

Equity Investment Advisers Gold Report



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Gold, Hits A 4-Week High On Safe-Haven, Technical Buying

Gold and silver prices are higher in midday U.S. trading Monday, with gold notching a four-week high. Some safe-haven buying amid wobbly world stock markets, combined with chart-based buying interest, are lifting the two precious metals markets. April gold futures were last up \$9.20 an ounce at \$1,321.50. May Comex silver was last up \$0.163 at \$15.57 an ounce.

Asian and European shares were mostly weaker Monday on heightened concerns regarding slowing global economic growth. U.S. stock indexes were slightly weaker at midday. Following recent major central bank meetings that warned of slowing economic growth prospects, traders and investors have lost some risk appetite, to the benefit of safe-haven gold and silver markets. If world stock markets continue to suffer then gold and silver prices will likely continue to trend higher.

The key outside markets today see the U.S. dollar index weaker on a corrective pullback from solid gains late last week. Meantime, Nymex crude oil prices are near steady and trading around \$59.00 a barrel.

Technically, April gold futures prices closed near the session high. The bulls have the firm overall near-term technical advantage. A three-week-old uptrend is in place on the daily bar chart. Gold bulls' next upside near-term price breakout objective is to produce a close above solid technical resistance at \$1,331.10. Bears' next near-term downside price breakout objective is pushing prices below solid technical support at \$1,300.00. First resistance is seen at \$1,325.00 and then at \$1,331.10. First support is seen at today's low of \$1,310.60 and then at \$1,305.00. Wyckoff's Market Rating: 7.0

Fed Rate Cut Seen Nearer As Yield Curves Invert

The Federal Reserve's stunning about-face on rate increases along with weak economic data has left a key part of the U.S. Treasury yield curve close to levels at which the U.S. central bank has in the past been prompted to cut rates.

The Fed on Wednesday brought its three-year drive to tighten monetary policy to an abrupt end, abandoning projections for any interest rate hikes this year amid signs of an economic slowdown, and saying it would halt the steady decline of its balance sheet in September.

Rather than boost investor confidence, however, "the Fed's ongoing actions and messaging have left markets more pessimistic than ever about the U.S. economic outlook," said Win Thin, global head of currency strategy at Brown Brothers Harriman in New York. The yield curve between two-year and five-year notes inverted further than it had been and is now approaching levels at which the Fed has in the past cut rates.

The spread between U.S. three-month bills and 10-year notes yields on Friday also turned negative for the first time in over a decade, triggering a warning that if the inversion persists a recession may follow in the next one-to-two years.

Gold Price



Silver Price



Gold To Silver Price Ratio



Recession fears grow as US Treasury bond yields invert

The US Treasury 10-year bond notes have officially fallen to a lower yield rate than the 3-month bond notes – the first inversion between these particular bonds since 2007.

The fiscal anomaly is usually an early indicator of recession, and last Friday also saw the 3-year bond notes invert against 1-year bonds, with the latter yielding 2.46% compared to only 2.26% for the 3-year bonds. Gold began the week up \$8.22 per ounce, peaking at \$1,323 today, before falling back to \$1,321.60 per ounce. The gold price has climbed \$12.73 per ounce in the last week, showing how sharp a jolt today's gains are.

The precious metal has made gains for three weeks running, but other safe havens such as the Yen are on the up also, with Japan's currency at a six-week high. Former Federal Reserve chair Janet Yellen spoke in Hong Kong last week arguing that she doesn't fear a US recession, but admitted that the Fed may have to undo its most recent interest rate rise from December.

Precious metal specialists Heraeus in their latest market update showed confidence that gold would become more attractive in the coming weeks and months as the US Dollar's weakness, fuelled by no further interest rate rises, would make the US Treasuries less competitive with foreign bonds.

The benefit of safe haven investments could be appreciated soon, with global stock markets already beginning to show signs of concern. The Nikkei was down 3% today, while the FTSE 250 lost 1.11%. All other major European markets were down in trading today, while the Dow Jones is currently at a two-week low point – having recorded its second worst day of 2019 last Friday.

The Quick Rundown: Surprise Surprise, Russia Buys

- Russia has added yet another one million ounces to its gold holdings last February.
- Ever eager to diversify away from the U.S. Dollar, Russia's gold reserves are now said to stand at 2,149 tonnes as of last month.
- Analysts at Bank of America Merrill Lynch hold that Russia has been the single biggest gold buyer of the past ten years.
- Russia has arguably been leading the way for central banks around Europe and Asia in their own buying sprees for the precious metal.
- Current global economic conditions notwithstanding, Central Banks continue to indicate quite concern about the growing U.S. debt.
- U.S. Deficits are expected to exceed \$1 trillion every year going forward, as Republican politicians insist upon minimal cuts to taxes, while Democrat politicians insist upon minimal cuts to spending.

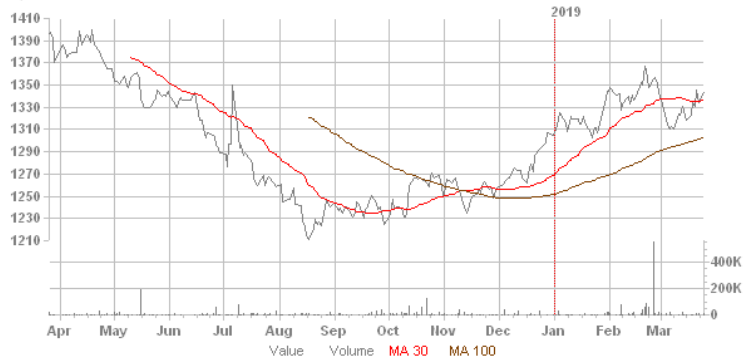
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ETF – Betashares Gold

GAU.ASX from 26/03/2018 to 25/03/2019



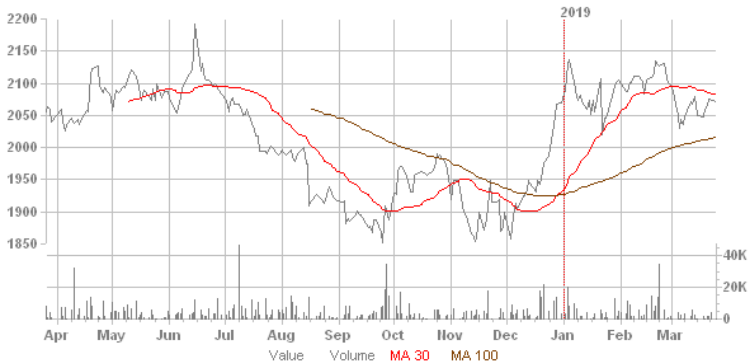
ETF – Physical Gold

GOLD.ASX from 26/03/2018 to 25/03/2019



ETF – Physical Silver

ETPMAG.ASX from 26/03/2018 to 25/03/2019



| Listing (ASX) | Points | Percent. | Price |
|------------------|--------|----------|----------|
| Evolution Mining | 0.035 | 0.936% | \$3.775 |
| Newcrest Mining | 0.150 | 0.573% | \$26.050 |
| Northern Star | 0.220 | 2.494% | \$9.040 |
| Rio Tinto | 0.790 | 0.848% | \$93.920 |
| South32 | 0.035 | 0.931% | \$3.725 |

As at 5:00 pm NZT, 26 March

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