

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

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 4/29/11's Comex close at \$1,566/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994 for a Rising Gold market, **Gold stocks trade as if Gold was \$1,399/oz.** On average, Gold stocks are:

**Undervalued -11%**

## Chindia "Real" Interest Rates

Because the major Gold trading markets are in the U.S. and London, we focus on U.S. and European economic news and think they drive the metal's price. They are important, but other factors are more so.

According to the World Gold Council ([www.gold.org](http://www.gold.org)), Consumer demand for Gold was 98.2 mil oz in 2010. This was 80.1% of the total 122.6 mil oz, which also included Investment and Industrial demand.

The Consumer Demand data in the table above right shows the largest Gold buyers were people in China and India. At 69.2 mil oz, 70.5% of Consumer demand, China and India (Chindia) were 56% of Gold's total demand.

We know Asians have a centuries-old cultural love of Gold. But we don't often think of their practical reasons - to store and protect purchasing power.

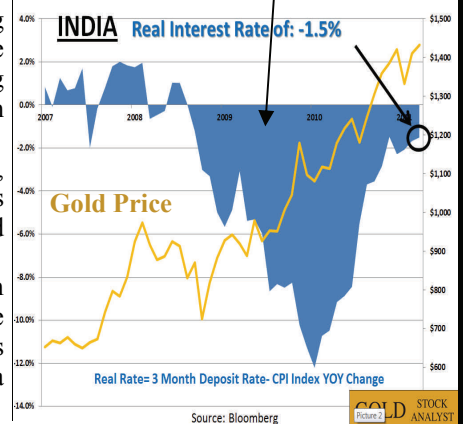
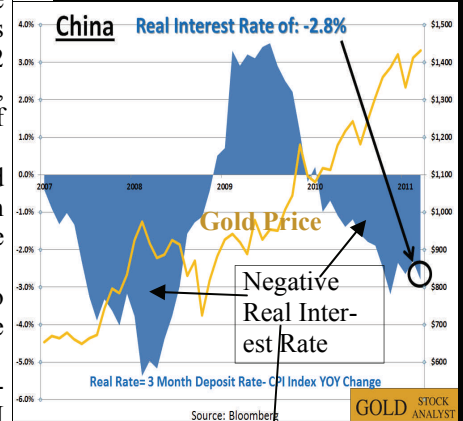
Outside the cities, there is little or no banking system and Gold is the substitute for a savings account.

In the cities, bank deposit rates are limited by the Govt. In China, net the CPI (5.4% in March), savers are suffering from a -2.8% negative Real Interest Rate (see charts); 100 Yuan of purchasing power last year buys only 97.2 Yuan worth of goods today. India is a similar.

China is the #1 Gold mining nation, producing 10.9 mil oz in 2010. But this couldn't satisfy domestic demand and another 8.4 mil oz were imported.

With roughly 1/3 of World population and living in a negative Real Interest Rate environment, it's obvious why Chindia is the largest source of Gold demand and a key driver behind Gold's rise.

Nation <small>(www.gold.org)</small>	2010 Gold Demand	% of Total
China	38.2 mil oz	38.9%
India	31.0	31.6%
All Mid-East	15.3	15.6%
Europe	8.6	8.8%
USA	7.5	7.6%
Total Consumers	98.2 mil oz	100.0%
Total All Demand	122.6 mil	



• We're looking forward to seeing many of you at **New York Gold Show** on May 9 & 10, Monday & Tuesday. Editor speaks Monday at 6PM and Tues at 10:20AM. Stop by our booth and say "Hello" to Isabelle, Garrett and John. Program and details at <http://HardAssetsNY.com/> It's free!

• Editor interviewed 4/22/10 on Jim Puplava's excellent internet radio program. Listen here: <http://www.financialsense.com/financial-sense-newshour/>