

Equity Investment Advisers Gold Report



EQUITY
INVESTMENT ADVISERS LTD

www.equity.co.nz

E-mail: Info@equity.co.nz

Tel: [+64 \(9\)304 0145](tel:+64(9)3040145)

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Gold Prices Snap Six-Week Losing Streak as US Dollar Slides

Gold prices snapped a six-week losing streak with the precious metal up more than 1.9% to trade at 1206 ahead of the New York close on Friday. The recovery comes amid continued strength in broader risk markets, with all three major US indices closing higher on the week. Is this a major low in gold? The technicals suggest we'll find out rather soon.

Comments made by Fed Chair Jerome Powell at the annual economic symposium in Jackson Hole Wyoming offered little guidance to the path of monetary policy. The Chairman downplayed concerns that the US economy was overheating while noting that gradual interest rate hikes remain appropriate given the underlying strength. The remarks fall broadly in-line with market expectations with Fed Fund Futures still pricing a 67% chance for a fourth hike this year in December.

For gold, increasing geo-political tensions and what looks to be a prolonged trade war / tariff skirmish has kept a floor under gold over the past week. A recent bout of weakness in the US Dollar has further fueled the rebound in bullion prices with the DXY turning aggressively lower this week from key structural resistance. Heading into next week the focus is on follow through with gold testing near-term resistance into the close of the week. With price, momentum, and sentiment all coming off extremes, the burden is on the bulls to get through this level and validate that a more significant low is in price.

Kerala floods set to hit festival gold buying in India

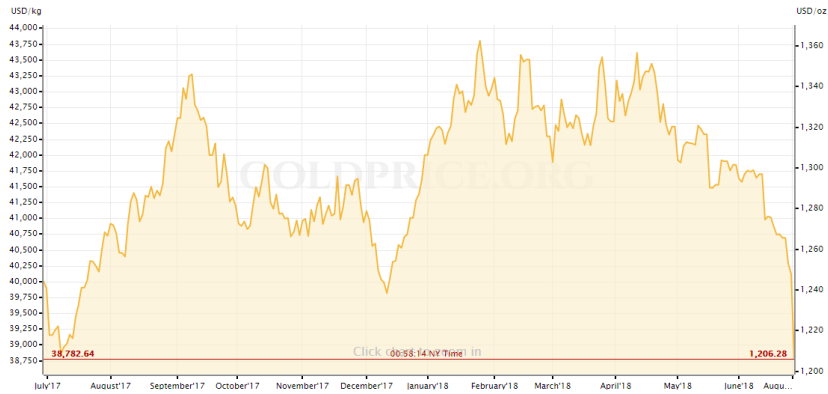
Demand for physical gold was modest in India this week as the top bullion consuming state of Kerala coped with floods, while interest for the metal remained lacklustre elsewhere in Asia as buyers awaited a dip in prices.

Gold demand usually sees a jump in Kerala during the festival of Onam, but this year, the southern state is reeling from some of the worst floods in a century, leaving thousands displaced and causing damage of at least Rs 20,000 crore. "Demand has taken a hit in Kerala. For the next few weeks, demand will remain sluggish there as people are focusing on building their damaged homes," said Harshad Ajmera, the proprietor of JJ Gold House, a wholesaler in the eastern Indian city of Kolkata.

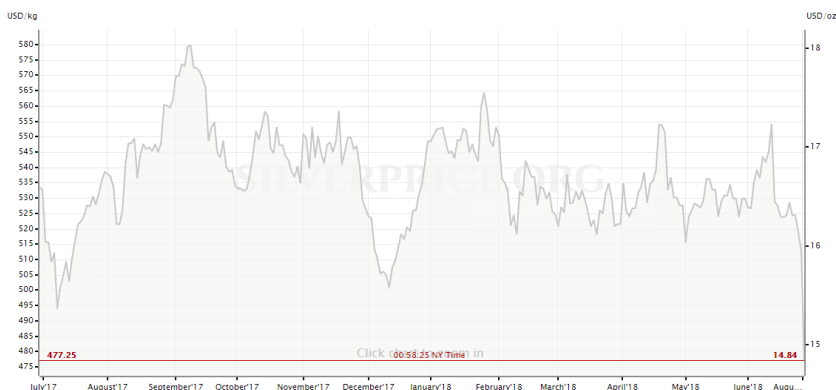
Dealers in India were charging a premium of up to \$1.25 an ounce over official domestic prices this week, compared to a premium of \$1 the last week. The domestic price includes a 10 percent import tax. Local prices have risen more than 1% in a week due to the depreciating rupee and that is prompting some jewellers to postpone purchases, said a Mumbai-based dealer with a private bank.

In the domestic market, gold futures were trading around Rs 29,635 per 10 grams on Friday, after falling to Rs 29,268 last week, the lowest level since 10 January.

Gold Price



Silver Price



Gold To Silver Price Ratio

1 Year Gold/Silver



If You Want To Buy Gold, Watch The Fed, says Eric Basmajian

Almost four months ago, I penned a note to subscribers of EPB Macro Research that said I was cutting my exposure to gold to the minimum allowable exposure for the model portfolio strategy.

The reason I reduced the position in gold was that the outlook was for the Federal Reserve to continue raising interest rates and reducing the balance sheet, which would surely push short-term rates higher. Since cutting this exposure almost four months ago, gold has fallen nearly 10%.

Gold trades inversely to interest rates. Most of the time, if interest rates fall, gold will rise, and if interest rates rise, gold will fall. There are other factors that play a minor role, such as inflation and the US Dollar, but the direction of shorter-term interest rates is most important.

The reason for the inverse correlation between gold and interest rates stems from the opportunity cost of holding gold which is short-term interest rates.

When short-term rates are ready to move lower again, gold will start to reverse.

The Quick Rundown: Silk Road to... Eritrea?

- A Chinese firm in Eritrea is about to commence considerable operations in the small African nation of Eritrea.
- Sichuan Road & Bridge intends to mine reserves of precious metals, including gold, silver, zinc and copper.
- The development of the Asmara project will be the third mining project to emerge in the struggling nation to date.
- It is estimated to contain 574,000 ounces of copper, 930,000 ounces of gold and 1.2 million tonnes of zinc.
- A fourth project is expected to be opened soon, run by the Eritrean government and Australian mining firm Danakali.
- Eritrea's national mining corporation, Enamco, gets a stake of at least 10% in every mining project, and the government is eager to attract more investors.
- Eritrea just concluded a two decade border war with neighbouring Ethiopia.

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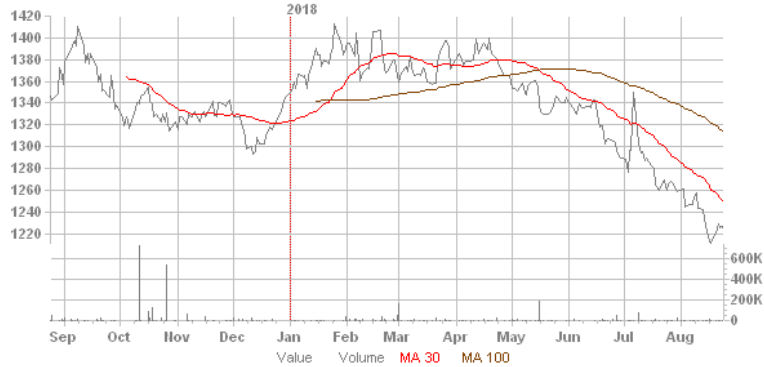
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E-mail: Info@equity.co.nz Tel: +64 (9)304 0145 / NZ: 0800 474 669

ETF – Betashares Gold

GAU.ASX from 24/08/2017 to 24/08/2018



ETF – Physical Gold

GOLD.ASX from 24/08/2017 to 24/08/2018



ETF – Physical Silver

ETPMAG.ASX from 24/08/2017 to 24/08/2018



Listing (ASX)	Points	Percent.	Price
Evolution Mining	0.085	3.172%	\$2.765
Newcrest Mining	0.420	2.184%	\$19.650
Northern Star	0.230	3.407%	\$6.980
Rio Tinto	0.680	0.945%	\$72.610
South32	0.010	0.295%	\$3.400

As at 5:00 pm NZT, 27 August