

Goldletter INTERNATIONAL

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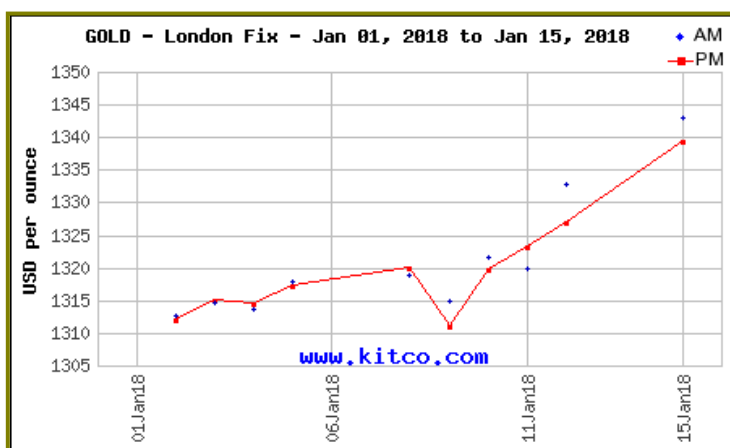
Gold Market Outlook

Marino G. Pieterse, publisher and editor

► 2018 Gold price target \$ 1,450 – \$ 1,500

In my December 2017 **Gold Market Outlook**, having expected the gold price to trade well above a level of \$ 1,300, I said that the bitcoin mania might have affected the investment status of gold. Having closed the year at \$ 1,296.50, with the bitcoin value having halved from a level of \$ 20,000 to \$ 10,000, since then the gold price steadied well above a level of \$ 1,300 again, reaching an interim high of \$ 1,343 on January 15, 2018.

At the same day the dollar at 1,226 hit a 3-year low against the Euro, compared to 1.20 at year-end 2017, attributed to the strength of the Euro to a German coalition deal. This deal is still looking far away however, and is challenging Merkel's position as chancellorship.



After having announced in October to half bond-buying from € 60 billion to € 30 billion, as another stimulus for the Euro is the consideration that owing to the strengthening economies it could end its buying of bond purchases after September, provided that the economy and inflation develop as it currently expects. This means that the ECB is likely to run out of available debt under current rules at just over \$ 2.5 trillion. It is to be considered however, that the ECB, since it commenced its quantitative easing program since March 2015, has not succeeded to stimulate inflation to just below its mandate of 2%.

It should be noted that the decline of interest rates to a null-level has made business lending, and refinancing of existing loans cheaper than ever before. This has attributed to the expected economic growth of 2.8% in 2017 and 2.7% for 2018.

The economic rebound in the U.S., stimulated by president Trump's successful tax reform policy, as reflected in ongoing records of Wall Street's indices, also the yield of the 10-year US Treasury bills at 2.50% being considerably higher than the 10-year Euro loan rate of 0.6% speaks in favor of the U.S..

With the value if the Chinese yuan pegged to the US dollar, and of China's monetary reserves having exceeded to more than \$ 3,000 billion, of which approximately \$ 1,000 billion invested in US dollars, the dollar and yuan represent a dual currency, which justifies a strengthening of the dollar against the Euro.

In this respect, it should be noted that in a period of more than 4 years since year-end 2013, the dollar is valued 13% higher against the Euro and 6% against the yen.

THE COURSE OF THE DOLLAR AGAINST OTHER CURRENCIES

	Euro	Yen	RMB	Rupee	C\$	A\$	SA Rand
year-to-year 2009 / 2010	9	-11	-3	-3	-5	-11	-10
year-to-year 2010 / 2011	3	-6	-4	20	2	0	22
year-to-year 2011 / 2012	-2	12	-1	1	-2	-2	4
year-to-year 2012 / 2013	-4	22	-3	13	7	17	24
year-to-year 2013 / 2014	13	14	0	3	9	9	11
year-to-year 2014 / 2015	12	0	6	4	20	12	33
year-to-year 2015 / 2016	4	-3	7	2	-3	1	-11
year-to-year 2016 / 2017	-12	-3	-6	-6	-7	-7	-10
year-end 2017 / January 8, 2018	-2	-2	-2	0	-2	-2	0
year-end 2013 to January 18, 2018	13	6	5	3	16	11	17

However, the most important reason to expect the dollar to increase in value against the Euro this year is the ongoing political turbulence in Europe, aimed at Germany and Italy.

Referring to the overview of the course of the gold price versus the **HUI-index**, which represents the world's leading gold producers, since the strong recovery by 64% in 2016, after 5 years of negative performances, this was followed by a moderate gain in 2017 by 5%, and a consolidation in the first half of January 2018 (+2%).

OVERVIEW GOLD PRICE VERSUS HUI-INDEX

January 18	2018	1,332	3	196.54	2
Year-to-Year	2017	1,297	12	192.31	5
	2016	1,159	9	182.31	64
	2015	1,062	-11	111.18	-32
	2014	1,199	0	164.03	-17
	2013	1,202	-28	197.70	-55
	2012	1,664	6	444.20	-11
	2011	1,572	11	498.73	-13
	2010	1,410	28	573.32	33
	2009	1,104	28	429.91	42
	2008	865		302.41	

► My Shortlist of 2016 and 2017 gold investment recommendations showed satisfactory gains of 13.2% and 88.7%, respectively

2017 SHORTLIST OF GOLD INVESTMENT RECOMMENDATIONS - as at Year-end 2017

Company	Trading symbol		Share price		Change in %		Market capitalization		Change MC in % 2017/2016
			Year-end 2017	Year-end 2016	local	US\$	Year-end 2017	Year-end 2016	
			Cdn\$	Cdn\$			US\$ bln.	US\$ bln.	
Canada (3)									
Barrick Gold	ABX	TSX	18.18	21.49	-15.4	-14.3	16.8	18.5	-9
Agnico Eagle Mines	AEM	TSX	58.04	56.45	2.8	2.6	10.7	9.4	14
Osisko Gold Royalties	OR	TSX	14.52	14.40	*	0.8	2.3	1.5	53
U.S. (1)									
Newmont Mining	NEM	NYSE	37.52	34.07	10.1	10.1	20.0	18.1	10
Australia (3)									
Newcrest Mining	NCM	ASX	22.82	20.25	12.7	11.8	13.7	11.2	22
Northern Star Resources	NST	ASX	6.10	3.62	68.5	63.7	2.9	1.6	81
Artemis Resources	ARTTF	OTC	0.21	0.16	**	31.3	0.12	0.06	100
China (1)									
Zijin Mining	2899/601899		2.95	2.50	18.0	18.0	8.7	6.9	26
Turkey (1)									
Alacer Gold	AQG	ASX	2.26	2.29	-1.3	-1.2	0.7	0.7	0
Burkina Faso (1)									
Roxgold	ROXG	TSX.V	1.40	1.21	15.7	14.6	0.7	0.4	65

* included as at 1 May 2017

** included as at 1 September 2017

Removed as at:				Change in %	Change in % MC 2016/17
March 6, 2017:					
Nord Gold *	NORD	LSE	3.45	3.20	8

* delisted at 16 March 2017; tendered at US\$ 3.45 for a gain of 7.6% since year-end 2016

Market performance 2017 (in US\$): 13.2%
Market performance 2016 (in US\$): 88.7%

Market capitalization 2017 (in US\$): 34.4%
Market capitalization 2016 (in US\$): 99.5%

	year-end 2017	year-end 2016	Change %
Gold price	1,297	1,159	12
HUI-Index	192.31	182.31	5

CALENDAR OF MINING EVENTS

Goldletter International, **Uraniumletter International** and **Rare Earths & Strategic Metals Letter International** being Media Partner

2018

January	25 – 26		Mining Investment West Africa – Accra, Ghana
February	5 - 8		Investing in African Mining INDABA - Cape Town, South Africa
February	15 – 16		Mining Investment South America – Buenos Aires, Argentina
March	4 - 7	*	PDAC International Convention – Toronto, Canada
March	26 – 28		Mining Investment Asia - Singapore
April	4 – 6		Mines and Money Asia – Hong Kong
April	10 – 11		Mining Investment Botswana – Gaborone, Botswana
May	22 – 23	*	Russia & CIS Mining Summit – Moscow
May-June	30 – 1		WAMPEX West African Mining & Power Conference , Accra, Ghana
June	13 – 15		DRC Mining week – Lubumbashi, Democratic Republic of Congo
June	21 – 22		ZIMEC – 8th Zambia Int. Mining Conference – Lusaka, Zambia
July	24 – 26	*	China Gold Congress – Beijing, China
October	8 - 9		The Mining Show – Dubai
November	12 - 14		Kenya Mining Week - Nairobi, Kenya

* **Marino G. Pieterse** speaker at this event

Media Partner events in 2018

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July 24 - 26, 2018, Beijing
China National Convention Center

HOST: China Gold Association / World Gold Council **WEB: en.china-gold.org**

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