

GOLD STOCK ANALYST™

A Monthly Newsletter Finding **Undervalued** Investment Opportunities through Fundamental Analysis & Rankings of the largest North American-Traded Precious Metals Mining Stocks

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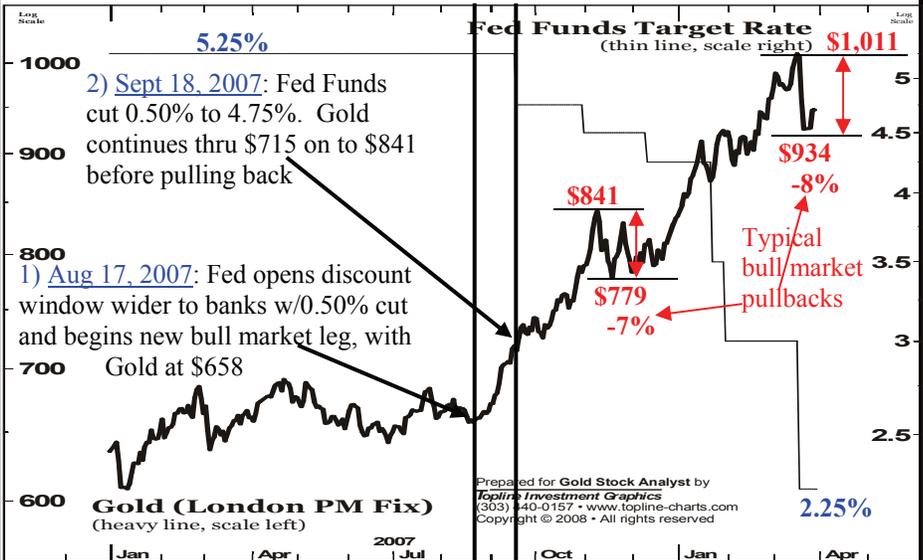
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Helicopter Fleets Are Flying!

The European Central Bank added \$333 bil on March 25 to its banking system to ease liquidity, as banks won't lend to each other due to fears of default. It hasn't worked yet as interbank rates stay above the ECB's 4% target.

The Bank of England head Mervyn King reacted in Feb-08 to the housing crisis by nationalizing Northern Rock Bank and taking responsibility for its \$220 bil assets. On March 26 King told Parliament the B of E is ready to do more, which could include following US Fed's lead in accepting a wider range of collateral for loans.

Of course, the fleet's lead helicopter is the Fed, flanked by Bush administration and Congressional 'copters. Both OK'd \$117 bil tax rebates (money Treasury will have to borrow, adding to the budget deficit). Bush's Admin also OK'd a Fannie Mae and Freddie Mac reduction in "extra capital" from 30% to 20%, which allows them to allow purchase of \$200 bil more home loans. ... *continued Page 13*



• **Bear Sterns** was correctly rescued to keep US's financial house of cards from collapsing. But, w/equity leveraged 34 times, Bear was just a big hedge fund and yet its owners walk away untarnished. Whether they get \$2 or \$10/share, most will land new jobs w/Morgan or elsewhere with little out-of-pocket loss. Bear's ex-managers will begin playing the game anew, w/high pay and bonus packages, and now knowing the Wall St houses are too big to fail, they'll make risky bets again.

But what about the little people sucked into the American dream of owning a home? Bush promoted an ownership society: "... if you own something..." <http://www.whitehouse.gov/news/releases/2004/08/20040809-9.html> and then Fed-head Greenspan said buy it with a variable rate mortgage. The little people did just as their leaders told them, aided by easy-to-qualify mortgages and terms they didn't understand, but all reflecting Bear's ability to sell the junk. Those at the end of the line now suffer the most, w/ruined credit and no place to live. It doesn't seem fair.

• **John Hathaway** (paid-up subscriber and manager of ~\$500 mil gold assets) says "Gold Shares are Cheap": <http://www.tocqueville.com/article/show/242>

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Where Are We Now?

Based on 3/28's \$934/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 \$794/oz.**

On average, Gold stocks are:

15% Undervalued