

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 12/22's \$620/oz Gold, and GSA's proprietary Market Cap/oz database compiled since 1994 for Rising and Falling Gold price trends, Gold stocks trade as if Gold was \$602/oz. On average, gold stocks are:

3% Undervalued

Textbook Economics:

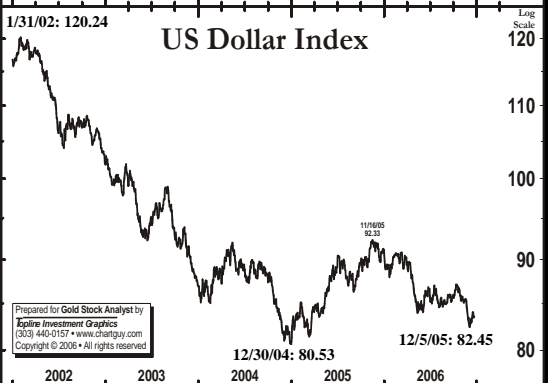
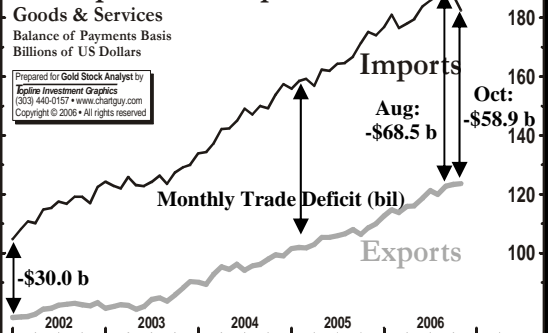
A nation's rising Trade Deficit ultimately causes its currency to fall, as the money supplied to the rest of the world exceeds demand. As Imports become more expensive, due to the falling currency, fewer are bought; at the same time the nation's Exports increase as its goods are now cheaper to the outside world. And so a falling currency brings the nation's Trade Deficit back towards a balance.

From the chart, one might guess the falling US\$ is curing the Trade Deficit. But, no!

Of the \$9.6 bil Aug to Oct-06 drop in US Trade Deficit, \$8.2 bil (85%) is due to oil's \$10.65 fall, from \$66.12 to \$55.47/bbl.

With oil more likely to head higher than lower, the Deficit is more likely to also increase and resume the Dollar's slide lower.

US Imports and Exports



Gold ETF Tops the Big 4

At San Fran Gold Show, a potential new subscriber remarked that he had been drawn into gold as an investment by the ETF, symbol GLD. While he was satisfied with the return (+17.9%, 2006 to date), he wanted more, but was dismayed by poor results of ... *continued Page 15*

	1/3/06 open	12/22/06 close	% Chg
Gold ETF	\$52.29	\$61.65	+17.9%
ABX	\$28.14	\$29.90	+6.3%
GFI	\$18.36	\$18.50	+0.8%
AU	\$50.00	\$45.77	-8.5%
NEM	\$54.10	\$45.02	-16.8%
GSA Top10	100.00	179.90	+79.9%

- **US Mint** says it now costs 1.73 cents to make a current penny and 8.74 cents to make a nickel, which are Cu/Zn and Cu/Ni blends, respectively. The "95% pure" copper pennies ended in 1982. By raiding the change jar for 1981 and earlier, GSA calcs 160 pennies make a 100% Cu pound, worth ~\$3.00. That points out why melting coins became a crime on Dec 15, 2006 w/fines and jail time penalties.
- **3 Changes to Top 10:** See Who and Why on Pages 2 and Page 6.
- Coverage added for 3 stocks: **Oceanagold, Solitario, & Western Goldfields.**

Happy Holidays!

Thank you for your continued support! GSA is closed for our annual vacation, and will back in the office on Thursday January 11, 2007