% vs +6.1% respectively, for the first half of 2014.

Gold stocks are inherently leveraged plays on Gold, so when the Metal is up, the miners are up more. This year is no different as the XAU Gold Stock Index is up 19.9%. And the GSA-Top 10, a carefully selected portfolio of Growth Producers, Developers, and Royalty companies, again outperformed all, gaining +70.4% YTD.

Major factors that could carry Gold thru the typical July nadir include:
 1) Negative Real Interest rates. Central Banks pursue near zero interest rate policies in U.S., Euroland, and Japan. The inflation from their loose monetary policies will eventually drive prices to the CBs' collective +2%/yr target rate. Taken together, this means Negative Real Returns. When risk free returns (i.e. 30 day T-bills) minus the CPI is increasingly a larger negative, investors protect the spending power of their savings with hard assets, which due to their limited supply are driven up by the higher inflation. Studies show a -2% real interest rate is the trigger for Gold price.

2) Gold Market Manipulation. Dismissed as crazy for years, the recent revelations of market rigging by banks... starting with LIBOR... and now the London Gold fix, has tipped the scales towards adopting a new market mechanism soon that will necessarily be transparent to protect prices from manipulation. Gone will be the unexplainable swoons, such as Gold's one-day \$140/oz drop in April 2013.

GSA is staying long thru the summer and we think subscribers should too!



GSA Top-10 vs Gold & Indexes: Year to Date 12/31/13 to 6/30/14

