

Equity Investment Advisers Gold Report



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Gold Hangs on USD1300 as G7 Beefs

Gold futures were flat Friday as tensions flared between long-time allies ahead of the G7 summit in Canada.

President Trump blasted Canada and the EU for tariffs he says the world has ignored.

"Canada charges the US a 270% tariff on Dairy Products! They didn't tell you that, did they? Not fair to our farmers!", Trump tweeted.

"Why isn't the EU and Canada informing the public that for years they have used massive Trade Tariffs and non-monetary Trade Barriers against the US Totally unfair to our farmers, workers & companies. Take down your tariffs & barriers or we will more than match you!"

French President Macro snapped back: "The six countries of the G-7 without the US are a bigger market taken together than the American market. There will be no world hegemony if we know how to organize ourselves. And we don't want there to be one."

August gold settles at USD1,302.70/oz, down 30 cents for the session. Gold was up 0.3% for the week.

Russia's Polyus Big Step Closer to Building World's Largest New Gold Mine

Russian gold miner Polyus on Thursday provided an update on its Sukhoi Log project, one of the world's largest untapped gold deposits. The news sent units of the company trading over the counter in the US up 3% for a market value of some \$8.5 billion.

Polyus in May completed the scoping study and verification drilling programme at Sukhoi Log, located in the Irkutsk region of eastern Siberia, and is now entering the pre-feasibility stage with a study out early 2021.

The Moscow-based company, the world's 7th largest listed gold producer, said it planned to make a final investment decision on Sukhoi Log, by 2020-2021 with a target for production start-up around 2026.

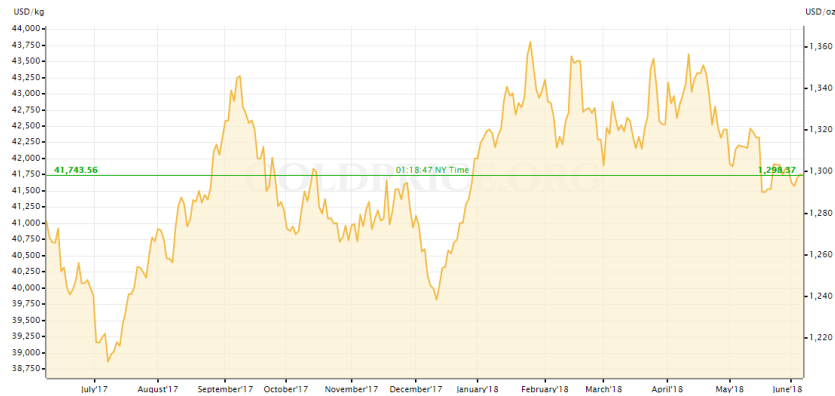
"We have made serious progress in the development of Sukhoi Log during the last 14 months following the acquisition of the licence," chief executive Pavel Grachev said. "We see it as a cornerstone of the future development of Polyus."

The company said it expected the capital outlay for construction to be \$2 billion to \$2.5 billion. Around \$30 million will be spent on geological and engineering studies per year in the run-up to board approval for the project.

Polyus said the proposed Sukhoi Log processing plant would treat an average of 30 million tonnes of ore a year. It said it expected average annual production of around 1.6 million ounces with total cash costs of a stingy \$420-470 per ounce.

That would place the proposed Sukhoi Log mine number at number two in terms of annual output behind state-owned Muruntau in Uzbekistan. Potential life of mine is pegged at 35 years.

Gold Price



Silver Price



Gold To Silver Price Ratio

1 Year Gold/Silver

High: 82.00 Low: 73.42 ▲4.34 5.91%



Total U.S. Public Debt & interest Expense Hit A New Record High

The total U.S. public debt hit a new record high of \$21.145 trillion on the last day in May. As the U.S. debt increased, so did the interest expense which jumped by more than \$26 billion in the first seven months of the fiscal year. That's correct; the United States government forked out an additional \$26 billion to service its debt (Oct.-Apr) versus the same period last year.

While the U.S. debt reached a new high on May 31st, it took nearly two months to do it. Let me explain. During tax season, the total U.S. public debt actually declined from a peak of \$21.135 trillion on April 10th to a low of \$21.033 trillion on May 3rd. Since then, the U.S. debt has been steadily moving higher.

If you spend some time on the TreasuryDirect.gov site, you will see that the total public debt doesn't go up in a straight line. There are days or weeks where the total debt declines. However, the overall trend is higher.

Now, a rising debt level impacts the interest the U.S. Treasury must pay on this debt... especially when the average interest rate also increases. According to the TreasuryDirect.gov, the interest expense rose from \$257.3 billion (Oct-Apr) 2017 to \$283.6 billion (Oct-Apr) this year.

Thus, the extra \$26 billion paid by the U.S. Treasury to service its debt would have purchased the 1+ billion ounces of silver held in the COMEX (270 million oz) and all the Global Silver ETFs. And, this would include the 138 million oz of silver supposedly stored at the JP Morgan vaults.

However, with the remaining \$10 billion (\$26 billion minus \$16 billion), the U.S. government could have also purchased all the Silver Eagles minted since 1987.

The Quick Rundown: Brazil to Shake Gold Regulations

- Brazilian President Michel Temer is said to be preparing a decree to carry out key changes to his country's mining sector.
- The first of the changes is to be the creation of an autonomous regulatory agency called the National Mining Agency, which is hoped to accelerate slow licensing approvals.
- The second change is the introduction of higher mining royalties. Iron ore royalties are expected to rise from 2% to 3.5%, while gold royalties will rise from 1% to 1.5%.
- Royalties will also now be collected from gross revenue, not net revenue, in order to substantially boost collections.
- The decree may also open up over twenty thousand exploration block applications that had been postponed or abandoned.
- Brazil's government has been under pressure to increase revenues to fund government assistance programs.

You may also be interested in:

<https://www.dailyfx.com/forex/fundamental/forecast/weekly/chf/2018/06/08/Gold-Prices-Hold-Tight-Range-Ahead-of-FOMC-North-Korean-Summit.html>

<https://www.moneymetals.com/news/2018/06/05/hedge-against-inflation-001509>

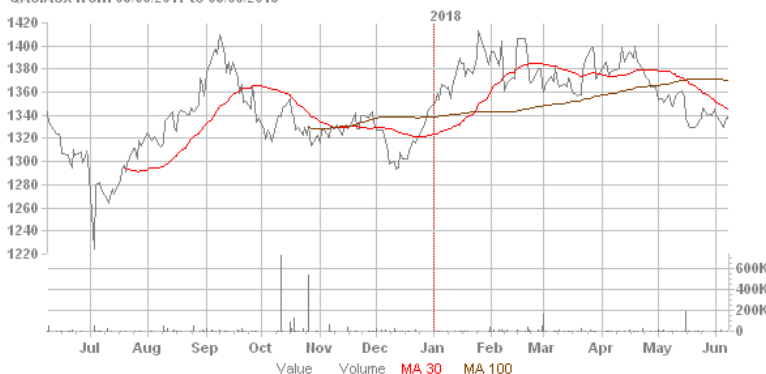
ETF – Singapore Gold

ZGOL.ASX from 08/06/2017 to 08/06/2018



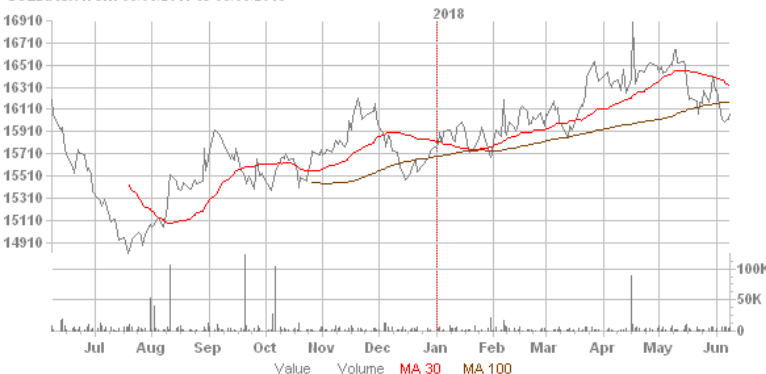
ETF – Betashares Gold

BGOL.ASX from 08/06/2017 to 08/06/2018



ETF – Physical Gold

GOLD.ASX from 08/06/2017 to 08/06/2018



Listing (ASX)	Points	Percent.	Price AU
Evolution Mining	0.020	0.585%	\$3.400
Newcrest Mining	0.400	1.883%	\$20.840
Northern Star	0.070	1.104%	\$6.270
Rio Tinto	0.630	0.733%	\$86.600
South32	0.030	0.773%	\$3.850
As at 5:00 pm NZT, 11 June			

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