



GSA ProTM

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

June 2016 • Since 1994 • Issue #266 • Editor: John C. Doody • Single Issue: \$249.00

IN THIS ISSUE:

GSA's Top 10 Stocks	2
GSA Stock Data	4-6
Gold, Price, Mkt Data	7
Reviewed Inside:	
Agnico Eagle	8
Alacer Gold	10
Argonaut	3
Alamos	11
Barrick	12-13
B2Gold	10
Belo Sun	9
Buenaventura	14
Centerra	14
Detour Gold	15
Analyses Inside:	
Top 10 News	3
Blog 5/17 - RGLD and EGO	16

Next Issue 7/1/16
Web Posted:

Where Are We Now?

Based on 6/1/16's \$1,215/oz Gold, and GSA's proprietary Market Cap/oz data base compiled since 1994 for Rising and Falling Gold price trends, **Gold stocks trade as if Gold was \$903/oz.**

On average, Gold stocks are:

-26% Undervalued

Will She... or Won't She?

The "She" is Fed head Janet Yellen and the question is "Will she lead the Fed Open Mkt Committee (FOMC) in a vote to increase interest rates (i.e. the Fed Funds rate) at the upcoming June 14-15 meeting? Or will she wait until July or later?"

The April 26-27 Fed meeting minutes released May 18 have knocked Gold lower to close May down 6.1% to \$1,215/oz, after peaking at \$1,294 on May 3, 2016.

GSA says don't worry! Here's why:

1. The Fed's most often used policy tool is "jawboning", aka speech making. Nary a day passes that one of the twelve members of the FOMC comments or speaks on Fed policy. And seldom of the same voice as they are split between hawks for higher rates and doves for staying the current course. Often just jawboning can nudge interest rates higher or lower to accomplish the Fed's short term goal. We believe the recent comments will prove to be "just talk"

2. The April Fed minutes from were quite conditional. While the labor market is seen improved, "growth in economic activity had appeared to slow" since the March meeting. "Business fixed investment and net exports had been soft".

Many private forecasts for 2Q16 GDP growth see a repeat of 1Q16's +0.7% rate; the actual data will be out after the Fed's June meeting, so a "wait and see" attitude is likely.

3. The Fed prides itself on being non-political. Whether one agrees that they are or not, rate changes ahead of Presidential elections are generally avoided.

4. *The Bloomberg* on June 1 shows Fed Funds futures now pricing a low 22% probability of a June rate hike.

5. Most importantly: So what if they increase? In the Fed's last hiking phase, from June 25, 2003 to June 29, 2006, it did so 17 times, from 1.0% to 5.25%. But while the Fed hiked, look what Gold did (middle chart). It rose from \$355/oz to \$589/oz, a 66% gain!

If gains of this magnitude are possible, perhaps we should cheer on the Fed to please raise rates! (Just kidding.)

FOMC Mtgs left 2016

June 14-15*

July 26-27

Sept 20-21*

Nov 1-2

Dec 13-14*

*Incl Economic Forecast and Chair's Press Conf

