

# GSA-Pro<sup>TM</sup>

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

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## Where Are We Now?

Based on 7/30's NY close of \$1,615/oz, and GSA's proprietary Market Cap/oz data base compiled since 1994 for Rising and Falling Gold markets, **Gold Stocks** trade as if Gold was \$1,046/oz, and are

**-35% Undervalued**

## Addition to Top 10: See Page 12 herein

### Real Interest Rate Update

With Gold stocks trading 35% below where they should be based on their past relationship to Gold price (see box lower left), it's time to relook at the basic premise we see driving the Metal's price and in turn the stocks, the Real Interest Rate (RIR).

The RIR is determined by subtracting inflation (CPI) from the risk free return. We use 90 day T-bills as the risk free as there's none of price risk involved with longer maturity bonds that will vary in price with market interest rate changes.

As seen in the left green box below, the 1970's soaring Gold price was caused by negative real interest rates, as the purchasing power of cash and near-cash investments was eroded by inflation. Investors were driven to Gold and other hard assets (that cannot be printed by governments) as an escape. *continued Page 17...*

