

Equity Investment Advisers Gold Report



EQUITY
INVESTMENT ADVISERS LTD

www.equity.co.nz

E-mail: Info@equity.co.nz

Tel: +64 (9)304 0145

Monday, 19 June 2018

Gold price climbed as UK inflation failed to drop

Inflation in the UK remained at 2.4% in May, according to figures from the Office for National Statistics. This is the third month in a row that UK inflation has been at 2.4%, despite a promising start to the year and a steady reduction from 3%.

The ONS attributes the failure of inflation to fall further to a rise in fuel prices of around 3.8%, triggered by the increased cost of crude oil. The gold price is currently £978.95 per ounce – up £23.68 in the past month. Inflation concerns have swung investor interest back to gold, resulting in this latest price rise.

The concern is that while 2.4% is an improvement on the climbing inflation figures from 2017, it comes at a time when UK wage growth is slowing down, and manufacturing output suffered its biggest decline for nearly six years.

The Bank of England are next due to meet on June 21st for a Monetary Policy Summary and will publish the minutes from the Monetary policy Committee meeting. It's expected that the meeting after, on August 2nd, will be the likely point where the BoE announces another interest rate rise.

European Central Bank to end Quantitative Easing programme

The European Central Bank has announced that it will wind down its quantitative easing (QE) programme by the end of 2018. The policy was a support buffer for the Eurozone and nations within the shared Euro currency, but global economic growth has been strong enough for the ECB to decide now is a good time to slowly step back.

The announcement saw the Euro price tumble, trading at €1.14 against the Pound and \$1.16 against the Dollar.

Sterling received additional boosts this week in the form of new data from the Office of National Statistics (ONS). Figures from the ONS show an increase in UK employment to 75.6% (approximately 32 million workers), as well as a 4.2% unemployment rate – down 0.4% compared to 2017. UK retail sales were also up by 1.3%; a surprise to economists who only predicted a 0.5% rise.

The Eurozone has the difficult problem of having multiple member states with differing economic strengths and weaknesses. Greece has been a big problem for the past few years, with Spain and Portugal threatening a similar outcome, and the latest Italian election difficulties were a big scare. Italy has since stabilised and managed to form a coalition government, but there's still the problem of their debt repayment.

Aside this, the EU are taking a similar stance to China and implementing tariffs against the United States following President Trump's import duties on steel and aluminium. The threat of a global trade war has forced the ECB to cut its growth forecast for 2018 from 2.4% to 2.1%. Inflation figures were also adjusted from 1.4% to 1.7% due to rising crude oil prices.

Gold Price



Silver Price



Gold To Silver Price Ratio

1 Year Gold/Silver High: 82.00 Low: 74.37 ▲2.28 3.02% Last Close: 77.76



China preparing for Gold to rise and return as monetary system, says Dr. Stephen Leeb

The Chinese apparently, and with good reason, view Americans as a naïve people that will accept almost anything at face value. When you analyze recent news stories covering or related to U.S.-China relations, you start to see how China is playing on this in gaining the upper hand for worldwide hegemony...

As China gets closer to achieving its goals, I believe the battle for the East and most of the developing world is nearly over, but I still hope it will allow for a win-win situation that let's both East and West flourish.

Whatever the outcome, though, the real winners will be those who bet heavily on commodities and especially on gold. As I have pointed out before, gold and the yuan have become closely linked. Both the 52-week and 200-day moving averages of gold's price in yuan have been remarkably steady for more than a year. Whether this is due to arbitrage or manipulation, it really does not matter: The message is that the yuan has become as good as gold.

This is the first step in creating a gold-based monetary system that will govern in the East – and if the West is smart, in the West as well. As China clears away the obstacles to ever more Eastern trading in yuan, gold will rise longer and higher than most people imagine. The current transition is arguably the most significant in the history of modern civilizations.

For investors, the bottom line is that whether the new reserve currency is the yuan itself or a basket, transactions will be gold-backed, implying a gold price many times the current level and many times the past high. The message is to ignore the day to day turbulence and continue to insure your future by aggressive accumulation of gold."

The Quick Rundown: Big Govt. vs Big Mining in SA

- Minerals Council South Africa has condemned certain elements of a draft industry charter recommended by the central government.
- One element causing contention stipulates that one percent of core profit be paid to local communities and employees.
- Another also seeks to raise black ownership in mining companies by 4% to 30% within five years.
- However, the MCSA stated that the two elements had been snuck in without prior agreement and would unfairly prejudice existing rights holders.
- The disagreement comes after a previous version of the charter was discarded after concerns were raised that it would threaten the country's image with investors.
- South Africa's stagnant economy has put the ANC government under enormous pressure to stimulate growth, as the nation continues to suffer from widespread poverty 20 years after Mandela's election.

You may also be interested in:

<https://www.rt.com/business/429830-russia-china-gold-project/>

<https://www.moneymetals.com/news/2018/06/14/buy-junk-silver-001553>

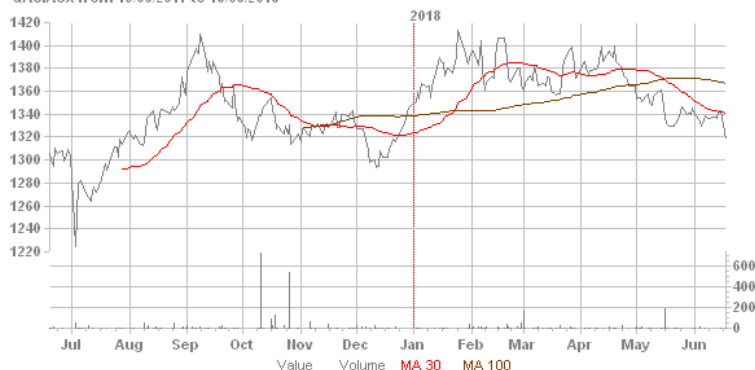
ETF – Singapore Gold

ZGOL.ASX from 19/06/2017 to 18/06/2018



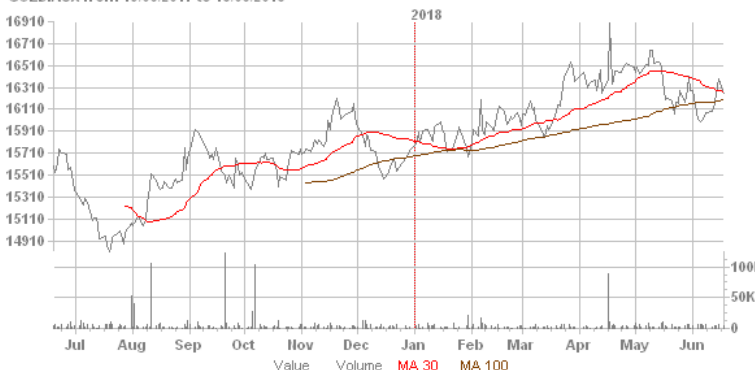
ETF – Betashares Gold

GAU.ASX from 19/06/2017 to 18/06/2018



ETF – Physical Gold

GOLD.ASX from 19/06/2017 to 18/06/2018



Listing (ASX)	Points	Percent.	Price AU
Evolution Mining	0.055	1.536%	\$3.525
Newcrest Mining	0.000	0.000%	\$21.070
Northern Star	0.065	1.009%	\$6.375
Rio Tinto	1.320	1.571%	\$82.690
South32	0.095	2.468%	\$3.755

As at 5:00 pm NZT, 19 June

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. **Acknowledgements:** Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA gold reports: Kitco, BullionDesk, MoneyMetals, GoldSeek, Gold-Eagle, GoldSilver, MarketIndex, BullionVault, ANZ & BusinessDesk.

Interested in adding Precious Metals to your portfolio? Contact Equity Investment Advisors today.

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

SHARECHAT.co.nz
NZ'S NUMBER ONE HOME FOR SHARE MARKET INVESTORS