

GSA-ProTM

The version of *Gold Stock Analyst* newsletter for Professional Investors
 Reports on 70+ Gold miners plus the GSA-Top10 newsletter in mid-month

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Where Are We Now?

Based on 1/29's \$1,336/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 \$1,286/oz.**

On average, Gold stocks are:

-4% Undervalued

Déjà Vu

While the talking heads say Gold's bull run is over, we disagree. The FY11 US deficit will now be -\$1.5 trillion says Congressional Budget Office and will in part be monetized by Fed's \$600 bil QE2. Inflation is up ticking in UK, Euroland and emerging markets. Govts worldwide will continue to choose inflation over price stability, attempting to boost local employment to prevent more "Tunisia/Egypt's".

Gold's slippage from \$1,431 high is just normal trading around a rising trend. As seen in chart below, four times since the Oct-08 low we've seen Gold pull back, regroup, and then move higher. Given world fiscal/monetary policies, there's every reason to expect some base-building and then move higher.

As Yogi Berra famously said, "it's déjà vu all over again."



Period	Avg Gold Price
2009	\$972/oz avg
1Q10	\$1,109
2Q10	\$1,196
3Q10	\$1,227
4Q10	\$1,367
2010	\$1,225 avg

• **www.FinancialSense.com** Editor interview posted on Jan 28, 2011 edition of this excellent site and GSA's site.
 • **Atna:** GSA dropping coverage as not showing sufficient growth prospects to merit our on-going attention.
 • **2010 and 4Q10 results** reporting begins in February and they should be great! As seen in table, Gold averaged \$1,225/oz in 2010, up 26% from 2009's average. And for 4Q10, its \$1,367/oz average was 11% higher than 3Q10.
 • Speaking of average prices, **Gold's last 3 years' average price is \$1,023/oz.** This is the maximum price the SEC will allow miners to use to calculate P+P Reserves and it's the maximum banks will use in their project loan decision-making process.