

Equity Investment Advisers Gold Report



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Trade War Rhetoric Spooks Chinese Investors Into Buying Gold ETFs

All the trade war rhetoric between the U.S. and China is creating demand for gold, with Chinese investors embracing gold ETFs as a safe-haven option in case things get worse.

China's Bosera Gold ETF is on track to see biggest gains since being listed in Shenzhen in 2014 after already adding \$553.8 million this year, Bloomberg reported.

Bosera is the top third commodity ETF of 2018 so far, right behind New York-listed iShares Gold Trust and SPDR Gold Shares.

The World Gold Council (WGC) attributes such interest to risks surrounding the U.S. and China trade talks.

"Inflows in the U.S. and China reflect broader market uncertainty related in part to geopolitical risks such as global trade tensions in March," director of investment research at the WGC Juan Carlos Artigas told the news agency.

The latest development in the U.S.-China trade spat is U.S. President Donald Trump stating that China is likely to take down its trade barriers.

"China will take down its trade barriers because it is the right thing to do. Taxes will become reciprocal and a deal will be made on intellectual property," Trump said in a Twitter post on Sunday.

The statement comes after Washington made public its proposed tariffs on Chinese imports worth \$50 billion last week, while Trump asked U.S. trade officials to look into additional tariffs on another \$100 billion of Chinese imports.

China also introduced duties on 128 U.S. goods last week, including frozen pork, wine, fruits and nuts as a response to the U.S. steel and aluminium tariffs imposed in March.

Gold Prices Rise On Trade Tensions, Weak Buck

Gold prices rose Friday, bolstered by the safe haven appeal of the precious metal. Markets were rattled by another salvo in the brewing trade war between the US and China.

A weaker US dollar also boosted gold prices.

Traders considered a mixed US jobs report that will do little to clarify the interest rate outlook.

US job growth slowed by much more than anticipated in the month of March.

The Labor Department said non-farm payroll employment rose by 103,000 jobs in March after spiking by an upwardly revised 326,000 jobs in February. However, the annual rate of growth in average hourly employee earnings accelerated to 2.7% in March from 2.6% in February.

Markets reacted to poorly to comments from Federal Reserve chief J. Powell, who said it was too early to tell if the US economy will be damaged by trade tensions.

Gold Price



Silver Price



Gold To Silver Price Ratio

1 Year Gold/Silver



Gold Mining Costs Are Up Big Time Since Gold Bottomed In December 2015

Year to date gold has gained just under 4% as the metal extends a bull run in place since end-2015. Gold bottomed at a whisker under \$1,050 after a four-year slide from all-time highs in 2011 above \$1,900.

New York-based CPM Group in its 2018 Gold Yearbook points out that the best indicator of trends in gold mining costs is, quite simply, the price of gold.

The 32-year old independent commodities researcher in its 221-page industry bible says all-in sustaining costs (AISC takes into account administrative, exploration, reclamation and other costs) bottomed out in the first quarter of 2016.

Based on its production-weighted data calculated from 41% of annual global gold production of 97 million ounces, AISCs averaged \$871 during that quarter, down some 27% from the peak AISC of \$1,187 touched in Q3 of 2012. AISCs have risen since then to average \$949 during the third quarter of last year, up around 9% from Q1 2016.

According to the authors the increase “primarily reflects an improvement in gold prices and an increased conviction among mining companies that the bottom in gold prices” has been reached.

This trend of rising costs is set to continue says CPM, not least because forecasts are for the price of gold to firm further in the medium term.

The Quick Rundown: World's first Finnish Silver

- A Swedish mining company has secured financial backing to carry out a long-anticipated project: the first operating silver mine in Finland.
- Sotkamo Silver has raised €46 million through a combination of private funds and government grants.
- The mining site spans 530 hectares in the Hiidenportti National Park and will be entirely operated by Sotkamo Silver.
- The silver vein was actually discovered in 1980, but technological advances only made safe and efficient operations feasible now.
- Chief Executive Arttu Ohtonen stated that the mine would employ 100 workers and would produce 45 tonnes of silver annually, half of which would be industrial silver, the other half for jewellery.
- Expansion of operations will be carried out if further drilling rights are granted by the Finnish authorities.

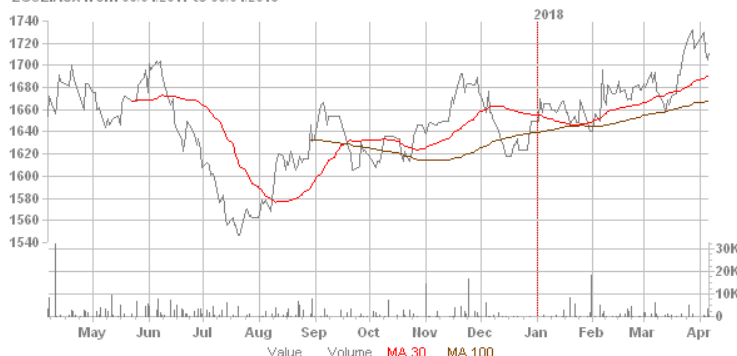
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ETF – Singapore Gold

ZGOL.ASX from 06/04/2017 to 06/04/2018



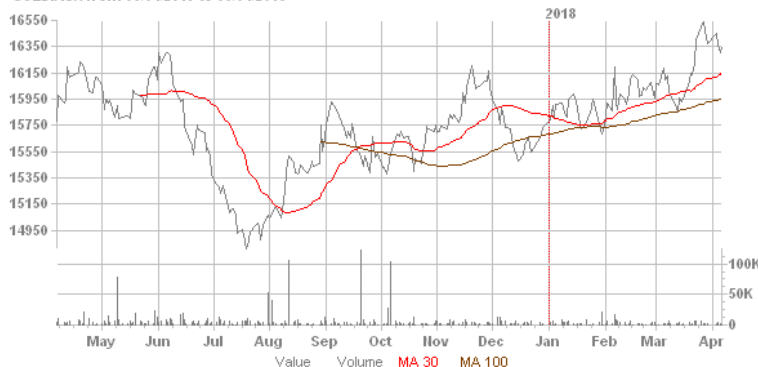
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GAU.ASX from 06/04/2017 to 06/04/2018



ETF – Physical Gold

GOLD.ASX from 06/04/2017 to 06/04/2018



Evolution Mining	0.015	0.479%	\$3.145
Newcrest Mining	0.070	0.356%	\$19.710
Northern Star	0.045	0.717%	\$6.325
Rio Tinto	0.240	0.328%	\$72.980
South32	0.050	1.529%	\$3.320
As at 5:25 pm New Zealand Time			

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