



# GSA Pro<sup>TM</sup>

*The version of Gold Stock Analyst newsletter for Professional Investors  
Reports on 50+ Gold miners plus the mid-month GSA-Top10 newsletter*

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**Next Issue  
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**Top 10 News (on Pg 3):**

## ‘Tis the Season for Forecasts

GSA does not usually forecast Gold price as we are almost always bullish. If you are not bullish as a Gold investor, then you likely adhere to the principle of “keeping 5% or 10% of your investment assets in Gold” as insurance against the unknown. This is fine, but it is not what drives our research and recommendations.

GSA seeks undervalued Gold stocks that can do well in any Gold price environment, and if Gold rises, then our stocks should do even better. In flat or falling Gold price markets, we hope to beat our benchmarks, the XAU and HUI Gold Stock Indexes. Gold was down \$20/oz in 2018. The Top 10 portfolio was down 11%, but less than our benchmarks, the XAU and HUI, both down 17%. Versus these, GSA delivered 6 points of Alpha and did outperform. Gold’s best performer Kirkland ended 2018 at \$26.09 up +70%; it was made a Top 10 stock at \$7.69 in Jun-17

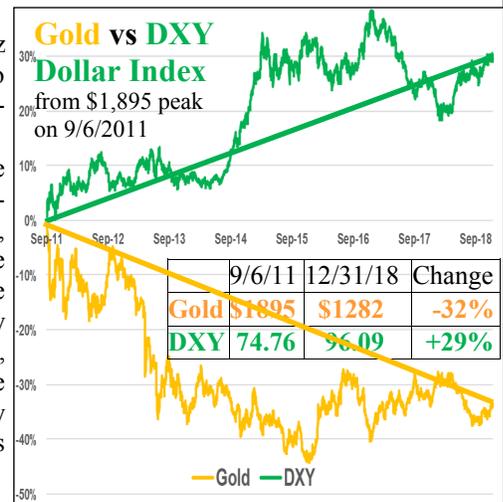
For 2019 we believe the stage is set for higher Gold and, accordingly, we expect the GSA Top 10 to outperform Gold, the XAU and HUI. To forecast Operating Cash Flow, we are using a \$1,400/oz average price for the year. As we start 2019 at \$1,282/oz, our forecast average implies significant time trading above \$1,400/oz.

We base our Gold price forecast on our expectations of a lower US Dollar (DXY). Trade flows drive the need for Dollars and its “price” in the short term. The Dollar’s long term investment attractiveness is driven by comparative rates of GDP growth, inflation and interest. All four factors drive the demand for Dollars and in turn the Greenback’s price in other currencies, and in Gold.

As the indexed chart below shows, from Gold’s peak at \$1,895 on Sept 6, 2011 it has become 32% cheaper as the Dollar has appreciated vs all currencies and Gold, as shown by the DXY.

But, GSA believes Gold’s \$102/oz gain from August 17’s \$1,178 low to its \$1,282 close on Dec 31 is the harbinger of a better 2019 for the Metal.

We expect the US Dollar to decline due to: 1) political uncertainty surrounding the Trump administration, 2) a slowing US economy as the Trump tax cut’s effect wanes, 3) the Fed ends interest rate hikes in early 2019, 4) higher Tariffs reduce trade, and 5) US inflation rises above the Fed’s 2% target, pushed higher by wages at full employment. All this adds up to a higher Gold in 2019.



**The Seventh Annual GSA Investor Day** is on Sunday Feb 24, 2019. The day-long event features presentations by the top managers of the GSA Top 10 and Fave 5 Silver stocks, lunch and a closing cocktail party for all. Register here: <http://www.goldstockanalyst.com/2019-investorday-conference-pre.lasso>