

Equity Investment Advisers Gold Report



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The Political Dynamic in Italy could be good for Gold

Italy's debt to GDP ratio is amongst the highest in the world. As the new government in Italy seeks to stimulate growth through increased borrowing, gold's attractiveness as an asset which is not replicable and is no one's liability will become more apparent.

Italians recently elected "protest parties" M5S and La Lega, largely due to economic hardship in the country. Since the 2008 financial crisis, unemployment has risen while total GDP and per capita incomes have stagnated.

Total debt to GDP has increased in Italy despite the fact that the government has been running a primary budget surplus for the past seven years as government expenditures have declined.

If the Italian government embarks on such policy measures like flat taxes and universal income, and debt grows faster than GDP, yields on Italian debt are likely to rise as lenders demand a higher return for lending to a more indebted counterparty.

The Italian government is in a bind as it seeks to grow while having to endure the burden of a \$2.6 trillion debt load. Italy's bind might become Europe's as rising Italian bond yields force the European government to choose between printing money or allowing Italy to repudiate its debt and leave the common currency.

Italy's debt problem is a microcosm of an over-indebted world. If (when) other world economies start to slow, similar choices to Italy's will have to be made. Either print money to buy bonds and keep rates low, or default on debt. In either scenario, gold will regain its shine as the asset which cannot be replicated at will and which carries no risk of counterparty default.

US-China Trade War: An Inevitable Conflict and the Impact on Equities, FX

The United States' trade deficit to China no longer seems the top issue in the trade war: A deal for an additional \$70 billion in Chinese purchases of US goods was reached after rounds of bilateral negotiations in May and June. Yet, that didn't stop US President Trump from abandoning the deal.

What perhaps matters more is the competition in technology, specifically high-tech industries. The United States' complaints regarding China's intellectual property rights and "Made in China 2025" industry policy are all about this. Most of these disputes have existed since the US and China began their trade relationship in earnest. However, US-China relations have changed over the past three years.

In 2015, the United States' national strategy towards China was cooperation, and "the scope of [such] cooperation was unprecedented". In the 2017 report, however, China had been moved to the competitor category: "the US must compete" against it and "compete with all tools".

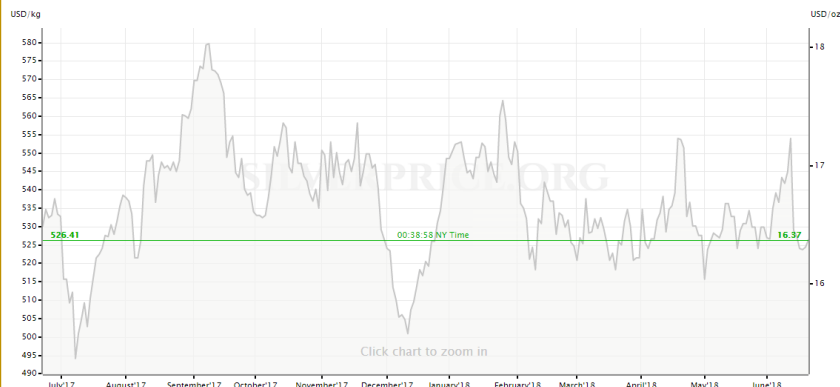
For China, it can no longer rely on high growth rates that it enjoyed for decades; the need for industrial upgrading and developing new momentum, such as high-technologies, has become inevitable. The Chinese government will support innovations and technologies industries further, as well as promoting the "Made in China 2025" plan.

A simple analogy of the conflict: when person A sells cell phones to person B and buys shoes from B, both are happy. Yet, when B begins to sell cell phones as well, competition results. For both the U.S. and China, the competition in technology is inevitable as it has become a core interest to both. Result? the trade "war" we have seen.

Gold Price



Silver Price



Gold To Silver Price Ratio

1 Year Gold/Silver



Silver Bear pours first silver from Russian Project

Canada's Silver Bear Resources Plc (TSX:SBR) said Friday it had produced first silver from its operations at its Mangazeisky silver project in Far East Russia.

Following the initial commissioning activities, silver has been produced since April and commissioning has continued through the second quarter. Up to mid-June this year, the Company has mined 13,436 tonnes and milled 9,545 tonnes of ore for a total of approximately 41,500 ounces silver contained in dry powder. To date the Company has sold approximately 13,300 ounces of silver at a realized price of US\$16.39 Ag/oz.

During Q1 and Q2 2018, installation of four additional fuel tanks, two additional leaching tanks, a sixth power generator and an additional crusher was completed. In addition, the installation and commissioning of a reverse osmosis potable water treatment plant has been completed. The balance of essential construction is expected to be completed over the summer months.

In addition to the infill drilling and metallurgical work at Vertikalny deposit that resulted in a new Resource update announced in December 2017, the Company has completed grade control trenching along the open pit ore zone. New mineralized structures have also been identified in pit, and are currently being drilled and surface sampled to assess whether the new mineralization is economical for mining as ore. Results include 27 samples (23 metres total) that have assay grades >1,000 g/t Ag, which are evenly distributed along strike of the main structure in the current pit.

In July 2018, the Company's geologists will be setting up a base camp at the highly prospective Kys-Kuel target for an initial prospecting and sampling program and is planning for a subsequent drilling and trenching program later in the field season.

The Quick Rundown: Australian Class Action Launch

- BHP Billiton in Australia is facing a lawsuit over accusations of underpaying workers.
- Adero Law is launching a class action lawsuit involving approximately four hundred former workers.
- The suit claims that miners at the Mount Arthur mine were hired as casuals during their employment, not as permanent staff.
- This was despite the fact that they carried out the same tasks as permanent workers, but were not eligible for benefits such as paid sick leave.
- The lawsuit claims that workers, over the course of a 15 year period, were left \$40 million worse off collectively.
- Aside from BHP, recruiting firms Chandler Macleod and TESA are also being sued, for their part in what is perceived to be a severe breach of trust.
- The class action is expected to reach the courts at some time within the next six to twelve months.

You may also be interested in:

<https://www.moneymetals.com/news/2018/06/21/contrarians-see-opportunity-in-negative-sentiment-001556>

<https://www.bullionbypost.co.uk/gold-news/2018/june/22/new-data-shows-1-10-uk-adults-have-no-savings/>

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

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ETF – Singapore Gold

ZGOL.ASX from 22/06/2017 to 22/06/2018



ETF – Betashares Gold

GAU.ASX from 22/06/2017 to 22/06/2018



ETF – Physical Gold

GOLD.ASX from 22/06/2017 to 22/06/2018



Listing (ASX)	Points	Percent.	Price AU
Evolution Mining	0.040	1.149%	\$3.520
Newcrest Mining	0.200	0.932%	\$21.670
Northern Star	0.310	4.740%	\$6.850
Rio Tinto	1.090	1.322%	\$84.550
South32	0.030	0.826%	\$3.600

As at 5:00 pm NZT, 25 June