

# Equity Investment Advisers Gold Report



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

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## Gold price jumps following gloomy Eurozone data

The price of gold has risen to £997.75 per ounce – up from £977.89 yesterday – following news from the European Central Bank that the Eurozone will experience even weaker growth this year.

The rise of £19.86 per oz for gold (2.03%) was similarly matched in US Dollars, with gold up to \$1,300.48 per ounce from \$1,283.20 – a gain of \$17.28 per ounce (1.34%). Brexit's pressures on the Pound once again weakened the currency against the Dollar, leading to the exaggerated domestic gains.

Yesterday the European Central Bank announced that they were cutting their growth forecast for the Eurozone in 2019, with the ECB president Mario Draghi stating that there would be no increases in interest rates this year and that the ECB would reintroduce cheap loans for banking institutions as a stimulus package for the continent.

The Euro fell to a four-month low following the news, dropping to 1.12 against the Dollar and 0.86 against the Pound, and President Draghi was in poetic form whilst explaining how the ECB can take action...

The Pound Sterling's value slipped today following the latest plea for votes from Prime Minister Theresa May. At a factory in Grimsby, the PM argued that "we may never leave at all" if her deal isn't passed on Tuesday, but the odds are heavily stacked against her.

The Pound is currently down at \$1.30 having been at a five-week high of \$1.33 last week, and the combination of Brexit fatigue and the Eurozone's gloomy forecast has left investors nervous.

The Eurozone isn't the only area suffering this week either. In the United States there were very weak employment figures (only 20,000) reported for February from the Department for Labor, and the US stock markets were on course for their worst week in 2019 and the worst week since November 2016, with the chance for consecutive losses at close on the main three markets every day this week.

China's markets were similarly poor today, despite reporting strong gains last week and early this week. The Shanghai Exchange was down 4% today following news from the Chinese government that exports had fallen by 20% in January and February. Strong sales to France and Brazil were massively outweighed by reduced sales to the US and the UK, and despite the recent US trade deficit figures, China is beginning to feel the pinch of the ongoing trade war with America.

Gold's strong performance this year in the midst of market volatility and poor economic growth forecasts has meant that swift 2% gains like today's are becoming commonplace, and with US debt over \$20 trillion, China approaching a credit debt crisis, the Eurozone slowing down and Brexit still to be resolved, it looks promising for gold's demand and price to stay high in the coming weeks.

## Gold Price



## Silver Price



## Gold To Silver Price Ratio

1 Year Gold/Silver



## Gran Colombia's Segovia gold mine richer than thought

Gran Colombia Gold (TSX: GCM), the South American country's largest underground gold and silver producer, has increased the mineral resource and reserve estimate for its Segovia mine, located in the northwestern Antioquia mining district.

The operation, acquired by Gran Colombia in 2010, has 4% more mineable reserves than what the company had detected by the end of 2017. They now sit at 1.9 million tonnes grading 11 grams per tonne of gold for 688,000 ounces, at cut-off grades ranging from 3.25 to 4.31g/t depending on the mining area and method, and a \$1,275/oz gold price.

Measured and indicated resources at Segovia, which consist of the producing El Silencio, Providencia and Sandra K mines, increased 7% to 3.5Mt grading 11.8g/t for 1.3Moz using a 3g/t cut-off grade and \$1,400/oz gold price.

The Toronto-based mine had hoped to raise \$25 million via equity raise, but declining gold prices earlier this month hit its share price leading the company to choose a convertible debenture instead.

Gran Colombia Gold plans to ramp up exploration efforts at Segovia to both extend the mine life and to be able to increase its production rate, once it completes a C\$20 million financing.

The convertible debentures, underwritten by GMP Securities and Scotiabank, will be issued on a bought deal, private placement basis.

Segovia's three underground mines are situated within a couple of kilometres of one another on the Gran Colombia's 3,000-hectare title, about 80 km south of Medellin.

## The Quick Rundown: China Still Grows Gold Reserves

- The People's Bank of China has increased its gold reserves for the third straight month since February.
- China's gold reserves have now risen to \$79.5 billion in February, compared to \$79.32 billion at the end of January.
- Official statements on the subject did not provide any further detail on the motivation behind the buying spree.
- Outside speculators claim that the global economic headwinds appearing along with uncertainty surrounding the U.S. Dollar are significant factors.
- On a related note, China is one of a number of foreign investors who have been buying up large quantities of gold while also selling off U.S. treasuries.

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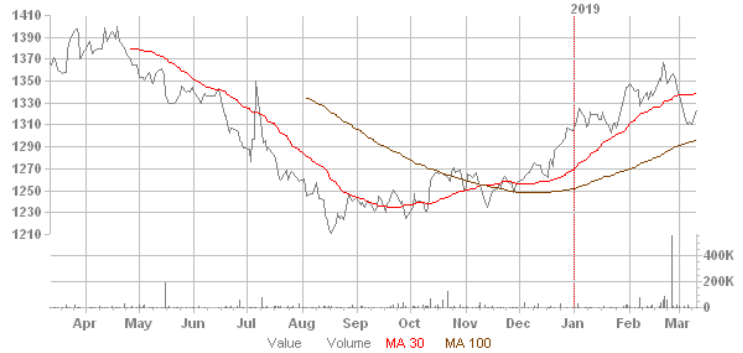
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**E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) Tel: +64 (9)304 0145 / NZ: 0800 474 669**

## ETF – Betashares Gold

GAU.ASX from 12/03/2018 to 11/03/2019



## ETF – Physical Gold

GOLD.ASX from 12/03/2018 to 11/03/2019



## ETF – Physical Silver

ETPMAG.ASX from 12/03/2018 to 11/03/2019



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.025	0.687%	\$3.615
Newcrest Mining	0.720	2.831%	\$24.710
Northern Star	0.220	2.361%	\$9.100
Rio Tinto	1.830	2.034%	\$91.820
South32	0.080	2.122%	\$3.850

As at 5:00 pm NZT, 12 March