

# 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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## How do Gold Stocks Perform in Financial Crisis... in Inflation and/or Deflation?

We get asked this all the time. For the data and a chart of the visual answer we turned to John Carder at Topline Investment Graphics, [www.topline-charts.com](http://www.topline-charts.com), our chart maven *par excellence* who always has rare data, or can find it. To supply part of the answer, John even had this article from March 16, 1936 *Time Magazine*, <http://www.time.com/time/printout/0,8816,755943,00.html/> (GSA did not know that HM's profits gave rise to William Randolph Hearst's newspaper empire!)

Page 16 presents a chart of the share price of the US's largest Gold miner at the time, Homestake Mining, versus the Dow Jones Industrial Average, vs the US Consumer Price Index, for 1920-1940. We've added a vertical line to denote March 5, 1933 as this was the day President Roosevelt confiscated all Gold held by US citizens. The impact on the CPI was dramatic and also on the DJIA, as stocks are generally thought as good protection from inflation, because companies can usually raise prices to help protect profits from higher input costs. ... *continued Page 16*

## Las Vegas Gold Show Canceled

An annual September event since the early 1990s and with Gold well into the \$900s, the thought of cancelling a long-standing Gold Show due to investor and exhibitor apathy seems impossible. But on the heels of May's New York Gold Show, that saw a dramatic decline in exhibitors and attendees, the show promoters decided to cut their losses for 2009. (San Fran in November is still a "go".)

The adjacent chart shows why as the junior golds, mainly the explorers that exhibit and the "lottery ticket" buyer attendees, have suffered since 2007.

Over the period, Gold is up \$202 from \$640/oz, the big cap XAU is flat vs its 142 start, but the Junior Gold Index is down 50%. Apparently, exhibitors can't afford to do shows and attendees' portfolios are too far underwater to want to go.

Fortunately, in contrast to the gold indexes and DJIA, GSA's Top 10 are up +24% from the start of 2007.



Next Issue  
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## Where Are We Now?

Based on 6/26's \$942/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 \$844/oz.**

On average, Gold stocks are:

**-10% Undervalued**

- Running a \$24 bil deficit, **California Issues IOUs** in July at ~\$3 bil/month rate to suppliers. GSA has lots of CA subscribers and we want to help out those that get stuck by the State. So, GSA will accept \$1,000 in California IOUs for 1 year subs.
- **17,513 oz Gold missing** from Royal Canadian Mint after 3rd party audit. Maybe this will bring indep audit of US Gold holdings? Hasn't been done since 1950's.