

# GOLD STOCK ANALYST™

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## IN THIS ISSUE:

GSA's Top 10 Stocks	2
GSA Stock Data	4-6
Gold: Price, Mkt Indics	7

## Royalty Earners:

Franco Nevada	8
Gold Wheaton	9
International Royalty	9
Royal Gold	10
Silver Wheaton	11
Solitario Expl & Roy	12
Tanzanian Roy Expl	12

## Silver Stocks:

Coeur d'Alene	13
Hecla Mining	14
Pan Am Silver	15
Silver Standard	16

## Analysis Inside:

Top 10 Comments	2
GSA Coverage Changes	3
Silver Comments	3
Comments on Gold's Action on Fri Dec 4	17

Next Issue  
Web Posted: **12/30/09**

## Where Are We Now?

Based on 11/30's \$1,176/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994, **Gold Stocks trade as if Gold was at \$1,132/oz.**

On average, **Gold Stocks** are:

**Undervalued -4%**

## Inflation Protection: Part 2: Gold vs Silver

The adjacent charts should look familiar. We ran the bottom one last month to show how Gold has been has been a great inflation protector, far outpacing the CPI since freed from its \$35/oz peg in 1968.

That begged the question of how has Silver done vs CPI?

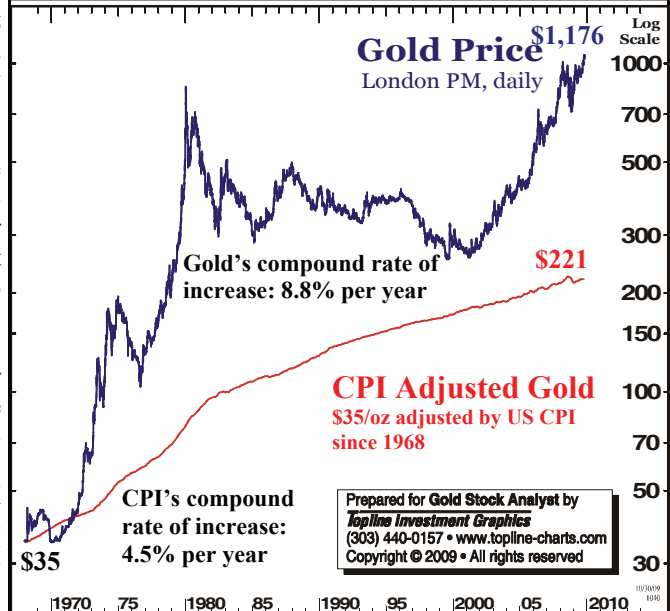
Not so well. As seen in the top chart, Silver began 1968 at \$2.10/oz. Adjusted by CPI, Silver would now be \$13.39/oz.

Silver closed Nov 30 at \$18.44, ~\$5/oz over where it would have been if it simply tracked inflation. That's good.

But, examining the 41 year period, 1968 - 2009, the CPI-Silver line looks like it's just a regression line fit to the actual Silver price. Not so good.

Gold, on the other hand, has been above its CPI line for virtually the entire period.

Now selling over 5X the CPI price, vs Silver's 1.4X its CPI price, Gold wins!



• A worthwhile read: Ron Paul's *End the Fed*. Too often Fed's a cause, not a solution. We'd straightjacket the Fed and hold money supply growth to a rate equal to the long term growth of labor force or population and then leave it alone.