

GOLD STOCK ANALYST™

Professional Grade • Totally Independent

February 2010 • Since 1994 • Issue #189 • Editor: John C. Doody • Single Issue: \$150.00

IN THIS ISSUE:

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

Reviewed Inside:

Agnico Eagle	8
Alamos Gold	9
Allied Nevada	9
Anatolia	3
AngloGold-ASL	10&11
Apollo Gold	3
Atna (w/Canyon)	3
Aura	12
Aurizon	12
Barrick	14-15

Analyses Inside:

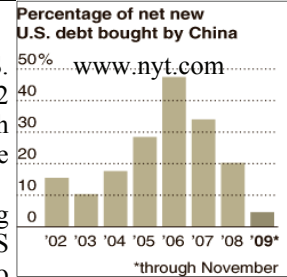
Top 10 Comments	13
Mkt Cap/oz Charts	13
B.C. Au/Cu Projects Compared	16

China Forsaking Treasuries

The US Deficit was \$1.4 trillion in 2009, but per U.S. Treasury report, through Nov-09 China bought only \$62 bil, less than 5% of total issued. US's trade deficit with China for the period was -\$209 bil, so only 30% of the trade Dollars were recycled back into Treasuries.

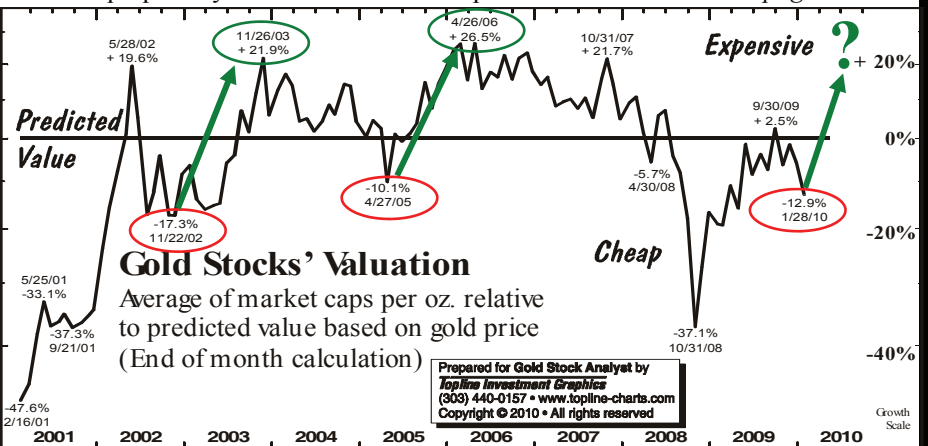
If China is in the vanguard of foreign investors shunning the \$400+ bil/year dumped into the Forex markets by US Balance of Payments deficit, US rates will have to rise to attract buyers. The same is true for the on-going \$1+ trillion US budget deficits that have to be financed with more Treasury debt.

But, interest rate increases will choke off any US economic recovery. The only solution is the Fed to be "buyer of last resort" for Treasuries to keep US interest rates low. Monetizing the debt only leads to higher inflation in the future, with Gold being a primary beneficiary as investors seek to escape US\$ holdings.



Gold Stocks 13% Undervalued at \$1,088 Gold!

GSA's proprietary database of Market Caps/oz vs Gold ...continued page 13



• *The Ascent of Money*, by historian and Harvard Professor Niall Ferguson, is now available in paperback! Topics cover a wider range than the title implies, and include development of markets such as insurance, debt, and bubbles, including the most recent. It's an easy read and suitable even for a vacation.

• **Bretton Woods II?** At recent World Economic Forum in Davos, opening speaker French Pres Sarkozy again called for "new Bretton Woods". BW-I, set up in 1944, saw most nations peg their currencies to US\$, and the US\$ to Gold at \$35/oz. This worked until late 1950s, when on-going US Balance of Payments deficits brought a Dollar glut in the Forex markets. Unwilling to hold ever more US\$, French Pres de Gaulle traded excess US\$ for Gold and it was the resulting outflow that caused Nixon to suspend convertibility in 1971, effectively ending the BW system.

We don't know the results of a BW-II, which has yet to be set up. But with the French assuming presidency of G-20 in 2011, and their past desire to hold Gold over US\$, it seems likely that the Metal will return to some monetary role.

Next Issue
Web Posted: 8/1/09

Where Are We Now?

Based on 1/28's \$1,088/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 \$947/oz.**

On average, Gold stocks are:

-13% Undervalued