GSAPro™

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

November 2016 • Since 1994 • Issue #271 • Editor: John C. Doody • Single Issue: $249.00

IN THIS ISSUE:

Reviewed Inside:

Analyses Inside:

Next Issue Web Posted: 12/1/16

Where Are We Now?

Based on 10/31/16's **$1,277/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 $1,029/oz**.

On average, Gold stocks are:

-19% Undervalued

Where Next for Gold?

Based on current hand wringing and chatter on the internet and in the press, one might think 2017 will be a tough year for Gold. As shown in the chart below, it has been 2016's best performing currency at +21.3% year-to-date, and we expect more of the same next year. GSA has been running all of our analyses at $1,400 Gold and we see that attainable in the year ahead.

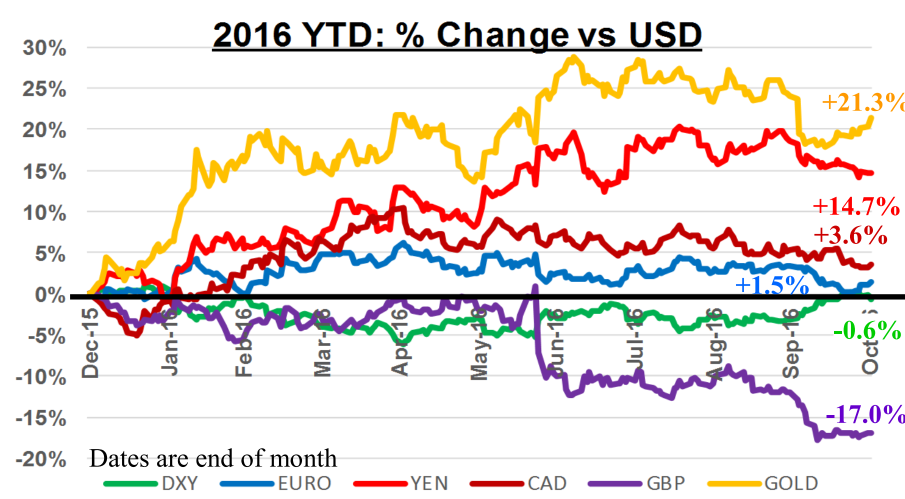
Gold competes with income assets such as bonds for investment monies. When interest rates are low, as they are now world-wide, there's little income sacrificed to own the yellow Metal. But if interest rates increase, bonds become more attractive vs barren Gold. This makes predicting interest rates key to forecasting Gold price.

With the US election finally over and the politics lessened, GSA sees the Dec 13-14 Fed meeting resulting in a 0.25% rate increase, mirroring last December's, which was the first in seven years. One and done, with no further increases until Fed head Yellen's term ends in February 2018 is GSA's bet.

The data supporting a rate increase is conflicting. Real GDP growth in 3Q16 was +2.9%, the fastest in 2 years and up from the prior 4 quarters ranging from +0.8% to +2.0%, yet the rate still below to 3% to 4% seen necessary for a healthy economy.

Unemployment is low at 5%, but the number underemployed, working part time, and those given up looking remains high.

The Fed has two goals: stable prices and low unemployment. So long as inflation remains low, Yellen will err on the employment side. To GSA this means no rate increase after December. Now, with prices edging higher, +1.5% in Sept vs +1.1% in August, yet still below Fed's +2.0% target, higher inflation will be accepted as a tradeoff for better employment data. Stay the Course, higher Gold is ahead in 2017!



Editor Interviewed by well known investment podcaster Frank Curzio of www.Frank Curzio.com: http://www.goldstockanalyst.com/in-the-media.lasso

New GSA Promo Video might tell you things about GSA you didn't know: http://goldstockanalyst.com/video/GSA_Promo_video.html