## **Equity Investment Advisers Gold Report**



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www.equity.co.nz E-mail: Info@equity.co.nz Tel: +64 (9)304 0145

#### Gold's Next Massive Rally Will See The Metal Head Towards \$1,500, Says TD Securities

Gold's rally is temporarily exhausted, and prices are likely to remain range-bound until a new wave of bullish sentiment takes the metal towards the \$1,500 level, according to TD Securities.

Solid U.S. economic data will keep a lid on gold prices for the rest of the year with markets unable to price in an aggressively dovish Federal Reserve, strategists at TD Securities said on Monday.

"For much of the next six months, gold investors will likely bet that the Fed will reduce rates — but not as aggressively as the Fed Funds futures curve would suggest. Stable inflation and still decent US economic numbers are the key reasons why the US central bank is unlikely to convince traders that its time to go aggressively into simulative mode," TD Securities head of commodity strategy Bart Melek and commodity strategists Ryan McKay and Daniel Ghali wrote.

The latest example of decent macro data negatively impacting gold was when the metal dipped below the \$1,400 an ounce level during the North American trading session on Friday in reaction to the U.S. economy adding 224,000 new positions in June.

"This strong data prompted markets to price out a full 25 bp rate reduction from expectations. This lifted rates and the USD, which is very destructive for gold prices ... Key support seems to be at \$1,381/0z (38.2% fib of the 2011-2015 rout), with resistance near \$1,440/0z," the strategists noted.

TD Securities expects gold to remain around the \$1,400 an ounce level for the rest of the year and then begin to climb, rising to \$1,474 in Q4 of next year.

"Once equity correction risks and vols rise as U.S. data starts turning convincingly lower, low Fed rate expectations and insurance premiums should lift gold toward \$1,500/oz in the final months of 2020," the strategists wrote.

Key events to keep an eye on this week are the Fed Chair Jerome Powell's testimony as well as the FOMC June meeting minutes.

"Following a particularly robust jobs print last Friday, Powell's testimony will be highly scrutinized as it is his chance to push the market to reconsider its rate bets if need be. In our view, we continue to see a 25bp cut in July as our base case, which should keep gold prices trading near the \$1400/0z mark for the time being," TD Securities' latest update stated.

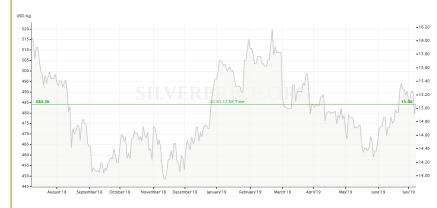
An interesting bullish development from abroad last week was the appointment of Christine Lagarde as the head of the European Central Bank (ECB).

"[This] drove bond yields in southern and western European countries lower. As such, there is now a record \$13.3 trillion worth of bonds yielding negatively across the globe, which should help gold prices remain supported," the strategists added.

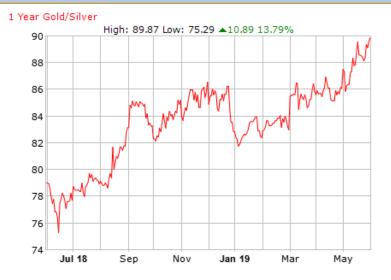
## Gold Price



### Silver Price



### Gold To Silver Price Ratio



# Mining Stocks Flash Powerful Signal for Gold and Silver Markets

The second half of the year is setting up favorably for the precious metals sector, which was led in the first half by gold and gold mining stocks. Of course, the Wall Street-beholden financial media is largely ignoring metals and mining – preferring instead to give celebratory coverage to every move toward new highs in the Dow and S&P 500.

"The Dow Jones Industrial Average rallied 7.2% this month [June], notching its best June performance since 1938," CNBC reported. "The S&P 500 posted its best first half of a year since 1997, soaring 17.3% and reaching an all-time high." That's all well and good for conventional index investors. But they are missing out on much bigger growth potential now being put on display by gold stocks.

For the month of June, the HUI gold miners index advanced 17.7% (more than double the Dow's performance). The index is up over 30% since its low point in late May. It's not unusual for an annual rally in this volatile sector to produce a doubling of the majors' share prices. For the more speculative juniors, gains can often be measured in multiples of 100%.

When things are going their way, there is no better sector than mining stocks for spectacular profit potential. When things aren't, miners will burn investors far worse than any broad market index fund ever will. Similarly, shares of gold and silver producers tend to amplify both the gains and the losses that occur in the underlying physical metals. Even a relatively modest correction in metal prices can translate into a crash in the equities.

### The Quick Rundown: Die, Deutsche Bank, Die

- Deutsche Bank laid off staff from Sydney to New York on Monday as it began to slash 18,000 jobs in a 7.4 billion euro (\$8.3 billion) "reinvention" that will lead to yet another annual loss, a plan that knocked its already battered shares.
- Germany's largest lender said on Sunday it will scrap its global equities unit and cut some fixed-income operations in a retreat from a long-held ambition to make its struggling investment bank, with 38,000 staff, a force on Wall Street. Deutsche Bank has almost 91,500 staff around the world.
- Ratings agency Fitch said that the bank's future credit rating will depend on how successfully it executes the plan. Fitch downgraded the bank to "BBB" status, the lowest investment-grade status, just last month.
- Hundreds of employees at the bank's Wall Street office were summoned to the building's cafeteria on Monday morning to learn their fates and be informed of their severance terms, the sources said.

#### You may also be interested in:

 $\frac{https://www.mining.com/featured-article/top-20-gold-producing-countries/}{}$ 

https://www.kitco.com/news/2019-07-08/Big-axe-falls-as-Deutsche-Bank-to-lay-off-18-000-in-8-3-billion-reinvention.html

### ETF - Betashares Gold



## ETF - Physical Gold



## ETF - Physical Silver



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.090	2.079%	\$4.420
Newcrest Mining	0.340	1.070%	\$31.440
Northern Star	0.105	0.911%	\$11.635
Rio Tinto	1.615	1.569%	\$104.525
South32	0.030	0.949%	\$3.130

As at 5:00 pm NZT, 09 July

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E-mail: Info@equity.co.nz Tel: +64 (9)304 0145 / NZ: 0800 474 669

