

# 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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## Where Are We Now?

Based on 10/31's \$790 Gold, and GSA's proprietary Market Cap/oz data base since 1994 for a Rising Gold Market, gold stocks trade as if gold was \$783; gold stocks on average are:

**Fairly Valued**

## Falling US\$: Good for Gold, Bad for Most Miners!

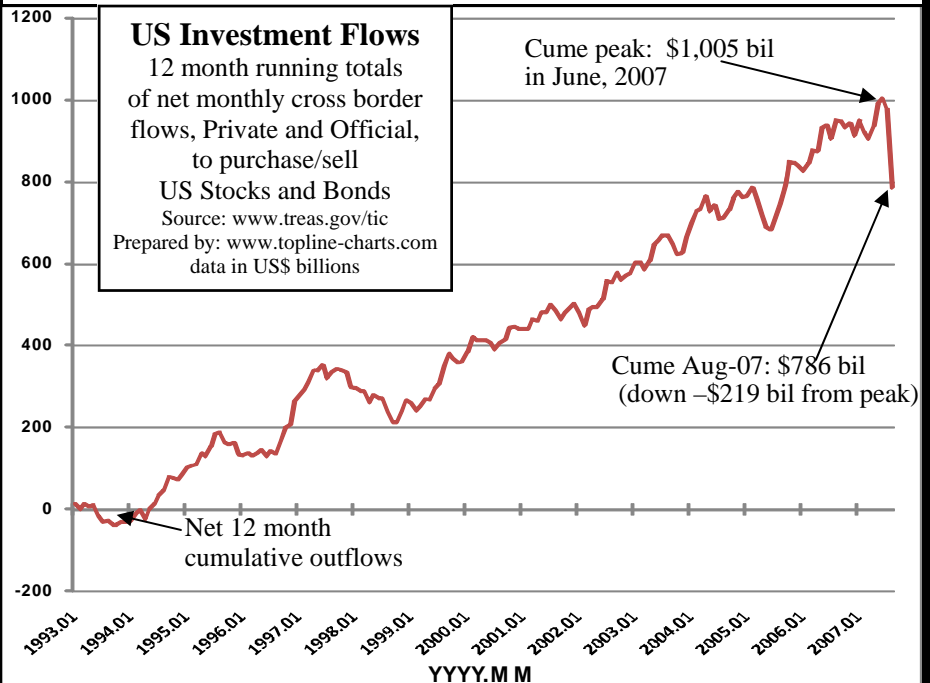
Agnico-Eagle made a \$37.7 mil profit in 3Q07, then gave back 67% in currency adjustments due the rising Canadian Dollar, so that reported net income was just \$11.5 mil. As miners report 3Q07 results, there's a familiar refrain: "The falling US\$ is killing our profits and raising our reported cash costs/oz." ... *cont Page 16*

## "Fire" Coming to Crowded Theater?

With US banking/housing woes and falling interest rates, foreign investment has begun to flee US assets, driving US Dollar lower. The TIC data for August (reported Oct 16) showed a \$163 bil outflow from US stocks and bonds, multiples higher than any past departure rate. But August was not the start of the trend, as 12 month cumulative investment inflows peaked in June 2007, at \$1,005 bil, making this it second month of a downturn (see chart below).

During August, the US\$ traded between 79.97 and 82.13, and the TIC outflow was huge. In September, US\$ Index traded lower, between 77.80 and 80.80, and continued still lower thru October to close Nov 1 at 76.67. The falling US\$ Index makes it clear that the outflows have continued.

If September's TIC data (out Nov 16) shows a drop of August's magnitude, the US\$ ForEx market may act as if someone had yelled "fire", as foreign and US investors stampede to exit the US Dollar.



- See you at **SF Gold Show**, Nov 18/19 (Sun/Mon). Info at: [www.iiconf.com](http://www.iiconf.com)
- **Morgan Stanley** caught w/pants down **shorting silver** customers thought they owned and was stored for them: <http://www.investmentrarities.com/10-23-07.html>