

# Equity Investment Advisers Gold Report



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## The Gold Report returns for 2019

Equity Investment Advisers is pleased to continue our Gold Report series going into 2019. The year 2018 was a rather wild ride for precious metals, reflecting international markets. We expect 2019 to be an especially intriguing year for precious metals, particularly Gold, we wish all of our clients a prosperous year ahead in all of their investing ventures!

This year's first Gold Report will begin 2019 with a transcript of an interview with Peter Schiff, CEO of Euro Pacific Capital, and his thoughts about what to expect going into the new year:

## Stay Away From U.S. Markets, Gold Sector Will Boom In 2019, says Peter Schiff [Part One]

### Where do you see value in financial markets in 2019?

Schiff says he is getting away from U.S. markets this year. "Valuations in foreign markets are far more reasonable and sustainable. This creates tremendous opportunity in undervalued gold and non-dollar stocks," he explains.

"If we finally see the dollar start to fall, which has not occurred consistently since the early years of this century, these sectors should deliver tremendous performance."

Schiff adds that foreign markets and gold may rise when U.S. markets fall so, "investors should take advantage of the current mispricing to liquidate U.S. stocks and allocate the proceeds to gold and non-dollar stocks."

### Which sectors/industries are likely to boom in 2019?

"Gold, gold mining stocks and dividend paying non-dollar stocks," Schiff says.

### What are the first steps one should take before making any investment?

Beware of stock brokers, he says.

"Don't listen to the typical stock broker, who doesn't question the dominant narrative, no matter how absurd that story may be. Such blind faith can be costly in the end."

### What is the biggest red flag for you when it comes to considering a new investment?

"Investors should avoid stocks and investments with no real value, or with valuations that have lost connection with reality," Schiff says.

As an example, he highlights the "implosion" of cryptocurrencies and "high-flying" U.S. internet stocks.

"In touting these investments, many advisors suggested that when sectors are hot, valuations don't matter. As it turns out, they do. Bitcoin is down more than 80% from its high in December of 2017," he explains.

## Gold Price



## Silver Price



## Gold To Silver Price Ratio

1 Year Gold/Silver

Last Close: 81.73

High: 86.58 Low: 75.29 ▲4.97 6.47%



## Stay Away From U.S. Markets, Gold Sector Will Boom In 2019, says Peter Schiff [Part Two]

### Will 2019 be the year of the active or passive investor?

To Schiff, passive investors may likely “get hurt” if they continue to maintain exposure in the U.S. stock market and other “overvalued” investments.

“Active investors, who make well-timed moves into underappreciated sectors, should do well,” he adds.

### Looking back, what was the best investment you think you made in 2018?

Schiff explains that an “aggressive” position he did in a Brazilian electric utility company is paying off.

“When valuations for this particular company became too good to resist, we increased our position. The company’s shares rose more than 50% in 2018.”

### What was one missed opportunity for you in 2018?

Schiff’s missed opportunity of 2018: Shorting the Nasdaq.

“With the benefit of hindsight, it would have been a great idea to short the Nasdaq at the end of third quarter of this year,” he says.

“Through September, the tech heavy Nasdaq was up more than 17% on the year. But all those gains have virtually disappeared in the final three months of the year. A well-timed shorting strategy would have paid off.”

### What was the biggest market surprise for you in 2018?

“That the U. S dollar rallied despite the growing trade tensions and the exploding U.S. budget deficit,” Schiff says.

## The Quick Rundown: Markets Smile as Powell Relaxes

- Jerome Powell has recently made statements implying that the Federal Reserve will be adopting a more cautious attitude toward rate hikes going forward.
- The implications represent a contrast to most of 2018, when the Federal Reserve seemed insistent on a strategy of consistent rate hikes going into the new year.
- However, the last straw appeared to be comments made by Powell in December, implying that the Fed’s balance-sheet reduction plans were on “autopilot”, which were promptly followed by a dive in equity markets.
- Since then Powell has walked back the comments, stating that the Fed would not hesitate to make changes to its strategy if data showed that economic growth was being harmed.
- Powell’s newfound “dovish” stance, along with indications that the Fed may slow down on further interest rate hikes, have been warmly received by equity markets.

You may also be interested in:

<https://www.moneymetals.com/news/2019/01/02/2019-money-metals-outlook-001686>

<http://www.mining.com/web/china-step-crackdown-rare-earth-sector-ministry/>

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## ETF – Betashares Gold

GAU.ASX from 04/01/2018 to 04/01/2019



## ETF – Physical Gold

GOLD.ASX from 04/01/2018 to 04/01/2019



## ETF – Physical Silver

ETPMAG.ASX from 04/01/2018 to 04/01/2019



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.080	2.051%	\$3.820
Newcrest Mining	0.170	0.722%	\$23.360
Northern Star	0.350	3.605%	\$9.360
Rio Tinto	1.960	2.551%	\$78.790
South32	0.070	2.134%	\$3.350

As at 5:00 pm NZT, 07 January